



◁ ANNUAL FINANCIAL REPORT

1. ANALYSIS OF THE FINANCIAL INFORMATION
2. STOCK MARKET INFORMATION
3. AUDITORS' REPORT ON SEPARATE ANNUAL ACCOUNTS
4. SEPARATE ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT
5. AUDITORS' REPORT ON CONSOLIDATED ANNUAL ACCOUNTS
6. CONSOLIDATED ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT
7. DISCLAIMER

ANALYSIS OF THE FINANCIAL INFORMATION

The scenario of our operations was particularly complex this year. The prices of raw materials started to soar in 2007 and a worldwide economic crisis began in 2008, affecting the markets and consumer habits in several ways

On the food markets, this situation caused:

- ◁ Tremendous volatility of raw materials with a price hike from mid-2007 to mid-2008, when they started coming down, although not to their original levels;
- ◁ Progressive reduction of available income, with the consequent effect on consumer habits.

In this situation, we closed the year with **considerable organic growth, having improved our yield and completed the restructuring of our businesses** in accordance with our Strategic Plan.

We transformed the market perils into opportunities:

- ◁ We responded to shrinking consumption with non-cyclical products, leading brands that consumers associate with healthy, natural qualities, easy to prepare without raising the cost of the shopping basket.

◀ We faced the uncertainty of raw material prices by diversifying our sources of supply, optimising the value chain and developing an aggressive commercial strategy.

We also completed the restructuring of our businesses with the sale of our sugar business. On 15 December 2008, Ebro Puleva, sole owner of Azucarera Ebro, S.L., signed an agreement with Associated British Foods (ABF), sole owner of British Sugar, for the sale of Azucarera Ebro, S.L.

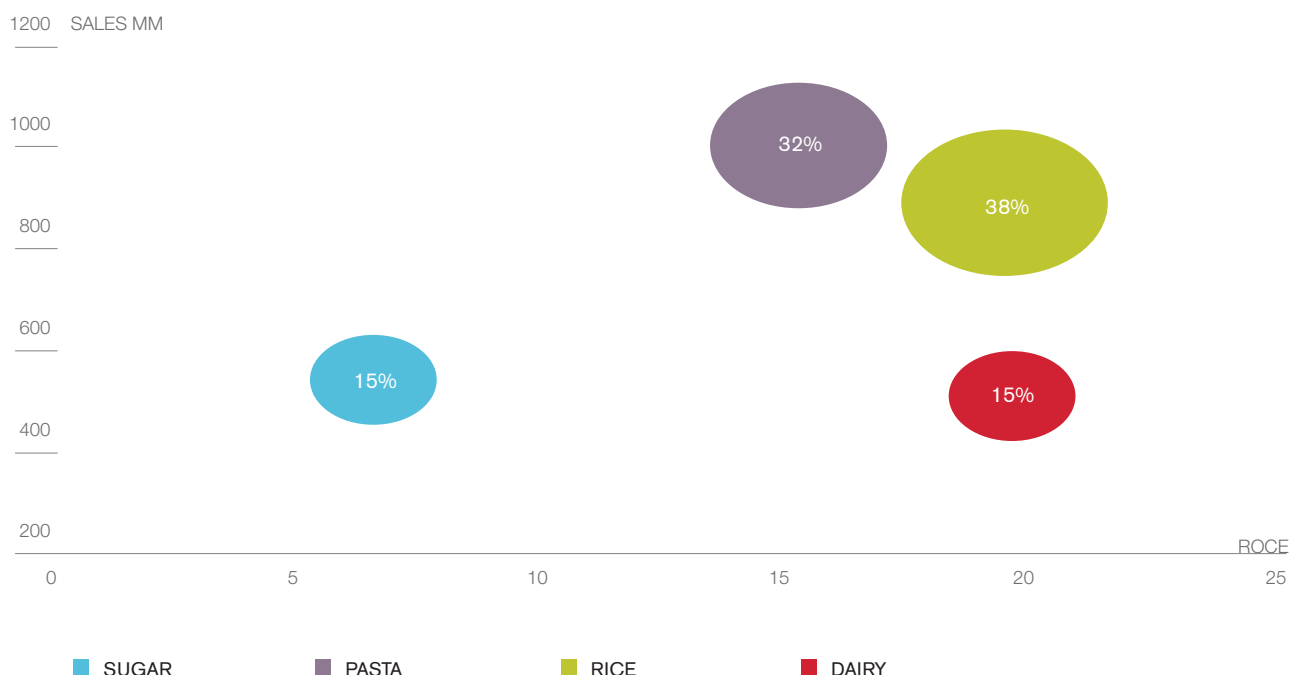
The terms of this transaction are as follows:

1. ABF will buy the sugar business for €385 million, debt-free. The amount of debt to be deducted will be that existing at the date of closing the deal.
2. Ebro Puleva will receive approximately €141 million in other compensations, mainly from the restructuring funds established by the CMO Sugar Reform.
3. Under this agreement, our Group will also retain property assets consisting of over 200 hectares of land with different planning ratings currently owned by Azucarera Ebro, S.L., with an estimated value of €42 million.

This transaction will enable us to focus on the businesses in which we have greater capacity to generate value, geared towards consumers, based on healthy products with a high innovation component and backed by leading brands on the different markets. At the same time, the sugar business will be incorporated into one of the largest enterprises in the sector with the capacity to consolidate and integrate an international business

Once the agreement had been made and in pursuance of the International Financial Reporting Standards, the earnings and expenses of the sugar business up to the effective date of sale are recorded as discontinued operations on the consolidated profit and loss account for this period and earlier periods from its incorporation and the assets and liabilities associated with that business are presented separately on the balance sheet. The information set out below reflects that circumstance, unless otherwise expressly indicated.

The following graph shows the relative positions of the Group's different businesses in 2008 prior to the consideration of sugar as a discontinued operation.



The most significant financial figures of the Group are set out in the following table:

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

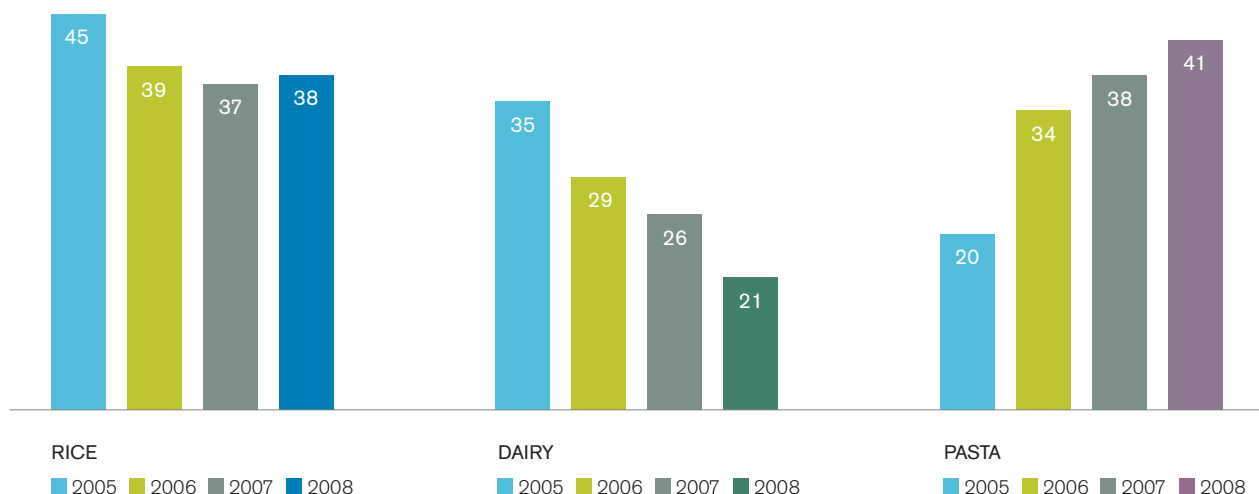
(1) $ROCE = \text{Operating income CAGR last 12 months} / (\text{intangible assets} - \text{property, plant \& equipment} - \text{current assets})$

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

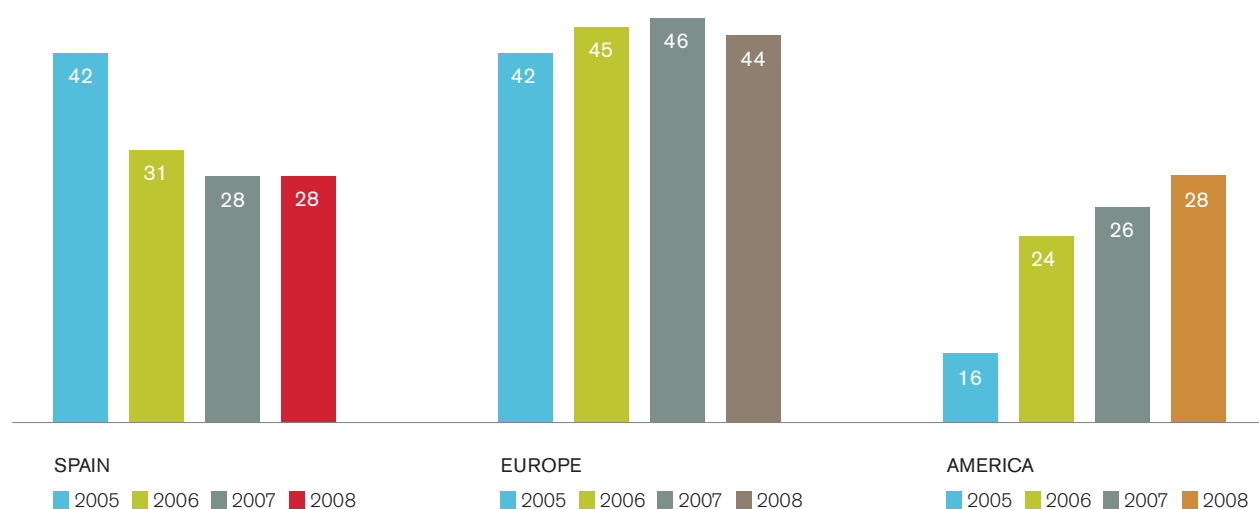
Annual Financial Report 3

The structure of the Group gives it a very balanced source of revenue and considerable capacity to deal with situations of financial difficulties. The breakdown by business segments and geographical areas is shown in the following graphs:

BUSINESS SEGMENTS (%)



GEOGRAPHICAL REGIONS (%)



There was a very positive evolution of items on the profit and loss account, with double-digit growth in the principal margins on the trading account. The consolidated funds generated from operations (EBITDA) rose to €271.8 million, up 20% year on year, with a large contribution by our businesses in non-euro currencies, which accounted for around 40% of the total. At constant dollar and sterling exchange rates, the EBITDA would have been €5.1 million higher than in 2007.

The Group ROCE (return on capital employed) also improved considerably, with a year-on-year growth of 7%, 16% stripping out the sugar assets. In other words, the growth in operating income was accompanied by a substantial improvement in the return on assets (ROA).

The going concern profit increased by 19%, in line with the growth in net operating income. Finally, the attributable net profit grew by 44% on incorporating the earnings of the discontinued sugar operations, including the adjustment of certain provisions made for lawsuits in which favourable judgments were passed in 2008.

The afore-mentioned volatility of raw material prices must be taken into account in order to fully understand the evolution of the balance sheet and average ratios. In view of the rising rice and durum wheat prices, the Group stocked up on these products, especially rice, in late 2007 and early 2008, anticipating further price rises. This proved successful, enabling excellent margins to be obtained, even though it meant an extra investment in current assets during the year. The end-of-year debt shows that things have more or less returned to normal, although raw material prices have not returned to their levels of a year and a half ago.

At year-end we have a reasonable debt position, which will give us enormous strength once we complete the divestment in the sugar business.

It is no less important to look towards the future. In Ebro Puleva we are committed to leadership and with this aim in mind we:

- ◁ Maintain an advertising programme designed to underpin and strengthen our leading brands, investing some €86 million, 6% more than in the previous year.
- ◁ Attach great importance to innovation, investing €8 million in research during the year. In January 2008, our subsidiary Puleva Biotech, S.A. acquired Exxentia, leader in biotechnology applied to the extraction of active ingredients from plants.
- ◁ Invest in assets (CAPEX) that will put us at the technological spearhead of the food industry. The new rice plant in Memphis is making good progress and the factory is expected to be completed by October 2009.
- ◁ Look towards organic growth in new countries. During the year we set up Herba Rice India Ltd., which will in the future act as the logistics platform in that country.

In short, on a very complex scenario, Ebro Puleva has strengthened its positions (double-digit growth, solid ratios), upheld its commitment to consumers (trust, health, convenience), maintained long-term growth and consolidated its leadership.

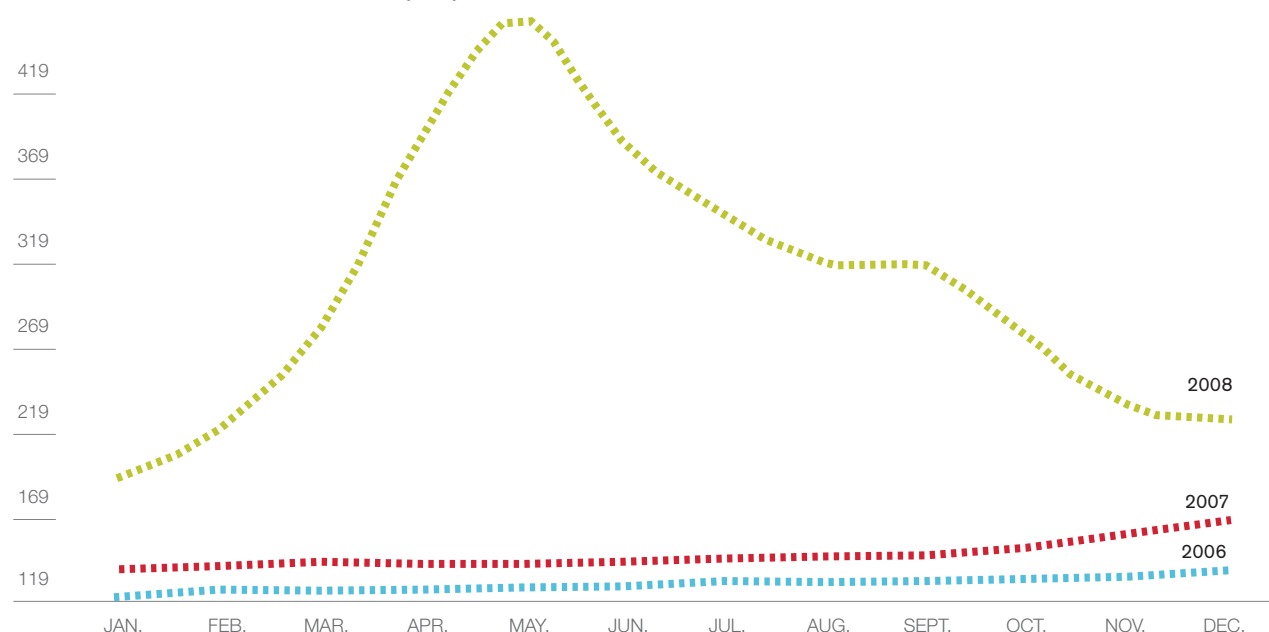
INFORMATION ON THE CORE BUSINESSES

RICE

RICE BUSINESS (Thousand of euros)	2005	2006	2007	2007-2006	2008	2008-2007	CARG 2008-2005
Net Sales	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%
% Net Sales	10.3%	10.6%	13.0%		14.2%		
EBIT	49,147	51,368	75,297	46.6%	105,724	40.4%	29.1%
% Net Sales	7.4%	7.6%	10.2%		11.9%		
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%)	

2008 was a difficult year for the rice sector owing to the raw materials crisis. Faced with soaring market prices and fearing a shortage of supplies, many rice-producing countries imposed protectionist measures which triggered off an unprecedented hike in prices worldwide. This trend peaked in mid-2008, after which prices started to come down again.

INDEX OF WORLD RICE PRICES (IPO)



The situation described above was tackled with:

- ◁ a very active commercial policy, leading the market and quickly passing on the higher prices
- ◁ guaranteeing supplies by diversifying sources and taking long positions at the beginning of the year, enabling us to obtain good commercial margins.

RICE BUSINESS	2005	2006	2006-2005	2007	2007-2006	2008	2008-2007
Sales (Thousand of euros)							
Branded Rice	345,055	347,733	0.8%	412,675	18.7%	508,472	23.2%
% Sales	51.7%	51.7%		55.7%		57.1%	
Industrial Rice	254,100	249,002	(2.0%)	250,476	0.6%	310,865	24.1%
% Sales	38.0%	37.0%		33.8%		34.9%	
Other products	68,833	75,765	10.1%	77,956	2.9%	71,632	(8.1%)
% Sales	10.3%	11.3%		10.5%		8.0%	
Total Sales	667,988	672,500	0.7%	741,107	10.2%	890,969	20.2%

Sales increased by 21% in price and 3% in volume/product mix with an adverse effect caused by the exchange rate of our sales in dollars. Moreover, both the sub-groups forming this division experienced this favourable business development.

We have maintained our commitment to convenience foods, completing the nationwide distribution of our microwave rices in the USA, which now have a market share of 16.8% in volume (Nielsen scantrack 4 weeks December 08).

As a result of the strong growth in sales and efficient supply policy, the division posted an EBITDA of €126.6 million, up 31% year on year, with a ROCE of 19%, an all-time high in this sector. At constant dollar and sterling rates, the EBITDA would have been €3.8 million up on last year.

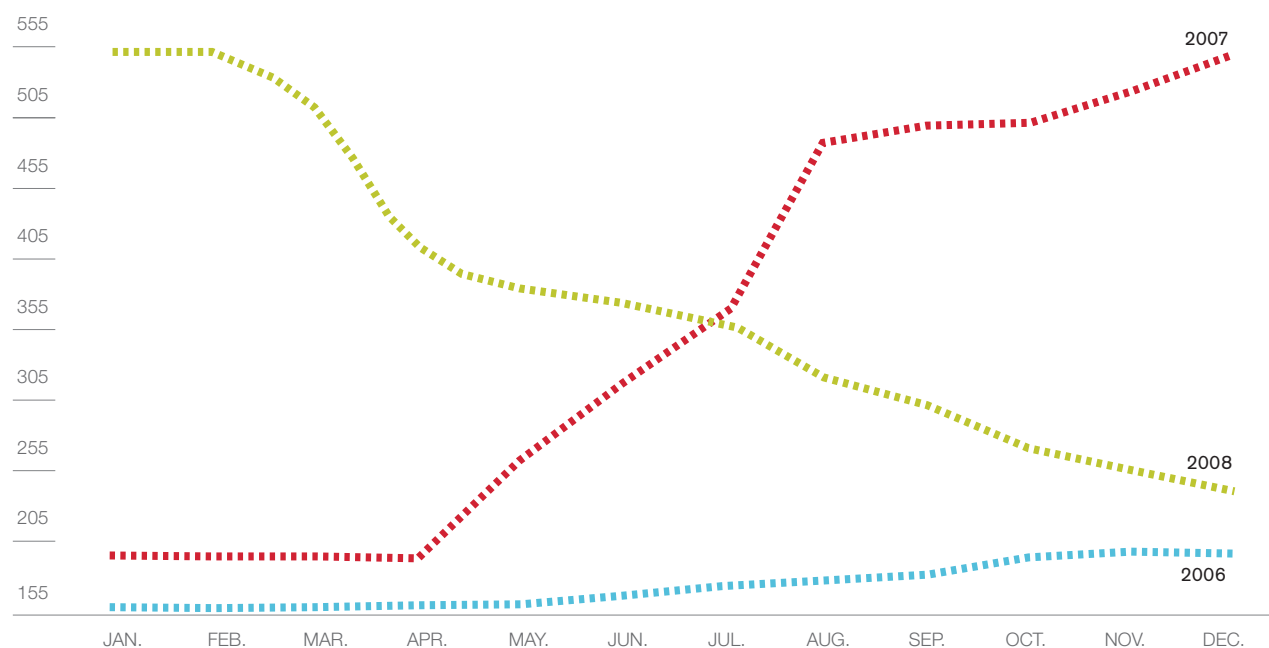
The principal investments in this division were made in the new factory in Memphis, due to come into operation at the end of 2009, enlargement and improvement of the raw material and finished product storage installations in Egypt and the acquisition of frozen rice and pasta production plant in Denmark.

PASTA

PASTA BUSINESS (Thousand of euros)	2005	2006	2007	2007-2006	2008	2008-2007	CARG 2008-2005
Net Sales	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%
% of Net Sales	15.3%	15.6%	11.6%		10.7%		
EBIT	31,492	66,408	58,274	(12.2%)	75,581	29.7%	33.9%
% of Net Sales	10.8%	11.3%	7.6%		7.6%		
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%)	

After the surge in wheat prices in 2007, they started to come down gradually as from mid-2008, as the economy cooled down and new harvests were reaped. Consequently, once the margins stabilised, the results of this division were consolidated.

PRICE OF DURUM WHEAT EUR/TONNE





The division turnover increased by 30%, due partly to the consolidation of a full year of the Birkel Group, our German subsidiary in this sector, and also to the price spread with the rises in the last four months of 2007.

Our pasta business maintains its leadership by developing its brands, promoting innovation and investing large sums in advertising to support our products. The investment in advertising was €9 million more than in 2007.

MARKET SHARES Value (52 weeks Nielsen)	DRY PASTA	FRESH PASTA	SAUCES
France (Panzani)	35.3%	33.3%	39.4%
Usa (NWP)	24.4%		
Canada (NWP - Ronzoni)	43.2%		N.A.
Germany (Birkel)	13.3%		4.5%

In France, Panzani held on to its market position in spite of the growth of private label brands which adversely affected other manufacturers. We expanded our product portfolio with the Panzani Plus range, new sauces, fresh pasta for the frying pan and non-stick couscous.

Our American subsidiary New World Pasta continued renovating its product range, launching pre-cooked dishes under the Bistro brand. Now fully integrated in the Group, it has optimised and diversified its supply strategy and is currently working on integration of the logistics and commercial platform with the Riviana Group.

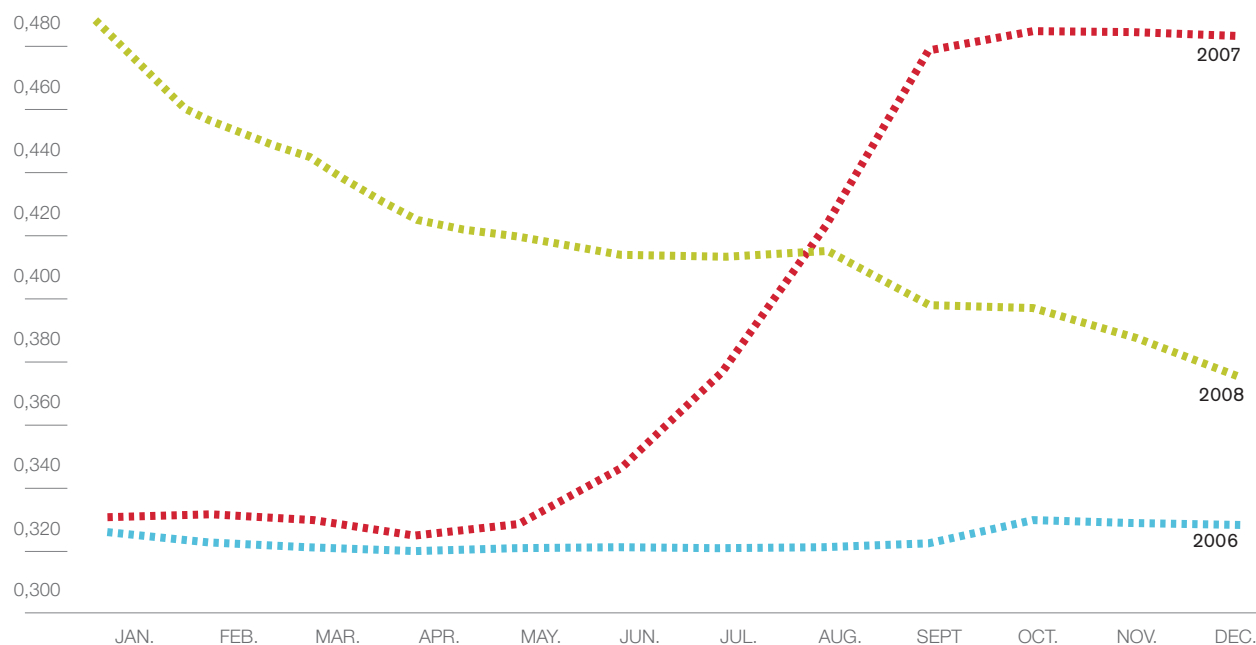
The EBITDA is 33% up on the previous year, and at constant dollar and sterling exchange rates it would have been €1.3 million greater. The division achieved a ROCE of 14.8%, once the raw materials price hike that affected current assets in 2007 ended.

DAIRY BUSINESS

DAIRY BUSINESS (Thousand of euros)	2005	2006	2007	2007-2006	2008	2008-2007	CARG 2008-2005
Net Sales	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%)
% of Net Sales	10.4%	11.0%	10.1%		9.9%		
EBIT	37,507	40,176	37,541	(6.6%)	34,993	(6.8%)	(2.3%)
% of Net Sales	7.2%	8.0%	7.1%		6.9%		
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%)	

The economic recession also hit this sector, with raw material prices clearly higher than the pre-inflation situation, as we can see in the following graph, and, consequently, with higher retail prices. Consumers have tried to get round the price rise by reducing consumption.

PRICE OF MILK EUR/LITRE



The volume purchased has not dropped, being a staple food, although the following trends have been observed:

- ◁ A change in the product mix, in which the price variable gains importance, rewarding classic milks that reverse their downward trend.
- ◁ A shift towards private label brands, which cornered a 36.7% share in value of the total long-life liquid milk market, growing five points during the year.

NIELSEN SCANTRACK (52 weeks)	CAGR ON 2003	CAGR ON 2004	CAGR ON 2005	CAGR ON 2006	CAGR ON 2007	CAGR ON 2008	BIM ON 2008
Classic	82.0%	79.4%	77.3%	76.1%	74.9%	75.9%	75.9%
High-Calcium	13.0%	14.1%	14.4%	15.3%	15.7%	14.8%	14.6%
Healthy Heart	2.8%	3.5%	4.4%	4.2%	4.3%	3.8%	3.8%
Soy	0.4%	0.9%	1.3%	1.5%	1.8%	2.1%	2.2%
Energy & Growth	0.5%	0.7%	1.0%	1.2%	1.2%	1.3%	1.3%
Baby	0.5%	0.5%	0.6%	0.6%	0.9%	1.1%	1.1%
Special	0.8%	0.9%	1.1%	1.1%	1.2%	1.1%	1.2%

In this situation, we stuck firmly to our intention of being undisputed leaders in milk-based functional foods. We opted to sacrifice part of our volume to maintain the business yield. We aim to continue offering products with a high innovation component, which we believe to be the key factors behind our recognition on the market.

Sales slipped 4% due to the drop in volume, despite the growth of the infant product range (up 24% year on year), within which Puleva Peques now has a market share of 46.3% in volume.

The division EBITDA dropped to €50.1 million, while its ROCE edged up to 19.2%, thanks to the continuous efforts to increase industrial efficiency, with which we have managed to reduce the use of resources for the third year in succession.

The principal investments made during the year were in the installation and start-up of new packaging lines.



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4. SEPARATE ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT
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7. DISCLAIMER

STOCK MARKET INFORMATION

Ebro Puleva is firmly committed to both its corporate shareholders and the individuals who invest their savings in the company.

This attention is channelled through an active communication and reporting policy, an adequate remuneration policy and bolstering the liquidity of our share:

1. Communication and reporting policy

Ebro Puleva is firmly committed to communication and transparency with the stock markets, its shareholders, analysts who monitor its evolution and, in general, any potentially interested persons. Accordingly, it makes any information that may directly or indirectly affect the development of the company promptly available to all these stakeholders, transparent and unbiased, through the National Securities Market Commission, the media and its web site <http://www.ebropuleva.com>.

During 2008, the company made four quarterly presentations of results, following the calendar published at the beginning of the year, at which it has reported on the progress of its businesses.

Its Investor Relations department held meetings during the year with 467 agents, 23% of whom were Spanish and the remaining 77% foreign agents from fifteen different cities.

Ebro Puleva also participated in eighteen roadshows, eight seminars and several conferences organised by the following firms:

- ◁ Espirito Santo Investment Iberian Event Madrid
- ◁ Santander S&M Cap Conference Madrid
- ◁ ESN European Mid & Small Cap Conference London I
- ◁ Société Générale European Small and Mid Nice
- ◁ BPI Iberian Small & Mid Cap Conference Lisbon
- ◁ Banesto S&M Cap Conference Madrid
- ◁ Citi Pan European Small y Mid Cap London
- ◁ ESN European Mid & Small Cap Conference London II

2. Remuneration policy

Ebro Puleva remunerates its shareholders explicitly through the quarterly payment of a dividend.

Since this system was established in 2001, the evolution of the dividend pay-out has been as follows:

On 19 December 2008, the Ebro Puleva board unanimously resolved to put a motion to the general meeting proposing a dividend

Dividends	2001	2002	2003	2004	2005	2006	2007	2008
	29,542	36,928	46,160	50,776	52,299	55,392	55,392	55,392

of 0.36 euro per share against the 2008 results, in quarterly payments of 0.09 euro per share to be made on 2 April, 2 July, 2 October and 22 December 2009.

In addition, subject to conclusion of the sale of the sugar business, the board has agreed in 2009 to propose two extraordinary dividends at the forthcoming general meeting: one in kind, payable upon conclusion of the sale, and another in cash, payable in quarterly instalments throughout 2009.

The extraordinary dividend in kind will consist of distributing shares from the treasury stock to use up the existing share premium, in a sum of €34.3 million, capped by the number of own shares held at the date of the AGM. The shares will be valued at the average closing price of the share in the last twenty sessions prior to the date of the AGM.

The extraordinary dividend in cash will be 0.36 euro per share, made in three quarterly payments of 0.12 euro per share. The payments will be made on the following dates: 2 July, 2 October and 22 December 2009, coinciding with the last three quarterly payments of the ordinary dividend (0.09 euro per share). The total remuneration for the shareholder in each of these payments will thus be 0.21 euro per share.

The distribution of both extraordinary dividends plus the payment of €55.4 million corresponding to the ordinary dividend, approved by the Ebro Puleva board on 19 December 2008, is almost triple the remuneration paid to the company's shareholders in recent years.

Despite the difficulties of the prevailing economic situation, the Ebro Puleva Group, whose debt will be vastly reduced by the sale of its sugar business, has sufficient financial standing to carry out this ambitious dividend policy for the benefit of all its shareholders.

3. Bolstering the liquidity of our share

To support the liquidity of its share, Ebro Puleva intervenes unilaterally whenever there are imbalances on the market that may cause a deadlock between the supply and demand for its shares. The company has made a greater effort than in previous years in this regard, owing to the special conditions prevailing on the financial markets during 2008.

Under the authorisation granted at the AGM on 9 June 2008, the company purchased 4,483,601 own shares during the year and sold 126,521 shares. Consequently, at year-end 2008 Ebro Puleva had a treasury stock of 5,078,735 shares, equivalent to 3.301% of its capital, most of which will be distributed as dividend in kind, as mentioned earlier.

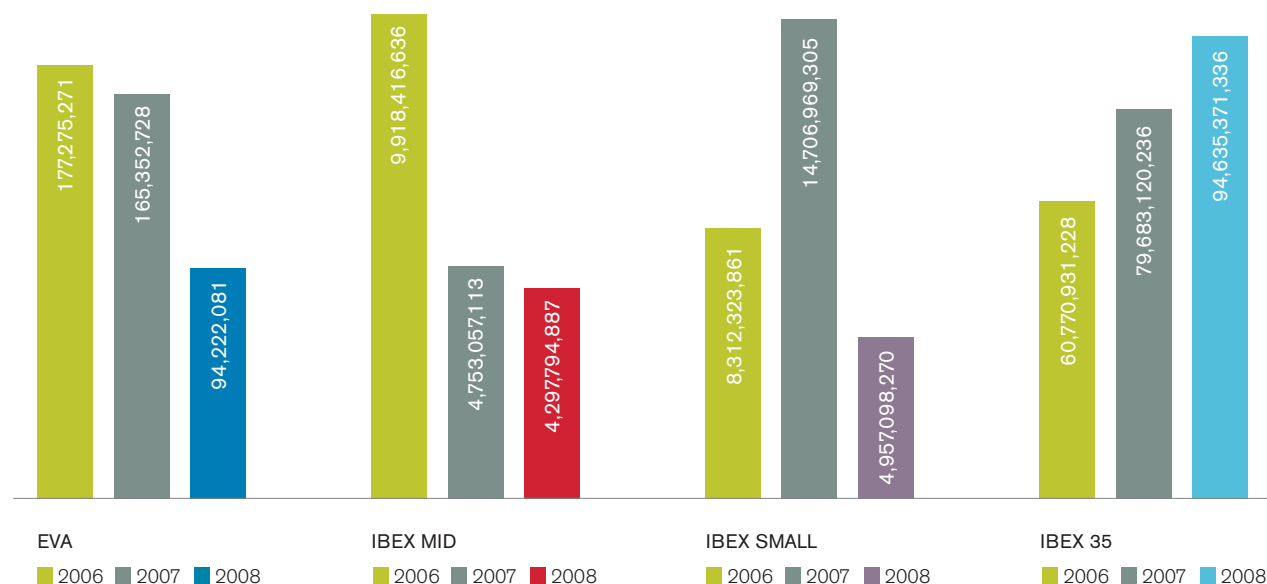
SHARE PERFORMANCE

We had to face a severe economic and financial crisis in 2008, as a result of which, among other consequences, the yield of the Spanish stock exchange (IGBM) was -40%. Only three companies, out of a total of 136, posted a positive yield and around 61 companies lost more than 50% on the stock exchange.

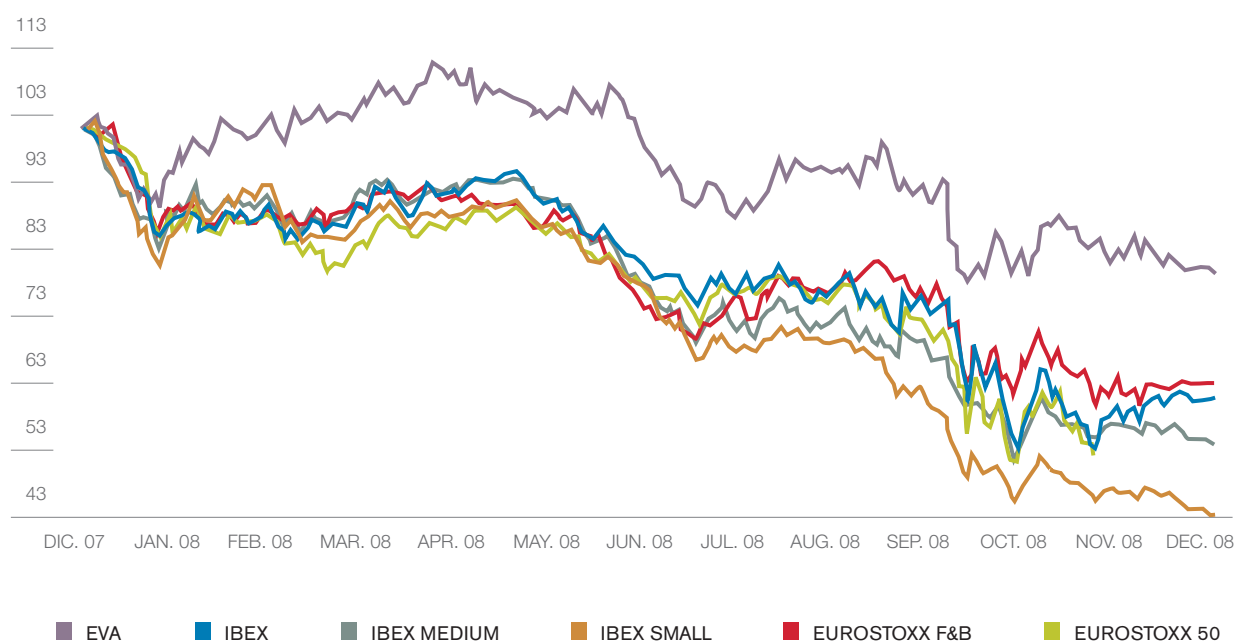
Taking 2007 and 2008 together, only 9 companies had a positive yield.

The company's performance during the year was rather better than most comparable stocks. The Ebro Puleva share fell by a mere 22%, while Ibex 35 dropped by 40%, Ibex Med by 47%, Ibex Small by 57% and Eurostoxx Food and Beverage by 37%.

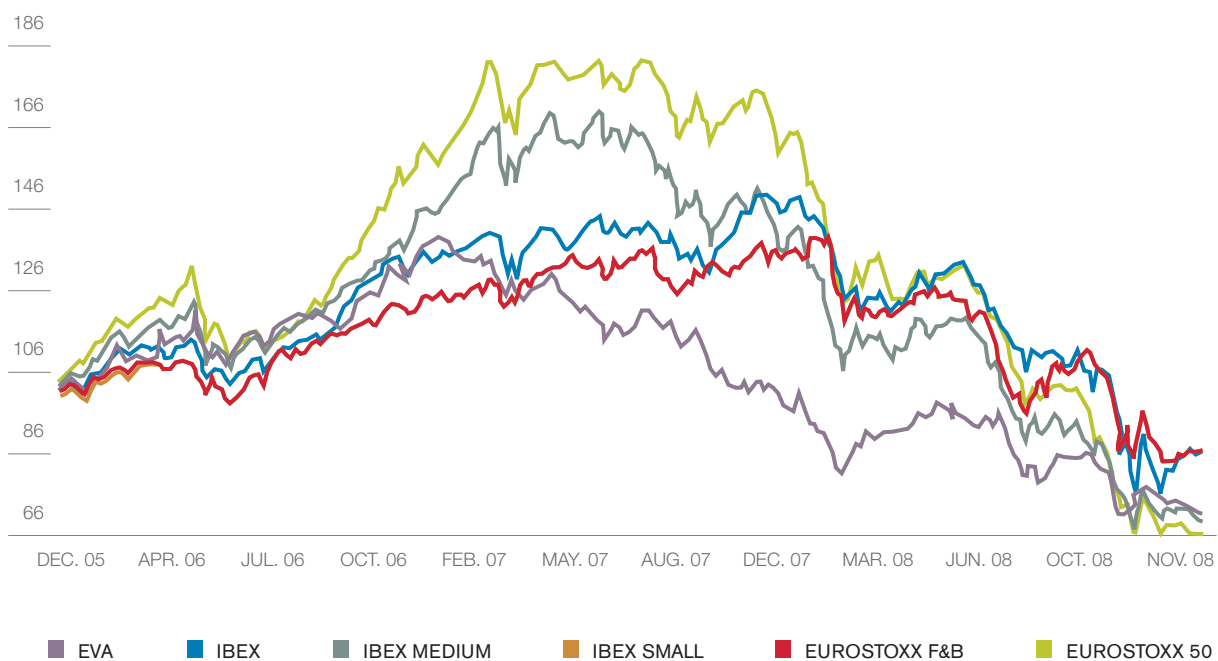
VOLUME EVA AND IBEX MID OVER PAST 3 YEARS



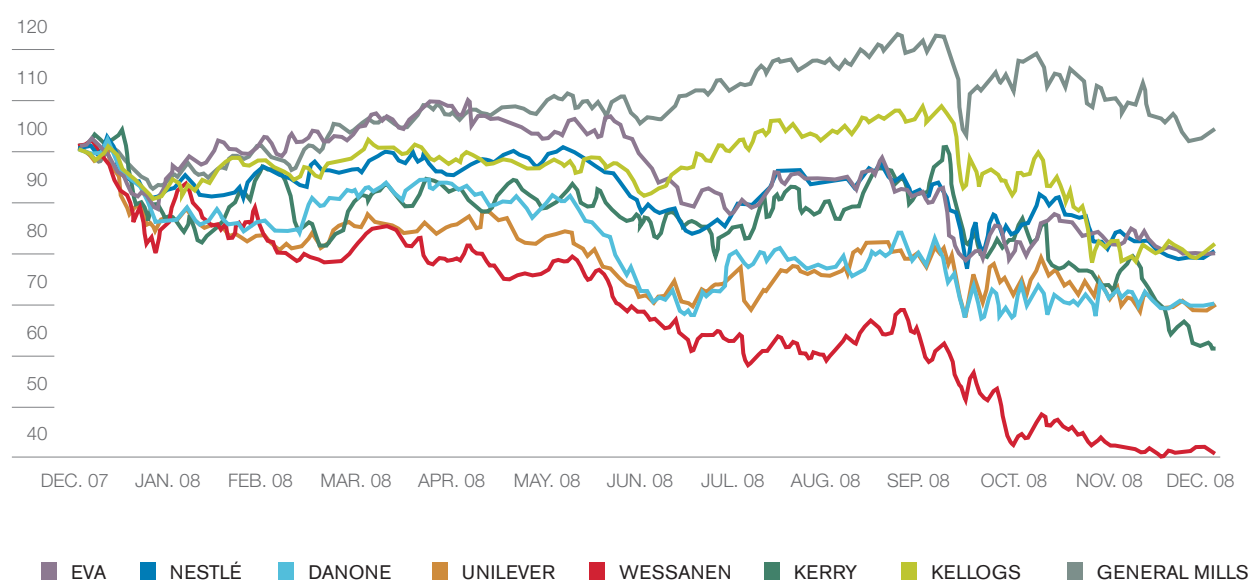
EVA vs. INDEXES 2008



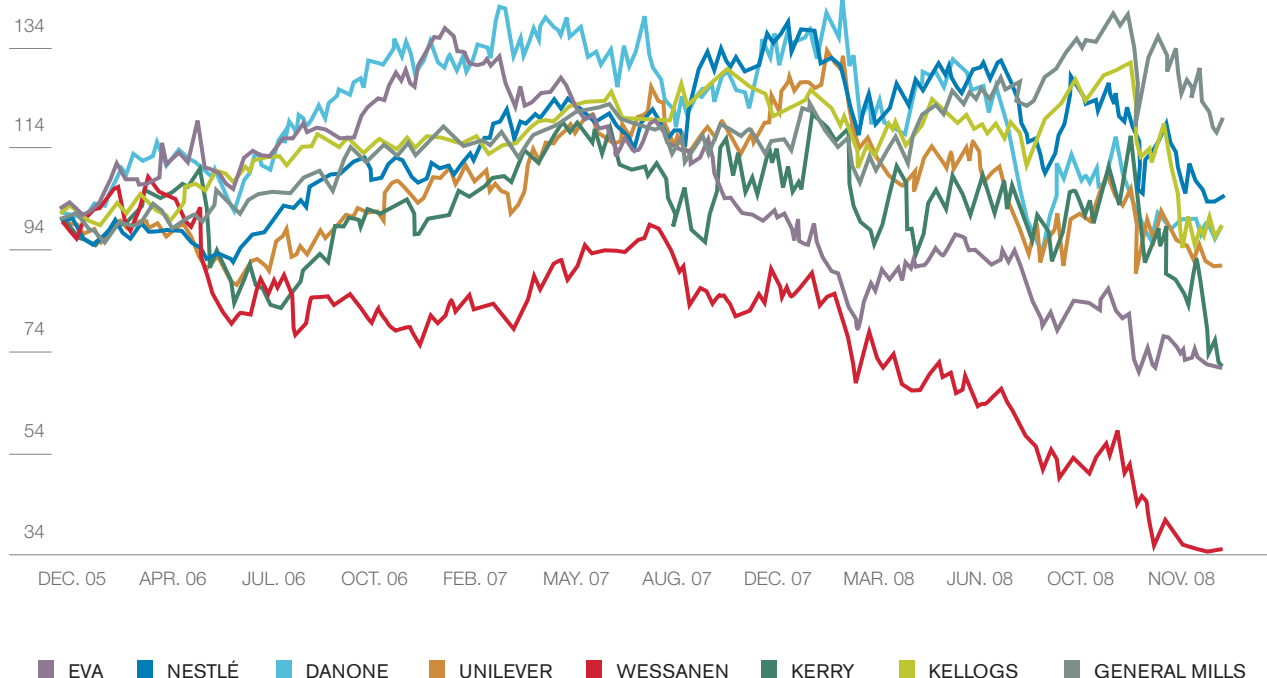
EVA vs. INDEXES OVER PAST 3 YEARS



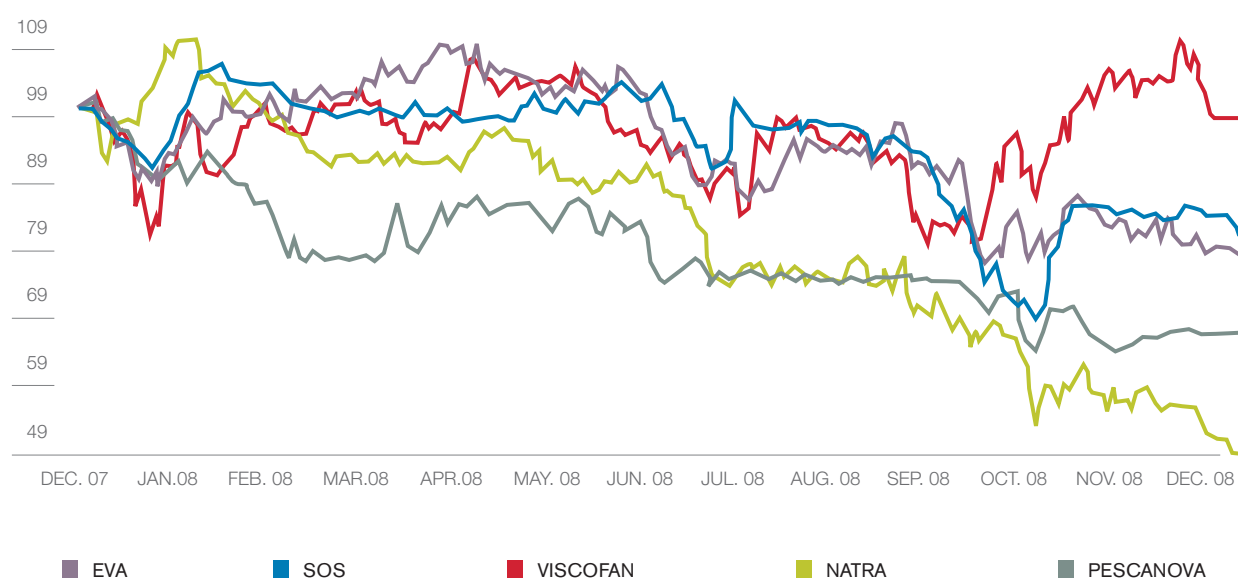
EVA vs. FOOD COMPANIES IN 2008



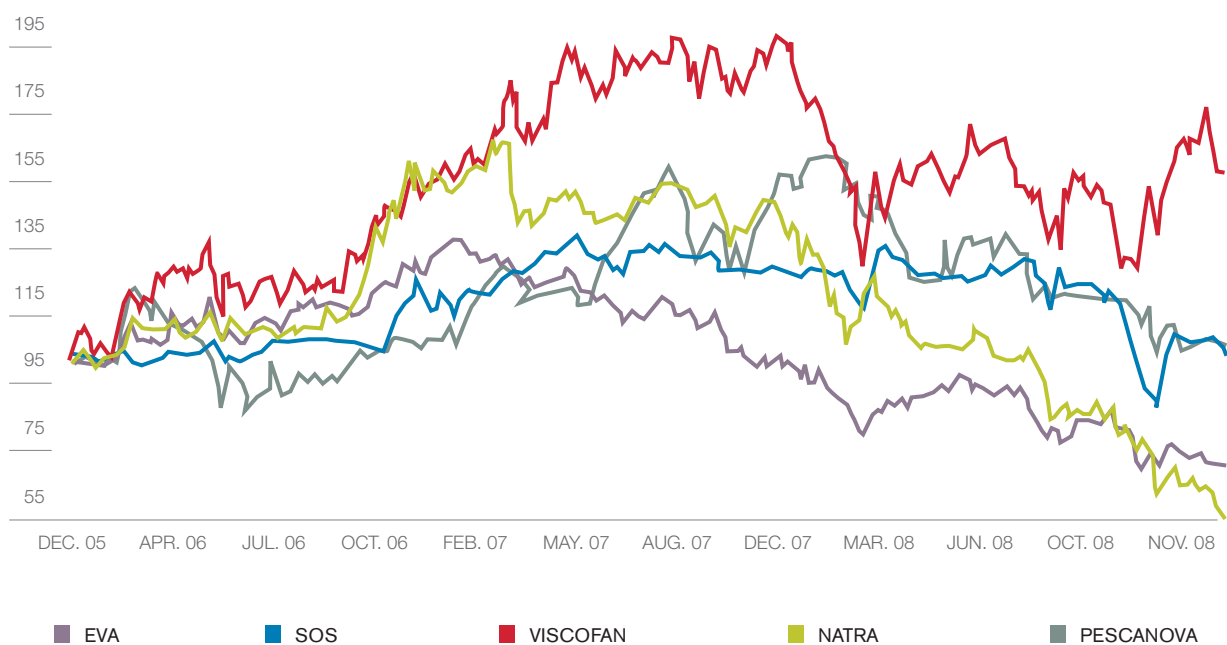
EVA vs. FOOD COMPANIES OVER PAST 3 YEARS



EVA vs. SPANISH FOOD COMPANIES 2008



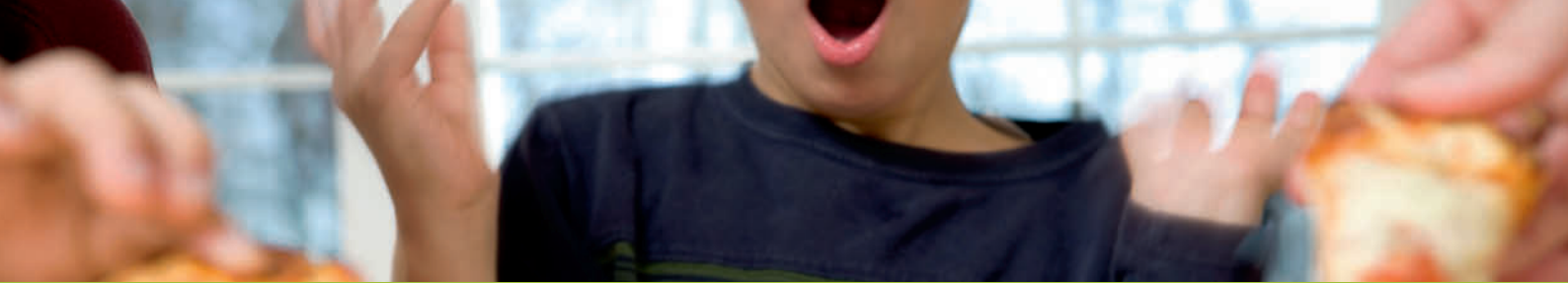
EVA vs. SPANISH FOOD COMPANIES OVER PAST 3 YEARS



OTHER ASPECTS OF INTEREST

- ◁ Approximately 50% of the company's shares are represented on the board and 50% is free float.
- ◁ The average daily volume of trading of EVA shares during 2008 was 371,728, 43% down on 2007 and 47% down on 2006. The Ibex Med index, to which we belong, also dropped in 2008, by 9% from 2007 and by 56% from 2006 levels.
- ◁ The EVA share turnover in 2008 was equivalent to 0.62 times the total number of shares in the company, a lower percentage than the 1.08 times in 2007 and 1.15 times in 2006.
- ◁ The market capitalisation of the Ebro Puleva Group at year-end 2008 was €1,507 million, compared to €1,838 million at year-end 2007.
- ◁ The analyst consensus valuation at year-end indicates a strong upside potential, estimating 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.





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AUDIT REPORT ON THE FINANCIAL STATEMENTS

To the Shareholders of Ebro Puleva, S.A.:

1. We have audited the financial statements of Ebro Puleva, S.A., which consist of the balance sheet at December 31, 2008, the income statement, the cash flow statement, the statement of changes in equity and the notes thereto for the year then ended, the preparation of which is the responsibility of the directors of the company. Our responsibility is to express an opinion on the aforementioned financial statements taken as a whole, based upon work performed in accordance with auditing standards generally accepted in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the financial statements, and the evaluation of their presentation, of the accounting principles applied, and of the estimates made.

2. The accompanying 2008 financial statements are the first prepared by the directors under Spanish GAAP, enacted by Royal Decree 1514/2007. In this regard, in accordance with section 1 of Transitional Provision Four of said Royal Decree, these financial statements have been considered as first-time financial statements and, therefore, no comparative figures are included. Note 21 to the financial statements, "Issues relating to the transition to new accounting principles," provides the balance sheet and profit and loss account included in the approved 2007 financial statements, which were prepared in accordance with generally accepted accounting principles and standards in force in Spain at that time. In addition, there is an explanation of the main differences between the accounting criteria applied in 2007 and those currently applicable, as well as quantification of the impact on equity at January 1, 2008 (the date of transition) caused by the change in accounting criteria. Our opinion refers only to the financial statements for 2008. On March 26, 2008, we issued our audit report on the 2007 financial statements, prepared in accordance with the accounting principles and standards in force that year, in which we expressed an unqualified opinion.

3. In our opinion, the accompanying 2008 financial statements give a true and fair view, in all material respects, of the equity and financial position of Ebro Puleva, S.A. at December 31, 2008 and the results of its operations, changes in equity and cash flow for the year then ended, and contain the required information necessary for their adequate interpretation and understanding, in conformity with the applicable accounting principles and standards generally accepted in Spain.

4. The accompanying 2008 management report contains such explanations as the directors consider appropriate concerning the situation of the Company, the evolution of its business and other matters; however, it is not an integral part of the financial statements. We have checked that the accounting information included in the report mentioned above agrees with the annual financial statements for the year ended December 31, 2008. Our work as auditors is limited to verifying the management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the Company's accounting records.

ERNST & YOUNG, S.L.
(Registered in the Official Register of
Auditors
under No. S0530)

José Luis Ruiz

March 26, 2009



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4. **SEPARATE ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT**
5. AUDITORS' REPORT ON CONSOLIDATED ANNUAL ACCOUNTS
6. CONSOLIDATED ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT
7. DISCLAIMER

Financial Statements and Management Report for the year ended December 31, 2008

EBRO PULEVA, S.A.

Balance sheet at December 31, 2008

ASSETS (Thousands of euros)	12-31-2008
a) Non-current assets	1,473,808
I. Intangible assets (Note 5)	5,515
3. Patents, licenses, trademarks, et al.	5,515
II. Property, plant and equipment (Note 6)	9,397
1. Land and Buildings	7,468
2. Plant and other Pp&E Items	1,929
III. Investment property (Note 7)	9,647
1. Land	4,864
2. Buildings	4,783
IV. Investment in group companies and associates (Note 8)	1,433,466
1. Equity instruments	1,322,658
2. Loans to companies (Notes 8 and 17)	110,808
V. Financial investments (Note 9)	151
1. Equity instruments	1
2. Other financial assets	150
VI. Deferred tax assets (Note 15)	15,632
b) Current assets	200,243
I. Non-current assets held for sale (Note 8)	148,481
III. Trade and other receivables (Notes 9 and 10)	49,347
1. Trade receivables	24,035
2. Trade receivables from group companies and associates (Note 17)	22,791
3. Other receivables	2,189
4. Receivable from employees	12
5. Current income tax assets (Note 15)	0
6. Other Receivables from public administrations (Note 15)	320
VI. Accruals	2,399
VII. Cash and Cash Equivalents (Note 11)	16
1. Cash At Banks and in hand	16
Total assets	1,674,051

EBRO PULEVA, S.A.

Balance sheet at December 31, 2008

EQUITY AND LIABILITIES (Thousands of euros)		12-31-2008
a) Equity		763,970
a.1) Capital and reserves (Note 12)		763,970
I. Share capital		92,319
1. Issued capital		92,319
II. Share premium		34,334
III. Reserves		711,932
1. Legal and statutory reserves		18,464
2. Other reserves		693,468
IV. Treasury shares and equity investments		(62,031)
V. Retained earnings		0
VI. Other owner contributions		0
VII. Profit (loss) for the year		(12,584)
VIII. Interim dividend		0
IX. Other equity instruments		0
a.2) Unrealized gains (losses) reserve		0
a.3) Grants, donations and legacies		0
b) Non-current liabilities		723,122
I. Provisions (Note 14)		4,575
1. Provisions for long-term employee benefits		2,327
4. Other provisions		2,248
II. Borrowings (Note 9)		522,332
1. Bonds and other marketable debt securities		0
2. Bank borrowings (Note 13)		522,303
4. Derivatives		0
5. Other financial liabilities		29
III. Borrowings from group companies and associates (Note 17)		168,966
IV. Deferred tax liabilities (Note 15)		27,249
c) Current liabilities		186,959
I. Liabilities relating to non-current assets held for sale (Note 17)		45,878
II. Provisions		0
III. Borrowings (Note 9)		127,994
1. Bonds and other marketable debt securities		0
2. Bank borrowings (Note 13)		125,824
4. Derivatives		0
5. Other financial liabilities		2,170
IV. Payables to group companies and associates (Note 17)		620
V. Trade and other payables (Note 9)		12,467
1. Suppliers		2,830
2. Suppliers, group companies and associates		4,594
3. Other payables		0
4. Employee benefits payable		2,257
5. Current income tax liabilities (Note 15)		1,035
6. Other payables to public administrations (Note 15)		1,751
7. Customer advances		0
VI. Accruals		0
Total equity and liabilities		1,674,051

EBRO PULEVA, S.A.

Income statement for the year ended December 31, 2008

(Thousands of euros)	12-31-2008
continuing operations	
Other operating income	4,412
Ancillary income	4,412
Employee benefits expenses	(9,344)
Wages, salaries, et al.	(7,227)
Social security costs, et al.	(776)
Provisions	(1,341)
Other operating expenses	(10,699)
External services	(7,723)
Taxes	(755)
Other operating expenses	(2,221)
Depreciation and amortization	(344)
Impairment losses and gains (losses) on disposal of non-current assets	(119)
Gains (losses) on disposal and other gains and losses	(119)
Operating loss	(16,094)
Finance revenues	31,618
From equity investments:	
In group companies and associates (Note 8)	26,327
From marketable securities and other financial instruments:	
Of group companies and associates	5,096
Of third parties	195
Finance costs	(50,798)
Borrowings from group companies and associates	(18,074)
Third-party borrowings	(32,724)
Exchange gains (losses) (Note 9)	102
Impairment and gains (losses) on disposal of financial instruments	4,073
Impairment losses and losses	(7,469)
Gains (losses) on disposal and other gains and losses (Note 8)	11,542
Finance cost	(15,005)
Loss before tax	(31,099)
Loss for the period from continuing operations	(12,584)
Discontinued operations	
Profit / (loss) after tax for the year from discontinued operations	0
Loss for the year	(12,584)

EBRO PULEVA, S.A.

Statement of recognized income and expenses for the year ended December 31, 2008

(Thousands of euros)	12-31-2008
a) Loss for the period	(12,584)
b) Total income and expense recognized directly in equity	0
c) Total amounts transferred to income statement	0
Total recognized income and expense (loss)	(12,584)

EBRO PULEVA, S.A.

Cash flow statement for the year ended December 31, 2008

LIABILITIES (Thousands of euros)	12-31-2008
Cash flows from operating activities	98
1. Profit before tax	(31,099)
2. Adjustments to profit	18,998
a) Depreciation and amortization (Notes 5, 6 and 7)	344
b) Impairment losses (+/-) (Note 8)	7,469
c) Changes in provisions (+/-) (Note 14)	3,530
e) Gains (losses) from derecognition and disposals of non-current assets (+/-) (Note 7)	119
f) Gains (losses) from derecognition and disposal of financial instruments (Note 8)	(11,542)
g) Finance income (-)	(31,618)
h) Finance costs (+)	50,798
i) Dexchange gains (losses) (+/-) (Note 9.1)	(102)
3. Change in working capital	(859)
b) Trade and other receivables (+/-)	(306)
d) Trade and other payables (+/-)	(553)
4. Other cash flows from operating activities	13,058
a) Interest paid (-)	(40,138)
b) Dividends received (+) (Note 8)	26,327
c) Interest received (+)	4,580
d) Income tax receipts (payments) (+/-)	22,289
Cash flows from investing activities	16,407
6. Payments on investments (-)	(752)
c) Property, plant and equipment (Note 6)	(625)
d) Investment property (Note 7)	(111)
e) Other financial assets	(16)
7. Proceeds from disposals (+)	17,159
a) Group companies and associates	1,647
c) Property, plant and equipment	1,142
d) Investment property	48
e) Other financial assets	1
g) Other assets	321
Cash flows from financing activities	(16,458)
9. Proceeds from and payments on equity instruments	(51,282)
c) Acquisition of own equity instruments (-)	(52,854)
d) Disposal of own equity instruments (+)	1,572
10. Proceeds from and payments of financial liabilities	88,645
a) Issues	142,288
2. Bank borrowings (+)	49,171
3. Borrowings from group and associated companies (+)	93,117
b) Repayment and redemption of	(53,643)
2. Bank borrowings (-)	(71,000)
3. Borrowings from group and associated companies (+)	17,357
11. Dividends paid and payments on other equity instruments	(53,821)
a) Dividends (-)	(53,821)
Net foreign exchange difference	(77)
Net increase/decrease in cash and cash equivalents	(30)
Cash and cash equivalents at January 1	46
Cash and cash equivalents at December 31	16

EBRO PULEVA, S.A.

Total statement of changes in equity for the year ended December 31, 2008

	Issued Capital	Share premium	Reserves	Treasury shares	Retained earnings	Profit (Loss) for the year	Other equity instruments	Net unreal. gains (Losses) reserve	Grants donations and bequests received	Total
(Thousands of euros)										
Balance at 1/1/08	92,319	34,333	770,056	0	0	0	0	0	0	896,708
Adjustment for conversion to new accounting principles (Note 21)			(4,311)	(10,740)						(15,051)
Adjusted balance at 1/1/2008	92,319	34,333	765,745	(10,740)	0	0	0	0	0	881,657
I. Total recognized income and expense						(12,584)				(12,584)
II. Transactions with shareholders and owners:	0	0	(55,382)	(51,291)	0	0	0	0	0	(106,673)
– Capital increases										0
– Capital decreases										0
– Conversion of financial liabilities into equity										0
– Dividends paid			(55,391)							(55,391)
– Transactions with treasury shares or own equity instruments			9	(51,291)						(51,282)
– Other transactions with shareholders and owners										0
III. Other changes in equity		1	1,569							1,570
Balance at 12/31/2008	92,319	34,334	711,932	(62,031)	0	(12,584)	0	0	0	763,970

Financial Statements and Management Report for the year ended December 31, 2008

1. ACTIVITY

Ebro Puleva, S.A. (the Company) is the outcome of the merger by takeover by Azucarera Ebro Agrícola S.A. of Puleva S.A. Following said takeover merger, the board of directors resolved to change the name of the company from Azucarera Ebro Agrícola, S.A. to Ebro Puleva, S.A. effective as of January 1, 2001.

Its current registered address is in Madrid (28046), Paseo de la Castellana, 20. The Company is engaged in the following activities both in Spanish and foreign markets:

- a) The production, preparation, sale, research, import and export of all types of food and dietary products for both human or animal consumption, in addition to energy food, including their byproducts and waste and, particularly from sugar, agricultural products, dairy products, rice, pasta and any type of nutritional product, including enteral diets for clinical feeding, formulas, products as well as special composites for the pharmaceutical, healthcare or veterinary and biofuel industries..
- b) The production, marketing and sale of all types of refreshment, food and alcoholic beverages.
- c) The exploitation of any type of byproducts, services or uses related to the above activities, including refrigeration units, ice, industrial gas, vapor, cold air and energy.
- d) The acquisition, lease, creation, installation, promotion, development and management of industrial, farming and livestock facilities in the food, nutrition and beverage sectors (including alcohol).
- e) The execution of projects, construction of installations or the provision of any other technical assistance to other companies of such sectors; the creation, promotion, protection and exploitation of patents, trademarks and other items pertaining to industrial property.
- f) Any activities relating to personnel training, computer programming or management, investment and optimization of resources, advertising and corporate image, transport, distribution and sale deemed complementary to the above.

The activities comprising the Company's corporate purpose may be carried out through the subscription or acquisition of shares or participation units of companies having an identical or similar corporate purpose.

Ebro Puleva, S.A. is the parent company of a consolidated group formed by the Company and its subsidiaries and associates. Consolidated financial statements for 2008 were drawn up and submitted separately by the directors of Ebro Puleva S.A. on March 25, 2009. This should be taken into account when assessing the purely circumstantial negative working capital in Ebro Puleva, S.A.'s individual financial statements at year end. As the Group's parent company, Ebro Puleva S.A. has the necessary financing through its dividends policy, among other options.

The principal consolidated balance sheet and income statement headings in the 2008 consolidated financial statements, which have been prepared in keeping with the Eleventh Final Provision of Law 62/2003, dated December 30, applying the International Financial Reporting Standards approved by the European Commission, are the following:

(Thousands of euros)		2008
Total Assets		3,422,912
Equity		1,228,686
Parent company	1,203,131	
Minority interests	25,555	
Income		2,367,902
Profit (Loss) for the year		131,870
Parent company	130,637	
Minority interests	1,233	

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the new accounting principles approved by Royal Decree 1514/2007 of November 16 and prevailing mercantile law.

The figures shown in these financial statements are presented in thousands of euros unless otherwise indicated.

True and fair view

The accompanying financial statements have been prepared from the Company's auxiliary accounting records in accordance with prevailing accounting legislation to give a true and fair view of its equity, financial position and results. The cash flow statement has been prepared to present fairly the origin and usage of monetary assets such as cash and cash equivalents.

These financial statements have been prepared by the directors of the Company and will be submitted for approval by the shareholders in general meeting. It is expected that they will be approved without modification.

Comparison of information

The financial statements for the year ended December 31, 2008 are the first prepared based on the new Spanish GAAP, approved by Royal Decree 1514/2007, of 16 November and the Company has made the transition to the new accounting principles pursuant to said Royal Decree.

The Company has taken January 1, 2008 as the date of transition and, accordingly, presents no comparative figures in these financial statements.

In addition to an explanation of the main differences between the accounting principles applied in the previous year and those currently applied, Note 21, "Issues related to the transition to the new accounting principles," provides the balance sheet and profit and loss account included in the 2007 financial statements.

Critical issues concerning the assessment of uncertainty

The directors have prepared the financial statements using estimates based on historical experience and other factors considered reasonable under the circumstances. The carrying amount of assets and liabilities, which is not readily apparent from other sources, was established on the basis of these estimates. The Company periodically reviews these estimates. However, given the uncertainty inherent in them, the need may arise to make significant adjustments to the carrying amounts of assets and liabilities affected in future periods should changes occur in the hypotheses or circumstances on which the resulting values were based.

The key assumptions regarding the future, in addition to other relevant information regarding uncertainty estimation at the reporting date, which represent a considerable risk that the carrying amounts of assets and liabilities may require significant adjustments in the following financial year, are as follows:

◀ Taxes

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. The directors consider that no significant additional liabilities would arise in the event of a tax inspection (Note 15).

◀ Impairment of non-financial assets

The Company annually analyzes whether impairment indicators exist for non-financial assets. Intangible assets with indefinite useful lives are tested for impairment at least annually and at other times when such indicators exist. Non-financial assets are tested for impairment when impairment indicators exist (Note 5).

◀ Deferred tax assets

Deferred tax assets are recognized based on future estimates carried out by the company related to the extent it is probable that taxable profit will be available (Note 15).

◀ Provisions

Risk provisions are recognized as per the accounting criteria described in Note 4. The Company has made judgments and estimates as to the likelihood that risks will materialize as well as the corresponding amounts. A provision is recognized when the risk is considered probable, estimating the cost that would be generated by the obligating event (Note 14).

Corporate Transactions carried out in 2008 affecting the basis of presentation

No corporate transactions were carried out in 2008 that would affect the comparison of 2008 figures with those of prior years. However, the following is a description of the corporate transactions carried out in prior years which relate to data which by law must be included in the financial statements of subsequent years.

a) Takeover merger of Productos La Fallera, S.A.

(See 2003 financial statements)

b) Dissolution of Azucarera Ebro Agrícolas Gestión de Patrimonio, S.L. (GDP), transferring all its assets and liabilities to Ebro Puleva, S.A.

(See 2003 financial statements)

3. APPROPRIATION OF PROFIT

	Amount
Proposed appropriation	
Freely distributable reserves	693,468
Loss for the year	(12,584)
	680,884

On March 25, 2009, Ebro Puleva, S.A.'s Board of Directors proposed that the following distribution of 2008 profit be submitted to the General Meeting of Shareholders for approval:

- a)** Consolidated profit for 2008 for the Ebro Puleva Group has allowed the Board to put before the General Meeting a proposal to pay an ordinary cash dividend against unrestricted reserves in the amount of 55,391 thousand euros, equivalent to 36 cents per share to be paid in quarterly installments of 9 cents each on April 2, July 2, October 2 and December 22, 2009.
- b)** In addition, subject to a favorable outcome of the sale of the sugar business (Azucarera Ebro, S.L. and some of its subsidiaries) and in view of expected returns on the sale (as described in Note 8.a) an extraordinary dividend is proposed consisting of:
- b.1)** An extraordinary cash dividend against unrestricted reserves in the amount of 55,391 thousand euros, equivalent to 36 cents per share to be paid in 2009 in three installments of 12 cents each to coincide with the three final payments of the ordinary dividend (July 2, October 2 and December 22, 2009).
- b.2)** An extraordinary in-kind dividend consisting of treasury shares to meet the existing share premium (34,334 thousand euros) with an approximate exchange ratio, in view of an estimated listed price of 9 euros per share, of 1 new share for every 40 existing shares, for a total of approximately 3.8 millions shares (about 2.5% of share capital). The exchange ratio will be specified at the Board of Directors Meeting held just before prior to the General Shareholders' Meeting, once the listed share price from the trading session the day before is known. Shareholders will receive this extraordinary in-kind dividend in the first days of May 2009.

Limitations on the distribution of dividends

The Company is obliged to transfer 10% of the profit for the year to a legal reserve until this reserve reaches an amount at least equal to 20% of share capital. Unless the balance of the reserve exceeds this amount, it cannot be distributed to shareholders (Note 12.c).

Once the legal and company bylaw requirements have been met, dividends may only be distributed against profit for the year or, freely distributable reserves, if the value of equity is not lower than capital or, would not become lower than capital as a result of distributing dividends. Accordingly, profit recognized directly in equity cannot be directly or indirectly distributed. Where losses exist from previous years that reduce the Company's equity to below the amount of share capital, profit must be allocated to offset these losses.

4. RECOGNITION AND MEASUREMENT ACCOUNTING POLICIES

a) Intangible assets

Intangible assets are initially measured at either acquisition or production cost. The cost of intangible assets acquired in a business combination is fair value as of the date of acquisition.

Following initial measurement, they are stated at cost less accumulated amortization and any impairment loss.

The Company assesses the intangible asset's useful life to be either finite or indefinite.

Intangible assets having finite useful lives are amortized on a straight-line basis over their remaining estimated useful lives and residual value. Amortization methods and periods are reviewed at year end and adjusted prospectively where applicable. Intangible assets are tested for impairment at least at year end and are written down where applicable.

Intangible assets with indefinite useful lives are not amortized and are assessed for impairment at least annually. The assessment of the indefinite useful life of these assets is reviewed annually.

Patents, licenses, trademarks, et al.

These items are stated at cost and are amortized on a straight-line basis over their estimated useful life, generally four years of finite useful lives.

Software

These items are stated at cost and are amortized on a straight-line basis over their estimated useful life, generally four years.

b) Property, plant and equipment

Property, plant, and equipment are initially measured at either acquisition or production cost. The cost of property, plant, and equipment acquired in a business combination is fair value as of the date of acquisition. Following initial measurement, they are stated at cost less accumulated depreciation and any recognized impairment loss.

The cost of assets acquired or produced subsequent to January 1, 2008 with installation periods exceeding one year includes financial expenses accrued prior to putting the assets to use when these expenses meet capitalization requirements.

"Property, plant, and equipment" likewise includes the initial estimate of the present value of asset dismantling or retirement obligations and other associated costs, such as the cost of restoring assets when these obligations lead to recognizing provisions.

Expenses for repairs which do not prolong the useful life of the assets, as well as maintenance expenses, are taken to the income statement in the year incurred. Expenses incurred for expansion or improvements which increase the productivity or prolong the useful life of the asset are capitalized as an increase in the value of the item.

Depreciation expense is recognized in the income statement. The assets are depreciated from the moment they are available for use. Property, plant and equipment are depreciated by the straight-line method, based on the estimated useful life of the asset, taking into account impairment of value due to actual use, as shown below:

	Depreciation rates
Buildings	1.0 to 3.0%
Machinery, installations and tools	2.0 to 8.0%
Furniture and fixtures	10.0 to 25.0%
Transport equipment	5.5 to 16.0%

At each financial year end, the Company reviews the assets' residual values, useful lives and depreciation methods and adjusts them prospectively where applicable.

c) Investment properties

Investment properties consist of land and buildings leased to third parties or not in use. Buildings are depreciated on a straight-line basis over an estimated useful life of 50 years.

The measurement bases applied to property, plant and equipment are fully applicable to investment properties.

Transfers are only made to investment properties when there has been a change in their use.

d) Swaps

Assets acquired through the exchange of other assets are analyzed individually to determine whether the related transaction has commercial substance.

When the transaction has commercial substance, the asset received is measured at the fair value of the asset given up, plus any monetary compensation where applicable, unless the fair value of the asset received is more evident. Valuation differences arising upon recognition of the asset given up are taken to the income statement.

When the exchange does not have commercial substance or when fair value cannot be reliably measured, the asset received is measured at the carrying value of the asset given up, plus any monetary compensation, where applicable.

e) Impairment of non-current and non-financial assets

The Company assesses at each year end, if not more often, whether there is an indication that a non-current non-financial asset or, where applicable, a cash-generating unit may be impaired. If any indication exists and in any case, for goodwill and intangible assets with indefinite useful lives the Company estimates the asset's recoverable amount.

The recoverable amount is the higher of the cash-generating unit's (CGU) fair value less cost to sell and value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. To assess value in use, expected future cash flows are discounted to their present value using risk free market rates, adjusted by the risks specific to the asset. For those assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the asset belongs.

Impairment loss and its reversion are recognized in the income statement. Impairment loss is reversed only if the circumstances giving rise to it have ceased to exist, except those relating to goodwill. The reversal is limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset.

f) Leases

Leases are considered to be financial leases when, based on the economic terms of the arrangement, all risks and rewards incidental to ownership of the leased item are substantially transferred to the Company. All other lease arrangements are classified as operating leases.

Company as lessee

Assets acquired under financial lease arrangements are recognized, based on their nature, at the fair value of the leased item or, if lower, the present value at the commencement of the lease of the minimum lease payments. A financial liability is recorded for the same amount. Lease payments are apportioned between finance charges and reduction of the lease liability. These assets are depreciated, impaired, and derecognized using the same criteria applied to assets of a similar nature.

Operating lease payments are recognized as expenses in the income statement when accrued.

Company as lessor

Rental income from operating leases is recognized in the income statement when accrued. Direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and are recognized as expense over the term of the lease on the same basis as rental income.

g) Financial assets

1. Recognition and measurement

1.1. *Loans and receivables*

The Company recognizes in this category trade and non-trade receivables, which include financial assets with fixed or determinable payments not quoted on active markets and for which the Company expects to recover the full initial investment, except, where applicable, in cases of credit deterioration.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs.

Following initial recognition, these financial assets are measured at amortized cost.

Nevertheless, non-trade receivables which mature within less than one year with no contractual interest rate, as well as advances and loans to personnel, receivable dividends and called-up payments on equity instruments, the amount of which is expected in the short term, are carried at nominal value both at initial and subsequent measurement, when the effect of not discounting cash flows is not significant.

The difference between fair value and amounts paid for operating lease security deposits is recognized in the income statement as an advance lease payment over the lease term. When assessing the fair value of security deposits, the period remaining to the end of the lease is determined based on the minimum term as per the current lease agreement.

1.2. *Held-to-maturity investments*

Held-to-maturity investments include debt instruments with fixed maturities and fixed or determinable payments traded on active markets which the Company has the positive intention and the ability to hold to maturity.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs.

Following initial recognition, these financial assets are measured at amortized cost.

1.3. *Equity investments in group companies, joint ventures, and associates*

This category includes investments in companies in which the entity exercises control, joint control via company bylaw requirements or contractual arrangement, or has significant influence.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs. In the case of non-monetary contributions to a Group company for the purpose of a business, however, the investment is measured at the carrying amount of the assets constituting the business. The initial value includes preferential subscription and similar rights.

Following initial measurement, these financial assets are stated at cost, less any accumulated impairment loss.

When an investment is classified as an investment in a Group company, joint venture or associate, cost value is deemed to be the asset's recognized carrying amount, whereas previously recognized value adjustments are shown in equity until the investment is either sold or impaired.

Where preferential subscription or similar rights are sold or separated for the purpose of exercising them, the cost of these rights decreases the carrying amount of the respective assets.

1.4. *Financial assets held for trading*

This category includes financial assets created or acquired for the purpose of obtaining profit in the short term. This category also includes derivatives that have not been designated as hedging instruments.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price. Direct attributable transactions costs are recognized in the income statement. For equity instruments, initial value includes preferential subscription and similar rights.

Following initial recognition, financial assets held for trading are recognized at fair value without deducting transaction costs relating to the sale of these assets. Changes in fair value are taken to the income statement.

1.5. Available-for-sale financial assets

This category includes debt securities and equity instruments that have not been classified in any of the preceding categories.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs. For equity instruments, initial value includes preferential subscription and similar rights.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes in fair value are recognized directly in equity until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is taken to the income statement. However, foreign exchange gains and losses on monetary assets denominated in foreign currency are recognized in the income statement.

Equity instruments whose fair value cannot be reliably determined are measured at cost, less any cumulative impairment.

Where preferential subscription or similar rights are sold or separated for the purpose of exercising them, the cost of these rights decreases the carrying amount of the respective assets.

1.6. Hedging derivatives

This category includes derivatives classified as hedging instruments.

Financial instruments which have been designated as hedging instruments are measured as indicated in Note 4.j.

2. Cancellation

Financial assets are derecognized when the contractual rights to related cash flows have expired or when the assets are transferred, provided that related risks and rewards are substantially transferred.

If the Company has not substantially transferred or retained the risks and rewards incidental to ownership of the financial asset, it is derecognized if control over the asset has not been retained. If control over the asset is retained, the Company continues to recognize it to the extent to which it is exposed to changes in the value of the transferred asset, i.e. due to its continuing involvement, recognizing as well the associated liability.

The difference between the consideration received, net of attributable transaction costs, including any new financial asset obtained less any liability assumed, plus any cumulative gain or loss directly recognized in equity, determines the gain or loss generated upon derecognition, and is included in the income statement in the year to which it relates.

The Company does not derecognize financial assets in the sale of financial assets in which it has retained substantially the risks and rewards incidental to ownership, such as discounted bills, factoring, disposals of financial assets under repurchase agreements at fixed prices or at the sale price plus interest, and securitizations of financial assets in which the seller retains subordinate financing or other types of guarantees which substantially absorb estimated losses. In these cases, it recognizes a financial liability at an amount equal to the compensation received.

3. Interest and dividends received on financial assets

Interest and dividends from financial assets accrued subsequent to acquisition are recognized as income. Interest must be recognized using the effective interest rate method; dividends are recognized when the right to receive them is established.

Financial assets are recognized separately on initial measurement based on maturity, accrued explicit interest receivable at that date, and the proposed dividends up to the date the assets are acquired. Explicit interest refers to the contract interest rate applied to the financial instrument.

In addition, when distributed dividends are derived unmistakably from profit generated prior to the date of acquisition given that the amounts of distributed dividends exceeded the profit generated by the associate since acquisition, the dividends are not recognized as income and decrease the cost of the investment.

h) Impairment of financial assets

The carrying amount of financial assets is adjusted against the income statement when there is objective evidence of actual impairment.

To determine impairment loss, the Company assesses the potential loss of individual as well as groups of assets with similar risk characteristics.

1. Debt instruments

There is objective evidence that debt instruments (trade receivables, loans and debt securities) are impaired when an event has occurred after the initial recognition of the instrument that has a negative impact on related estimated future cash flows.

The Company classifies as impaired assets (doubtful exposures) debt instruments for which there is objective evidence of impairment, which refers basically to the existence of unpaid balances, non-compliance issues, refinancing and data which evidences the possible irrecoverability of total agreed-upon future cash flows or collection delays.

For financial assets measured at amortized cost, impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the current market rate upon initial recognition. For financial assets with floating interest rates, the effective interest rate at the balance sheet date is used. For trade and other receivables, the Company considers balances including items more than six months past due for which collection is uncertain, as well as balances of companies having declared a payment's moratorium, to be doubtful assets. The fair value is used instead of the present value of estimated future cash flows in the case of quoted instruments provided that it is considered sufficiently reliable.

When there is objective evidence of a decline in the fair value of "Available-for-sale financial assets" due to impairment, the underlying capital losses recognized as "Unrealized gains (losses) reserve" in equity are taken to the income statement.

The reversal of an impairment loss is recognized in the income statement. Such reversal is limited to the carrying amount of the financial asset that would have been recognized on the reversal date had no impairment loss been recognized.

2. Equity instruments

There is objective evidence that equity instruments are impaired when one or more events have occurred after initial recognition that indicate that the cost of the investment in equity instruments may not be recovered due to a prolonged or significant decline in fair value. Accordingly, in all cases, the Company considers that equity instruments are impaired when their value has decreased over 18 months and by 40% of their initial quoted price without having recovered their initial value.

In the case of equity instruments measured at fair value and included in the available-for-sale financial asset portfolio, impairment losses are measured as the difference between acquisition cost and fair value, less any impairment loss previously recognized in the income statement. Underlying capital losses recognized in equity as "Unrealized gains (losses) reserve" are recorded in the income statement when it is determined that the decline in the fair value is due to impairment. If, in a subsequent period, impairment losses are partially or totally recovered, the related amount is recognized in equity as "Unrealized gains (losses) reserve."

In the case of equity instruments included in "Available-for-sale financial assets" and "Investments in group companies, joint ventures and associates," impairment loss is measured as the difference between the carrying amount of the financial asset and the recoverable amount, which is the greater of the asset's fair value, less costs to sell, and the present value of future cash flows derived from the investment. Unless better evidence is available, impairment of this type of asset is estimated taking into account the equity of the subsidiary, adjusted by any unrealized capital gain existing on the measurement date. Such losses are recorded in the income statement as a direct decline in value of the equity instrument.

For investments in group companies, joint ventures and associates, the reversal of an impairment loss is recognized in the income statement and is limited to the carrying value of the investment that would have been recognized on the reversal date had the original impairment not occurred, whereas an impairment loss recognized in previous years from available-for-sale financial assets measured at cost cannot be reversed.

i) Financial liabilities

1. Recognition and measurement

1.1. Trade and other payables

This category includes financial liabilities generated by the purchase of goods and services arising from trade transactions, and non-trade payables that are not derivative instruments.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received, adjusted by directly attributable transaction costs.

Following initial recognition, these financial liabilities are measured at amortized cost. Interest is recognized in the income statement using the effective interest rate method.

Nevertheless, trade payables which mature within less than one year with no contractual interest rate, as well as called-up payments on shares, the amount of which is expected in the short term, are carried at the nominal value when the effect of not discounting cash flows is not significant.

The difference between fair value and amounts received for operating lease security deposits is recognized in the income statement as an advance lease payment over the lease term. When assessing the fair value of security deposits, the period remaining to the end of the lease is determined based on the minimum term as per the current lease agreement.

1.2. Hedging derivatives

This category includes financial liabilities issued with the intention of repurchasing them in the short term and derivative instruments that have not been designated as hedging instruments.

These financial liabilities are recognized and measured using the same criteria as applied to financial assets held for trading.

1.3. Hedging derivatives

This category includes derivatives classified as hedging instruments.

Financial instruments which have been designated as hedging instruments are measured as indicated in Note 4.j.

2. Cancellation

The Company derecognizes a financial liability when the obligation under the liability is extinguished.

When debt instruments are exchanged, provided that their contractual terms are substantially different, the original financial liability is derecognized and the new financial liability is recognized. Financial liabilities whose contractual terms are substantially modified are treated in the same manner.

The difference between the carrying amount of the derecognized financial asset (or part of it) and the compensation paid, including any attributable transaction costs, which also includes any new asset transferred other than cash or liability assumed, is recognized in the income statement in the year to which it relates.

When debt instruments are exchanged whose contractual terms are not substantially different, the original financial liability is not derecognized, and the commissions paid are recognized as an adjustment to the carrying amount. The new amortized cost of a financial liability is determined by applying the effective interest rate, which equates the carrying amount of the financial liability on the modification date to the cash flows to be paid as per the new terms.

j) Accounting hedges

The Company uses fair value hedges for trade receivables denominated in foreign currency, cash-flow hedges for loans received at floating interest rates and hedges of a net investment in the US subsidiaries.

Transactions are only deemed hedges when they eliminate efficiently any risk inherent to the hedged item or position throughout the duration of the hedge, which implies that at the inception of the contract, the hedging item is highly effective (prospective effectiveness) and there is sufficient evidence that the hedge was effective throughout the life of the hedged item or position (retrospective effectiveness).

The Company adequately documents the hedge, including how it intends to achieve and measure its effectiveness under its current risk management policy.

The hedge effectiveness is measured by testing to verify that the differences arising from changes in the value of the hedged item and the corresponding hedging instrument remain within a range of 80% to 125% over the remaining term to maturity, and comply with forecasts established at the related contract dates.

If at any time financial derivatives do not qualify to be treated as hedges, they are reclassified as held-for-trading derivatives.

For the purpose of hedge accounting, hedges are classified as:

- ◁ **Fair value hedges:** When hedging the risk of exposure to changes in the fair value of trade receivables due to interest rate fluctuations. Changes in the fair value of the hedging instrument and the hedged item as a result of exchange differences are recognized in the income statement.
- ◁ **Cash flow hedges:** When hedging exposure to variability in cash flows that is attributable to changes in interest rates on loans received. Swaps are entered into to change from floating to fixed rates. The portion of the gain or loss of the hedging instrument that is determined to be an effective hedge is recognized temporarily in equity; gains or losses are taken to the income statement in the year or years in which the hedged item affects profit or loss.
- ◁ **Hedge of a net investment in foreign subsidiaries:** Hedges exchange rate risk relating to a net investment in the US subsidiaries. Loans in dollars that financed the acquisition of that investment are used as a hedge. Value adjustments to instruments due to exchange rate effects and investments in group companies are recognized in the income statement.

k) Treasury shares

Treasury shares are recognized in equity as a decrease in "Capital and reserves" when acquired. No loss or gain is shown in the income statement on sale or cancellation. Expenses incurred in connection with transactions with treasury shares are recognized directly in equity as a decrease in reserves.

l) Cash and cash equivalents

This heading includes cash, current accounts, short-term deposits and purchases of assets under resale agreements which meet the following criteria:

- ◁ They are readily convertible to cash.
- ◁ They mature within less than three months from the acquisition date.
- ◁ The risk of change in value is insignificant.
- ◁ They are part of the Company's standard cash management strategy.

In terms of the cash flow statement, occasional bank overdrafts used as part of the Company's cash management strategy are recognized as a decrease in cash and cash equivalents.

m) Grants

Grants are recognized as non-repayable when the requirements established for receiving them are met and are recognized directly in equity, net of the corresponding tax effect.

Repayable grants are recognized as liabilities until they meet the criterion for being considered non-repayable. No income is recorded until this criterion is met.

Grants received to finance specific expenses are released to the income statement in the year in which the expenses which they are intended to compensate are incurred. Grants received to acquire property, plant, and equipment are released to income in proportion to the depreciation charged for the related assets.

n) Provisions and contingencies

Provisions are recognized in the balance sheet when the Company has a present obligation (derived from a contract through its explicit or implicit terms, legislation or other operation of law) as a result of past events and it is probable that a quantifiable outflow of resources will be required to settle the obligation.

Provisions are measured at the present value of the best estimate of the amount that an entity would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party at that time, recognizing provision discount adjustments as a finance cost as they accrue. No discounts are made on those provisions falling due within twelve months that do not have a significant financial effect. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

o) Provisions for long-term employee benefits

Under the applicable collective labor agreement and based on voluntary agreements reached with its employees, the Company is obligated to pay various types of annual supplements and seniority bonuses. Where applicable, it is also required to pay retirement bonuses to its permanent employees who retire early or who retire at the legal retirement age. At present, the Company only has these potential agreements with part of its active employees.

The provision recognized for seniority bonuses represents the current value, as per independent actuarial studies, of the Company's potential future commitments with its employees in this regard.

The provision for potential retirement and other similar commitments was externalized, as per prevailing legislation. As of the externalization dates, the Company has a commitment to make annual contributions to the pension plan, for an estimated annual amount that is not significant for the group of employees to whom the Company has such commitments.

In addition, the Company voluntarily gives its employees certain retirement bonuses of unquantified amounts. Those gifts, of scant materiality, are recognized as expenses upon payment.

p) Income tax expense

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year, less any applicable rebates and tax credits, taking into account changes during the year in recognized deferred tax assets and liabilities. The corresponding tax expense is recognized in the income statement, except when it relates to transactions recognized directly in equity, in which case the corresponding tax expense is likewise recognized in equity and in business combinations in which it is recorded with a charge or credit to goodwill.

Deferred income tax is recognized using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is the amount attributed to it for tax purposes.

The tax effect of temporary differences is included in "Deferred tax assets" or "Deferred tax liabilities" on the balance sheet, as applicable.

Deferred tax liabilities are recognized for all temporary differences, except where disallowed by prevailing tax legislation.

The Company recognizes deferred tax assets for all deductible temporary differences, unused tax credits and unused tax loss carryforwards, to the extent that it is probable that future taxable profit will be available against which these assets may be utilized, except where disallowed by prevailing tax legislation.

At each financial year end, the Company assesses the deferred tax assets recognized and those that have not yet been recognized. Based on this analysis, the Company derecognizes the asset recognized previously if it is no longer probable that it will be recovered, or it recognizes any deferred tax asset that had not been recognized previously, provided that it is probable that future taxable profit will be available against which these assets may be utilized.

Deferred tax assets and liabilities are measured at the tax rate expected to apply to the period in which they reverse, as required by enacted tax laws and in the manner in which it reasonably expects to recover the asset's carrying value or settle the liability.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities, respectively.

q) Non-current assets and disposal groups held for sale

This Company classifies as "Non-current assets held for sale" assets whose carrying amount is expected to be realized through a sale transaction, rather than through continuing use, when the following criteria are met:

- ◁ When they are immediately available for sale in their present condition, subject to the normal terms of sale; and
- ◁ When it is highly probable that they will be sold.

Non-current assets held for sale are accounted for at the lower of their carrying amount and fair value less cost to sell, except deferred tax assets, assets arising from employee benefits and financial assets which do not correspond to investments in group companies, joint ventures and associates, which are measured according to specific criteria. These assets are not depreciated and, where necessary, the corresponding impairment loss is recognized to ensure that the carrying amount does not exceed reasonable value less costs to sell.

Disposal groups held for sale are accounted for using the same criteria described above. The disposal group as a whole is then remeasured at the lower of the carrying amount and fair value less cost to sell. .

Related liabilities are classified as "Liabilities associated with non-current assets held for sale."

r) Classification of current and non-current assets and liabilities

Assets and liabilities are classified in the balance sheet as current and non-current. Accordingly, assets and liabilities are classified as current when they are associated with the Company's operating cycle and it is expected that they will be sold, consumed, realized or settled within the normal course of that cycle; if they differ from the aforementioned assets, and are expected to mature, to be sold or settled within one year; if they are held for trading or are cash and cash equivalents the use of which is not restricted to more than one year.

s) Income and expenses

In accordance with the accruals principle, income and expenses are recognized when the goods or services represented by them take place, regardless of when actual payment or collection occurs.

Trade receivables

Income is recognized when it is probable that the profit or economic benefits from the transaction will flow to the entity and the amount of income and costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, less any discounts, rebates, and other similar items given by the Company, and any interest included in the nominal amount of loans. Applicable indirect taxes on transactions which are reimbursed by third parties are not included.

Revenue is accounted for based on the substance of the transaction and is recognized when all the following criteria have been met:

- a) The company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- b) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- c) The amount of revenue can be measured reliably.
- d) It is probable that the economic benefits associated with the transaction will flow to the entity; and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

t) Discontinued operations

Income and expenses from this business activity is shown separately as a one-line item, net of the tax effect, as "Profit (loss) after tax for the year from discontinued operations." This item also includes profit or loss after taxes recognized for measuring assets and disposal groups from discontinued operations at fair value.

u) Transactions in foreign currency

The Company's functional and presentation currency is the euro.

Transactions in foreign currency are initially translated at the spot rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated at the spot rate prevailing at the balance sheet date. All exchange gains or losses arising from translation as well as those resulting on settlement of balance sheet items are recognized in the income statement.

Non-monetary items measured at historical cost are translated at the exchange rate prevailing on the date of the transaction. As an exception to this general criterion, as described in Note 4.j, fluctuations in value due to exchange rate effects in investments in US subsidiaries are recognized with value adjustments as debits or credits on the income statement.

Non-monetary items measured at fair value are translated at the exchange rate prevailing when the fair value is determined. When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss shall be recognized directly in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in the income statement.

v) Environmental assets and liabilities

Expenses relating to decontamination and restoration work in contaminated areas, as well as the elimination of waste and other expenses incurred to comply with environmental protection legislation, are expensed in the year to which they relate, unless they correspond to purchases of assets incorporated in equity to be used over an extended period, in which case they are recognized in the corresponding line of "Property, plant, and equipment" and depreciated using the same criteria.

x) Related-party disclosures

Related-party disclosures are measured as described above, except for the following transactions:

- ◁ Non-monetary contributions to a Group company are measured at the carrying value of the assets and liabilities constituting the business.
- ◁ In mergers, spin-offs, and non-monetary contributions of a direct or indirect subsidiary, acquired assets are carried at the amount at which they are stated in the consolidated financial statements, once the transaction is completed. If the transaction is carried out with a Group company which is not a direct or indirect subsidiary, acquired assets are measured at the carrying amount at which they were recognized prior to the transaction in the separate financial statements. Any differences are recognized in reserves.

5. INTANGIBLE ASSETS

The breakdown of the movements in "Intangible assets" in 2008 is as follows:

NET AMOUNTS	Brands and patents	Software	Total
Balance at January 1, 2008	5,515	0	5,515
Balance at December 31, 2008	5,515	0	5,515

GROSS AMOUNTS	Brands and patents	Software	Total
Balance at January 1, 2008	12,210	94	12,304
Addition			0
Disposals			0
Transfers			0
Balance at December 31, 2008	12,210	94	12,304

ACCUMULATED AMORTIZATION	Brands and patents	Software	Total
Balance at January 1, 2008	(6,695)	(94)	(6,789)
Addition			0
Disposals			0
Transfers			0
Balance at December 31, 2008	(6,695)	(94)	(6,789)

At December 31, 2008 fully amortized patents and trademarks amounted to 3,028 thousand euros. None of the intangible assets is located abroad. At December 31, 2008, there are no firm commitments to purchase intangible assets.

One of the brands included under "Intangible assets" is considered to have an indefinite useful life. This brand is leased (granted for use) to one of Ebro Puleva, S.A.'s wholly owned subsidiaries.

The tax and carrying values of this brand are 5,490 and 4,575 thousand euros, respectively.

As of January 1, 2008, given that its useful life is considered indefinite, this brand is no longer amortized for accounting purposes (although it is amortized for tax purposes in keeping with financial criteria in line with prior years). However, this brand is tested for impairment annually to assess its recoverable amount. In 2008 the test was performed by independent experts.

In 2008, the recoverable amount of the brand was determined based on a value-in-use calculation using cash flow projections from financial budgets approved by Management for a five-year period. The pre-tax discount rate applied to cash flow projections is 9.7% and cash flows beyond the five-year period are extrapolated using 2.0%, which is the long-term average growth rate for this type of product (lower than expected for the five previous years).

With regard to the assessment of value in use of the brand, Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the brand to materially exceed its recoverable amount.

6. PROPERTY, PLANT AND EQUIPMENT

The breakdown of the movements in "Property, plant and equipment" in 2008 is as follows:

NET AMOUNTS	Land	Buildings	Plant and other PP&E items	Under construction & prepayments	Total
Balance at January 1, 2008	6,498	874	1,759	42	9,173
Balance at December 31, 2008	6,711	757	1,929	0	9,397

GROSS AMOUNTS	Land	Buildings	Plant and other PP&E items	Under construction	Total
Balance at January 1, 2008	6,498	2,329	2,459	42	11,328
Additions	213	412	625		
Disposals			0		
Transfers		(96)		(42)	(138)
Balance at December 31, 2008	6,711	2,233	2,871	0	11,815

ACCUMULATED AMORTIZATION	Land	Buildings	Plant and other PP&E items	Under construction	Total
Balance at January 1, 2008	0	(1,455)	(700)	0	(2,155)
Additions		(44)	(242)		(286)
Disposals					0
Transfers		23			23
Balance at December 31, 2008	0	(1,476)	(942)	0	(2,418)

There were no significant movements in "Property, plant and equipment" in 2008.

According to the judgments and estimates made by the Company's directors, the Company has not identified any impairment of property, plant and equipment.

The Company has arranged insurance policies to cover the carrying amount of these assets.

The breakdown of fully depreciated items of property, plant and equipment at December 31, 2008 was the following:

	Amount
Other installations, tools and furniture	185
Other PP&E items	152

The Company did not have any firm commitments to purchase new property, plant and equipment items for significant amounts at year end. None of the PP&E items is located abroad.

Operating leases

The Company has entered into an operating lease on its office headquarters in Madrid until April 6, 2015. The lease is automatically renewed if neither party notifies the other to the contrary. Expenses related to this agreement totaled 932 thousand euros in 2008. The future minimum payments under non-cancelable operating leases at December 31, 2008 are as follows:

	12-31-2008
Within one year	950
Between one and five years	3,800
More than 5 years	1,900
	6,650

7. INVESTMENT PROPERTY

The breakdown of the movements in "Investment properties" in 2008 is as follows:

NET AMOUNTS	Land	Buildings	Total
Balance at January 1, 2008	4,814	4,847	9,661
Balance at December 31, 2008	4,864	4,783	9,647

GROSS AMOUNTS	Land	Buildings	Total
Balance at January 1, 2008	4,814	5,749	10,563
Additions	111		111
Disposals	(103)	(89)	(192)
Transfers	42	96	138
Balance at December 31, 2008	4,864	5,756	10,620

ACCUMULATED AMORTIZATION	Land	Buildings	Total
Balance at January 1, 2008	0	(902)	(902)
Additions		(58)	(58)
Disposals		10	10
Transfers		(23)	(23)
Balance at December 31, 2008	0	(973)	(973)

The Company disposed of investment property items with a net carrying amount of 182 thousand euros in 2008. The loss on these disposals was 119 thousand euros.

The amount of investment property items located outside Spain is 82 thousand euros, related to Paraguay headquarters offices not in use. Fully amortized items amounted to 81 thousand euros.

Expenses associated with investment property relate to annual depreciation and maintenance expenses. The latter amounted to 468 thousand euros in 2008. All expenses are taken to the income statement based on the accruals principle. There are no contractual obligations to purchase, construct, develop, repair, maintain or enhance investment property.

The future minimum rentals receivable under non-cancellable operating leases are as follows:

	12-31-2008
Within one year	28
Between one and five years	139
More than five years	28
	195

There are no restrictions on the realizability of investment property or on the collection/remittance of rental income or proceeds from their disposal or use by other means, except for the following:

One of the sales contracts which was signed at the end of 2006 and which generated a capital gain of 28 million euros before taxes in 2006, was contingent upon the signing of an urban agreement with the Town Hall of Alagón (Zaragoza). In January 2007, the Company provided bank guarantees amounting to 6 million euros to ensure the first payment made by the buyers of that land. As described below, given that the amended urban planning agreement was published in November 2008, the guarantee is no longer in force, although it has not been recovered from the buyer.

In regard to this sale agreement, once the amended urban agreement with the Town Hall of Alagón (Zaragoza) was published in November 2008, given that the buyer did not attend the ratification by public deed of the agreement to pay the outstanding amount of 24,000 thousand euros, in January 2009, a lawsuit was filed against the buyers demanding compliance with the signing of the agreement and payment of the amounts payable. The Company's directors expect the lawsuit to be settled and the total sale amount to be paid in 2009.

8. INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

The breakdown and movement under "Investments in group companies" in 2008 is as follows:

CONCEPT	Balance at 12-31-2007	Additions	Disposals	Transfers	Balance at 12-31-2008
Equity instruments in group companies	1,727,775	24,723	(267,551)	(148,481)	1,336,466
Equity instruments in associates	0	0	0	0	0
Impairment losses	(6,339)	(7,469)	0	0	(13,808)
	1,721,436	17,254	(267,551)	(148,481)	1,322,658
Loans to group companies	80,599	44,567	(17,475)	0	107,691
Loans to associates	2,946	171	0	0	3,117
	83,545	44,738	(17,475)	0	110,808
Total investments in group companies and associates	1,804,981	61,992	(285,026)	(148,481)	1,433,466

a) Equity investments in group companies:

Increases and decreases in the year relate principally to:

1. Decrease of 4,438 thousand euros: Sale of 11.09% of the holding in Puleva Biotech, S.A. generating 11,542 thousand euros in profit.
2. Increase of 10,880 thousand euros: The historical cost of acquisition of the investment in Riviana Foods Inc. is 240,753 thousand euros. However, this asset is entirely hedged by the liability that finances it, and therefore, it is remeasured in accordance with exchange rate fluctuations between its original currency (the US dollar) and the euro and historical cost is adjusted accordingly. In 2008 the adjustment increased its value by 10,880 thousand euros charged to the income statement for the year, with a total cumulative negative adjustment at December 31, 2008 of 24,780 thousand euros.
3. Increase of 13,843 thousand euros: The historical cost of acquisition of the investment in New World Pasta Co. is 285,884 thousand euros. However, this asset is entirely hedged by the liability that finances it, and therefore, it is remeasured in accordance with exchange rate fluctuations between its original currency (the US dollar) and the euro and historical cost is adjusted accordingly. In 2008 the adjustment increased its value by 13,843 thousand euros charged to the income statement for the year, with a total cumulative negative adjustment at December 31, 2008 of 16,647 thousand euros.
4. Decrease of 263,113 thousand euros: In December 2008, Azucarera Ebro, S.L. approved the distribution of a portion of its issue premium to its sole shareholder, Ebro Puleva, S.L. amounting to 263,113 thousand euros. This amount was recognized by the Company, decreasing the value of its investment in Azucarera Ebro, S.L.
5. Transfer of 148,481 thousand euros: This corresponds to the transfer to "Non-current assets held for sale" of the investment in Azucarera Ebro, S.L. On December 15, 2008, the Company, owner of 100% of Azucarera Ebro, S.L., and Associated British Foods (ABF), owner of 100% of British Sugar, signed an agreement for the purchase-sale of Azucarera Ebro, S.L.

The terms of the agreement are as follows:

- ◁ ABF will purchase the sugar business for 385 million euros, debt free. The deduction will be in the amount of debt at the transaction closing date. The price includes the value of all the sugar brands that are currently legally owned by Ebro Puleva, S.A.
- ◁ In addition, Ebro Puleva will earn approximately 141 million euros ones corresponding to other compensations, mainly from restructuring aid to the sugar sector related to the EU CMO sugar reform.
- ◁ The agreement also states that two group companies wholly owned by Ebro Puleva, S.A. have added to its real estate assets with over 200 hectares of land classified for various uses from Azucarera Ebro, S.L., valued at an estimated 42 million euros.

The sale is expected to take place in early 2009, subject to approval by the anti-trust authorities.

b) Non-current loans to group companies

At December 31, 2008 the most significant loans under "Loans to group companies" (Note 17) were those granted to: Panzani SAS in 2005, a wholly owned French company; Beira Terrace Soc. de Construções Ltda. in 2001, a wholly owned Portuguese subsidiary, to purchase buildings in Portugal; Birkel, GMBH in 2008, a wholly owned German company; and in 2008 to the wholly owned Spanish subsidiaries Dosbio 2010, S.L. and Herba Ricemills, S.L. None of the above loans have established maturity dates and they bear interest at three-month Euribor plus an annual spread of 0.3%.

c) Non-current loans to associates

At December 31, 2008, the only outstanding loan was a participative loan granted in 2004 to Biocarburantes de Castilla y León, S.A. No maturity date has been established for this loan, which bears interest at Euribor plus an annual spread of 0.2%.

d) Impairment losses

Increases are related to the impairment losses on investments in Beira Terrace Soc. de Construções, Ltda. and Dosbio 2010, S.L.

Profit/ (Loss) for the year for group companies as shown on the following chart are related entirely to continuing operations. However, it must be taken into account that the investment in Azucarera Ebro, S.L. has been reclassified under "Non-current assets held for sale" (see paragraph 5 above).

None of the companies is listed except Puleva Biotech, S.A., listed on the stock exchange since December 17, 2001. The average listed price per share for the last quarter and last trading session in 2008 was 1.20 and 0.89 euros, respectively.

In accordance with article 86 of the revised text of the Spanish Corporation Law, the Company has duly notified the abovementioned subsidiaries of the acquisitions of share capital.

The details of the shares held by Ebro Puleva, S.A. in group and associated companies are set out in the following table (Thousands of euros):

SUBSIDIARIES AND ASSOCIATED COMPANIES	Investment	Provisión	% of equity interest	Registered address	Business	(a.) Capital & reserves	(a.) Profit (Loss) 2008	Dividend paid for the year	Total Capital & reserves	Operating profit (Loss)
Azucarera Ebro S.L. (Group)	14,8481	–	100.00%	Madrid (España)	Production and sale of sugar	215,426	70,110	(6,161)	279,375	71,920
Dosbio 2010, S.L.	21,519	(7,104)	100.00%	Madrid (España)	Agriculture	23,572	(9,157)	–	14,415	(12,891)
Fincas e Inversiones Ebro, S.A.	4,926	–	100.00%	Madrid (España)	Real estate investment	13,206	126	–	13,332	162
Arotz Foods, S.A.	22,849	–	99.94%	Madrid (España)	Vegetable preserves	27,637	1,717	–	29,354	415
Puleva Food, S.L. (Group)	180,612	–	100.00%	Granada (España)	Dairy products	256,564	16,692	(14,818)	258,438	19,209
Lactimilk, S.A. (Group)	10,292	–	100.00%	Granada (España)	Dairy products	18,988	6,004	–	24,992	9,975
Herba Foods S.L.	50,676	–	100.00%	Madrid (España)	Investment management	80,706	1,659	–	82,365	(390)
Herba Ricemills S.L.	69,078	–	100.00%	Madrid (España)	Production and sale of rice	73,180	2,372	–	75,552	10,131
Herba Nutrición S.L.	526	–	100.00%	Madrid (España)	Production and sale of rice	2,752	12,327	(5,098)	9,981	10,292
Puleva Biotech, S.A. (Group)	20,412	–	51.02%	Granada (España)	Development and sale of new products	37,086	(135)	–	36,951	689
Jiloca Industrial, S.A.	1,500	–	100.00%	Teruel (España)	Production of organic fertilizer	1,305	612	(250)	1,667	533
Beira Terrace Soc.de										
Construções, Ltda.	3,360	(2,412)	100.00%	Oporto (Portugal)	Real estate investment	1,313	(365)	–	948	(50)
Riceland, Ltda. (*)	597	–	20.00%	Budapest (Hungria)	Production and sale of rice	1,209	(5)	–	1,204	200
Riviana Foods Inc (Group) (**)	215,973	–	75.00%	Houston (Tx-USA)	Production and sale of rice	265,769	30,734	–	296,503	45,871
Panzani, SAS (Group)	440,838	–	100.00%	Lyon (Francia)	Production and sale of pasta and sauces	504,213	14,829	–	519,042	38,580
New World Pasta Comp. (Group)	269,237	–	100.00%	Harrisburg (Ph-USA)	Production and sale of pasta and sauces	274,669	17,719	–	292,388	26,031
Lince Insurance Ltd.	3,500	–	100.00%	Dublin (Irlanda)	Insurance activity	3,594	493	–	4,087	352
Birkel Teigwaren Gmbh (Group)	20,571	(4,292)	100.00%	Alemania	Production and sale of pasta and sauces	17,660	(151)	–	17,509	933
Total	1,484,947	(13,808)						(26,327)		
Reclassification of investment in Azucarera Ebro										
To non-current assets held for sale	(148,481)									
	1,336,466									

(a) When the name of the subsidiary is followed by "(Group)" the figures under issued capital, reserves and profit / (loss) for the year relate to the consolidated information for that company and its subsidiaries and associates, prior to the dividend paid in 2008. To standardize the data, the information presented on the various companies or Groups with regard to capital, reserves and results was obtained by applying International Financial Reporting Standards (IFRS) endorsed by the European Union.

(*) Ebro Puleva, S.A. wholly owns this Group, 20% directly and 80% indirectly through Hereba Foods, S.L.

(**) Ebro Puleva, S.A. wholly owns this company, 75% directly and 25% indirectly through the wholly owned subsidiary Riviana.

9. FINANCIAL INSTRUMENTS

Financial assets

The breakdown of financial assets, except for the investments in group companies, joint ventures and associates (Note 8), at December 31 is as follows:

NON-CURRENT FINANCIAL ASSETS	Equity instruments	Debt securities	Loans, derivatives and other financial assets	Total
Categories	12-31-2008	12-31-2008	12-31-2008	12-31-2008
Assets at fair value through profit and loss:				
a) Financial assets held for trading	1			1
b) Other non-current financial assets				0
Held-to-maturity investments				0
Loans and receivables			110,958	110,958
Available-for-sale financial assets:				
a) Measured at fair value				0
b) Measured at cost				0
Hedging derivatives				0
Total	1	0	110,958	110,959

CURRENT FINANCIAL ASSETS	Equity instruments	Debt securities	Loans, derivatives and other financial assets	Total
Categories	12-31-2008	12-31-2008	12-31-2008	12-31-2008
Assets at fair value through profit and loss:				
a) Financial assets held for trading				0
b) Other non-current financial assets				0
Held-to-maturity investments		0		0
Loans and receivables			49,347	49,347
Available-for-sale financial assets:				
a) Measured at fair value				0
b) Measured at cost				0
Hedging derivatives				0
Total	0	0	49,347	49,347

LOANS AND RECEIVABLES	12-31-2008
Non-current financial instruments	
Receivables from group companies (Notes 8 & 17)	110,808
Loans to third parties	0
Long-term guarantees received	150
	110,958
Current financial instruments	
Trade and other receivables (Note 10)	49,347
Loans to third parties	0
	49,347
Total	160,305

Exchange differences included in the income statement

The breakdown of exchange differences recognized in the 2008 income statement for each type of financial instrument is as follows:

EXCHANGE DIFFERENCES INCLUDED IN THE INCOME STATEMENT AS (LOSS) / GAINS ON:	Loans and receivables	Equity instruments group comp.	Loans and payables	Total
	2008	2008	2008	
Transactions settled during the financial year	(324)	0	(737)	(1,061)
Transactions pending settlement at year end	(7)	0	966	959
Exchange rate hedges	0	(24,723)	24,723	0
Total expenses / (income) recognized in the income statement	(331)	(24,723)	24,952	(102)

Financial liabilities

The breakdown of "Financial liabilities" for 2008 is as follows:

NON-CURRENT FINANCIAL LIABILITIES	Bank borrowings	Bonds and other financial securities	Derivatives and other financial liabilities	Total
Categories	12-31-2008	12-31-2008	12-31-2008	12-31-2008
Trade and other payables	522,303	168,995	691,298	
Liabilities at fair value through profit or loss				
a) Held for trading			0	
b) Other			0	
Hedging derivatives			0	0
Total	522,303	0	168,995	691,298

CURRENT FINANCIAL LIABILITIES	Bank borrowings	Bonds and other financial securities	Derivatives and other financial liabilities	Total
Categories	12-31-2008	12-31-2008	12-31-2008	12-31-2008
Trade and other payables	125,824	15,257	141,081	
Liabilities at fair value through profit or loss				
a) Held for trading			0	
b) Other			0	
Hedging derivatives		0	0	
Total	125,824	0	15,257	141,081

a) Bank borrowings: Note 13

b) Derivatives and other payables

The breakdown of "Financial liabilities- Derivatives and other payables" is as follows:

	12-31-2008
Non-current	
Derivatives	0
Security deposits received	29
Borrowings from group companies and associates (Note 17)	168,966
	168,995
Current	
Derivatives	0
Trade and other payables	14,637
Borrowings from group companies and associates (Note 17)	620
	15,257

c) Information on type and level of risk arising from financial instruments

The main objective of the capital management policy is to guarantee a financial structure based on compliance with prevailing regulations in the countries where the company operates, while maintaining an optimal debt to equity ratio to create value for its shareholders.

The main financial risks arising from the business and operations of the Company are foreign currency risk, interest rate risk and other.

Interest rate risk: The Company's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates. The Company's policy is to manage its interest cost using a mix of fixed and variable interest rates. To achieve this, interest rate fluctuations are closely monitored with the help of qualified experts.

When necessary, Ebro Puleva contracts interest rate swaps in which it agrees to swap during certain periods the difference between the amount of fixed and variable interest rates, calculated based on a notional amount of principal agreed-upon between the parties. These swaps are designed to cover the underlying payment commitments.

Currency risk: As a result of significant investment transactions in the United States, the Company's balance sheet can be affected significantly by movements in the US/EUR exchange rate. In order to mitigate the effect of its currency risk, the Company obtains loans in US dollars. 100% of its investment in the US is hedged in this manner.

"Non-current borrowings" at December 31, 2008 includes two loans for a total of 630 million US dollars (Note 13) that serve as hedges of net investments in US subsidiaries and are used to hedge the Company's exposure to currency risk on these investments. Gains and losses on the translation to euros of these loans are recognized on the income statement, offsetting gains and losses recognized in the translation of net investments in the subsidiaries (Note 9.1).

Liquidity risk: As far as liquidity risk is concerned, the Group manages the risk of a temporary shortage of funds using a liquidity planning tool. This tool takes into account the maturities of financial investments and financial assets, as well as projected cash flows from operations.

10. TRADE AND OTHER RECEIVABLES

The breakdown of "Trade receivables" for 2008 is as follows:

	12-31-2008
Trade receivables (Note 7)	24,035
Receivable from group companies and associates (Note 17)	22,791
Other receivables	2,189
Receivables from employees	12
Current income tax assets (Note 15)	0
Other receivables from public administrations (Note 15)	320
	49,347

Impairment losses: The balance of "Trade receivables" is shown net of impairment loss allowances of 15 thousand euros, which had no movement in 2008.

The entire balance of "Trade receivables" is denominated in euros.

11. CASH AND CASH EQUIVALENTS

Cash equivalents usually correspond to bank deposits falling due within less than three months upon acquisition.

Cash and cash equivalents are unrestricted.

12. CAPITAL AND RESERVES

- a) **Issued capital:** Issued capital at December 31, 2008 consisted of 153,865,392 bearer shares with a nominal value of 0.60 euros each, fully subscribed and paid, that are listed on Spanish stock exchanges. All shares are the same type and bear the same rights.

According to the latest data available, the total shares held directly and indirectly by companies with stakes of more than 5% of Ebro Puleva, S.A.'s share capital at December 31, 2008 are: Instituto Hispánico del Arroz, S.A. holds 15.344% (8.620% directly and 6.724% indirectly through Hispafoods Invest. S.L.), Alimentos and Aceites, S.A. holds 8.446%, Casa Grande de Cartagena. S.L. holds 6.158%, Caja de Ahorros de Salamanca and Soria holds 6.01%, Grupo Caja España holds 5.037%, and Corporación Económica DAMM, S.A. holds 5.011%.

- b) **Share premium:** The revised text of the Spanish Corporation Law expressly enables companies to use the balance of the share premium account to increase capital and does not place any limit on the amount of the balance which may be used for this purpose.
- c) **Legal reserve:** Companies are obliged to transfer 10% of the profit for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. Except in the event of liquidation, this reserve cannot be distributed. However, this reserve can be used to offset losses, if there are no other reserves available for this purpose, or to increase capital by the amount exceeding 10% of the new capital after the increase. At December 31, 2008, the legal reserve represents 20% of subscribed capital.
- d) **Retained earnings:** This reserve is freely distributable, with restrictions as per mercantile regulations referring to research and development expenses pending repayment.
- e) **The Revaluation Reserve (R.D.L. 7/1996, of June 7):** Due to past revaluations carried out by Sociedad General Azucarera de España, S.A. and Puleva S.A. under the provisions of Royal Decree-Law 7/96, dated June 7, revaluation reserves were recorded amounting to 21,767 thousand euros. Of this amount, 3,169 thousand euros (recognized under "Other reserves") remain in the Company's balance sheet following the segregation of the sugar activity in 2001 and the dissolution of GDP in 2003.
- This balance may be used, tax free, to offset accumulated losses from previous years, as well as losses incurred in the current or future years. It may also be used to increase capital. As of April 1, 2007, it can be taken to freely distributable reserves, provided that the monetary capital gain has been realized. The capital gain will be considered realized for the amount of depreciation recognized or when the revalued assets have either been sold or eliminated from the accounting records. The balance of this account would be deemed liable to tax in the event it is used for purposes other than those prescribed by Royal Decree-Law 7/1996.
- f) **Treasury shares:** In 2008, the Company purchased and sold shares as authorized by the shareholders in their general meetings held on April 18, 2007 and June 9, 2008. These transactions were communicated to the National Securities Market Commission as required by prevailing regulations. The Company purchased 4,483,601 shares and sold 126,521 shares. At year end 2008, the Company holds 5,078,735 of its own shares which correspond to 3.301% of share capital. At year end 2008, except for the potential delivery of a portion of these treasury shares in the extraordinary in-kind dividend described in Note 3, the Company has not yet decided on the final use of these shares.

13. BANK BORROWINGS

The movements in the items composing "Non-current and current borrowings" at December 31, 2008 are as follows (in thousands of euros):

	Non-current	Current
Non-current drawn-down bank loans in euros	70,942	71,000
Non-current drawn-down bank loans in US dollars	451,361	–
Current borrowing facilities in euros	–	52,562
Accrued interest pending maturity	–	2,262
Total	522,303	125,824

Non-current borrowing facilities have been used to finance investments in Riviana Inc (2004), Panzani SAS (2005) and the New Word Pasta Company (2006). These non-current borrowing facilities are guaranteed by the subsidiaries Azucarera Ebro, S.L., Puleva Foods, S.L., Herba Food, S.L., Herba Ricemills, S.L. and Panzani SAS and correspond to:

- ◁ A syndicated loan agreement signed in November 2004, renewed in May 2005, and again in November 2006 amounting to 287.9 million euros. At December 31, 2008, a balance of 142 million euros was pending repayment, the principal of which is being repaid in 8 quarterly installments of 35.5 million euros beginning May 2007. The annual interest rate on the loan in euros is one-, three-, six-, or twelve-month EURIBOR plus a market spread.
- ◁ A syndicated loan agreement signed on May 2005 amounting to 440 million US dollars and renewed in November 2006, the principal of which will be repaid in 6 quarterly installments of 73.33 million dollars as of October 2011. The annual interest rate on the loan in euros is one-, three-, six-, or twelve-month LIBOR plus a market spread.
- ◁ A 190 million US dollar bilateral loan arranged in November 2006, the principal of which will be repaid in 4 quarterly installments of 47.5 million dollars as of May 2015. The annual interest rate on the loan in dollars is one-, three-, six-, or twelve-month LIBOR plus a market spread.

Over the term of the loan, the Company must meet a series of ratios calculated based on the consolidated financial statements of the Group of which it is the parent. In the event of failure to meet the ratios, finance costs will be increased and, on a case-by-case basis, the loan can be called ahead of maturity. At December 31, 2008, all the ratios have been met.

In addition, at December 31, 2008, the Company had borrowing facilities at banks amounting to 59 million euros secured by personnel guarantees. The amount drawn down on these facilities at year end was 52,562 thousand euros. The average annual interest rate on these debts, excluding non-current syndicated loans, is three-month EURIBOR plus an average market spread of 0.424%.

There are also other bank guarantees granted to the Company amounting to 10,000 thousand euros. The amount drawn down on these guarantees at December 31, 2008 amounted to 9,930 thousand euros. In addition, a bank guarantee was arranged amounting to 860 thousand US dollars (618 thousand euros) to cover guarantees given to the buyer in the sale of the Guatemalan business in 2006 (Note 16). This guarantee covers potential contingencies that could materialize with respect to the business sold when the cause of such contingencies arises prior to the sale or within the first three years as of the date of the sale (up to August 10, 2009).

The maturity schedule of non-current borrowings is as follows:

2009 installment	71,000 thousand euros
2010 installment	70,942 thousand euros
2011 installment	73,333 thousand US dollars (52,539 thousand euros at 12/31/08)
2012 installment	146,666 thousand US dollars (105,078 thousand euros at 12/31/08)
2013 installment	146,666 thousand US dollars (105,078 thousand euros at 12/31/08)
2014 to 2016 installment	263,335 thousand US dollars (188,666 thousand euros at 12/31/08)

14. NON-CURRENT PROVISIONS

The movements in this heading during the period have been the following:

NON-CURRENT PROVISIONS	Provisions for employee benefits			Other for contingencies	Total
	Long service benefits	Non-current compensation	Total		
Balance at: January 1, 2008	140	859	999	59	1,058
Allowances	41	1,235	1,276	2,189	3,465
Utilized	(13)	0	(13)	0	(13)
Adjustments	0	65	65		65
Balance at: December 31, 2008	168	2,159	2,327	2,248	4,575

Provision for contingencies

The balance at December 31, 2008 of "Non-current provisions" is mainly related to provisions for certain contingencies and other minor claims. The Company's directors do not expect additional significant liabilities to arise as a result of these contingencies and claims.

Provision for long-service benefits

Some employees of Ebro Puleva, S.A. are beneficiaries of bonuses for service of 25 and 40 years provided by an internal fund the Company has. The 168,000 thousand euro provision recognized at December 31, 2008 for long-service bonuses represents the current value, as per independent actuarial studies, of the Company's potential future commitments with its employees in this regard. Hypotheses used for making the most recent actuarial calculations at December 31, 2008 were as follows:

- a) Discount rate at an annual rate of 3.61%.
- b) Wage increases: Cumulative annual increase of 3%.
- c) Mortality and survival tables PERM/F 2000P charts.

Provision for non-current compensation

(Note 18.6).

15. TAXES

The breakdown of balances with public administrations at December 31, 2008 is as follows:

(Thousands of euros)	12-31-2008
Current:	
Current income tax assets	0
Other receivables from public administrations	320
Current tax liabilities	(1,035)
Other payables to public institutions	(1,751)
	(2,466)
Non-current:	
Deferred tax assets	15,632
Deferred tax liabilities	(27,249)
	(11,617)

According to current legislation, tax returns may not be considered final until either they have been inspected by tax authorities or until the inspection period has expired.

The Company is open to inspection of all taxes to which it is liable for the last four years. The company's directors consider that no provision is necessary for potential additional contingent liabilities arising due to varying interpretations of tax regulations, as they believe that in the event of an inspection, they have sufficient grounds to justify the company's interpretation.

Under prevailing tax legislation, a 30 % tax rate is applied to taxable income.

15.1. The tax group filing a consolidated return in 2008 is comprised of the following companies:

- Ebro Puleva, S.A. (head of the tax group)
- Fincas e Inversiones Ebro, S.A.
- Azucarera Ebro S.L. (Group)
- Dosbio 2010, S.L.
- Arotz Foods, S.A.
- Puleva Food, S.L. (Group)
- Lactimilk, S.A. (Group)
- Herba Foods, S.L.
- Herba Ricemills, S.L. (Group)
- Herba Nutrición, S.L.
- Fallera Nutrición, S. L.
- Jiloca, S.A.

15.2. The reconciliation of net income and expenses and taxable income (tax results) for 2008 is as follows:

PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		Increase	Decrease	(31,099)
Permanent differences		368	109	259
Permanent differences generated by consolidation adjustments		–	26,077	(26,077)
Adjusted accounting results:				(56,917)
Temporary differences arising in 2008		3,517	915	2,602
Temporary differences arising in prior years		7,500	20,737	(1,237)
Temporary differences generated by consolidation adjustments		7,104	–	7,104
2007 loss carryforwards		–	15,036	(15,036)
Adjustment for conversion to new accounting principles (Note 21.2)		–	14,283	(14,283)
Taxable income		–	–	(89,767)
Total taxable income of Ebro Puleva, S.A.		–	–	(89,767)
	Accrued	Receivables	Deferred	Tax assets
Corporation income tax rate (30%)	(17,075)	26,929	(7,928)	(1,926)
Tax payable	(17,075)	26,929	(7,928)	(1,926)
Deductions	(1,460)	5,449	0	(3,989)
2008 corporate income tax	(18,535)	32,378	(7,928)	(5,915)
Permanent establishment tax	19			
Adjustment to 2007 corporation income tax	1			
Total corporate income tax	(18,515)			

The reconciliation of corporation income tax payable with the tax payable by Ebro Puleva, S.A.'s tax group is the following:

	Amount
Tax payable by Ebro Puleva, S.A.	32,378
Payments made on account during the fiscal year	282
Withholdings	48
Tax payable by the remaining companies of the tax group	(33,743)
Amount receivable (payable) by the tax group	(1,035)

15.3. The reconciliation between tax expense and the result of multiplying the accounting loss by the applicable tax rate, differentiating the income statement balance, is as follows:

INCOME STATEMENT	2008
Profit/(loss) before tax from continuing operations	(31,099)
Income tax rate	30%
Theoretical tax	(9,330)
Effect of:	
Non-deductible expenses	110
Dividends within tax group	(7,823)
Deductions and other items	(1,472)
	(18,515)
Tax expense (breakdown):	
Current	(32,378)
Deferred	13,843
Adjustment	20
Tax expense (income)	(18,515)

15.4. The breakdown of temporary differences in 2008 in Ebro Puleva, S.A. is as follows:

INCREASE	Amount
Allowances to provision for non-current compensation	1,328
Allowance provision for contingencies	2,189
Accrual deduction foreign investment	7,500
Impairment allowance tax group companies	7,104
Total	18,121
Decrease:	
Tax amortization of merger goodwill	2,007
Temporary difference for tax amortization of goodwill	18,730
Brands, tax amortization	915
Total	21,652

15.5. The breakdown of permanent differences in 2008 in Ebro Puleva, S.A. is as follows:

INCREASE	Amount
Fines and penalties	5
Donations	350
Other non-deductible expenses	13
Total	368
Decreases:	
Adjustments for dividends of subsidiaries of the tax group	26,077
Tax amortization of goodwill	109
Total	26,186

15.6. In Ebro Puleva, S.A. deductions on its 2008 income tax return relate mainly to double taxation of dividends, donations and reinvestments of capital gains from the sale of assets. The amount committed for reinvestment by the tax group to have the right to apply the tax deduction for reinvestment of capital gains generated in 2008 amounted to 16.2 million euros. This amount has already been invested by the tax group in 2008 (11.2 million, 76.3 million, 87 million, 65 million, 25 million and 33.6 million euros, respectively, in 2007, 2006, 2005, 2004, 2003, and 2002). The remaining requirements for taking these deductions have already been met.

15.7. Movements in "Deferred tax assets and liabilities" of Ebro Puleva, S.A. are as follows

	1-1-2008	Increases	Decreases	Adjustments	12-31-2008
Deferred tax assets:					
Merger goodwill	7,223		(602)		6,621
Intangible assets: Brands	3,308				3,308
Property, plant, and equipment: Land	129				129
Provisions for non-current compensation	0	390		258	648
Provisions for long-service bonuses	43	9			52
Provisions for contingencies	0	656			656
Impairment allow. tax group companies		2,131			2,131
Tax credit for 2007 taxable income	4,784		(4,511)	(273)	0
Tax credit for 2007 unused deductions	6,172		(3,989)	(96)	2,087
	21,659	3,186	(9,102)	(111)	15,632
Deferred tax liabilities:					
Goodwill tax amortization	(16,470)	(5,619)		12	(22,077)
Brands, tax amortization	0	(274)			(274)
Accrual deduction foreign investment	(6,750)		2,250		(4,500)
Capital gains tax deferment	(398)				(398)
Exchange differences	4,285		(4,285)		0
	(19,333)	(5,893)	(2,035)	12	(27,249)

16. COMMITMENTS

At December 31, 2008 the following bank guarantee commitments had been arranged:

	Amount
Bank guarantees received and deposited:	
With courts and public organisms related to administrative appeals and deferment of tax	2,907
With third parties to ensure compliance of normal trade transactions	1,023
With third parties to ensure compliance with contractual clauses	6,618
Guarantees given by Ebro Puleva, S.A.	
Other guarantees given to banks on behalf of associates	60,491

To ensure compliance with contractual clauses with third parties, a bank guarantee was arranged in 2006 amounting to 5,160 thousand US dollars (3,918 thousand of euros), which was reduced to 860 thousand US dollars (618 thousand euros) in 2008, to cover guarantees given to the purchaser of the business of the Guatemalan subsidiary. This guarantee covers potential contingencies that could materialize with respect to the business sold when the cause of such contingencies arises prior to the sale or within first three years as of the date of the sale (up to August 10, 2009). In addition, the Company has extended guarantees amounting to 6 million euros for the transaction of land in Alagón (Note 7).

Guarantees given to banks to cover the transactions of associated companies correspond to the guarantee given by Ebro Puleva, S.A. on behalf of its associated company (indirectly through Dosbio 2010, S.L.) Biocarburantes de Castilla y León, S.A. for the syndicated loan signed by the latter with several financial institutions in November 2004 and renewed in 2007. This loan was intended to finance said company's biofuel factory project as well as for borrowing facilities to finance working capital. The total amount of the syndicated loan pending repayment and the drawn-down borrowing facilities to finance working capital at December 31, 2008 net of the available cash balance was 121 million euros, 50% of which is guaranteed by each of the shareholders of Biocarburantes de Castilla y León, S.A. Consequently, the maximum amount guaranteed by Ebro Puleva, S.A. is 60.5 million euros.

The Company does not expect that any liability will arise from the abovementioned guarantees.

17. BALANCES WITH GROUP COMPANIES AND ASSOCIATES

Note 8 includes a list of Ebro Puleva, S.A.'s subsidiaries and associates. No significant transactions with associates were carried out in 2008 except the aforementioned in Note 16, related to the loans and guarantees granted by Ebro Puleva, S.A. to Biocarburantes de Castilla y León, S.A..

The main transactions with group companies and associates in 2008 are as follows:

	Group companies	Associates
External services	1,389	0
Employee benefits expenses	0	0
Finance costs	18,059	15
Total purchases and expenses	19,448	15
Other operating income	4,335	0
Finance revenue	4,887	209
Proceeds from dividends	26,327	0
Total sales and income	35,549	209

Ebro Puleva, S.A.'s balances with group companies and associates at December 31, 2008 are as follows:

BALANCES WITH GROUP COMPANIES AND ASSOCIATES	Non-current loans	Receivables companies	Payables		Companies suppliers
			Non-current	Current	
Panzani, SAS	40,838	56			(427)
Beira Terrace Soc. de Construções, Ltda.	7,965				
Azucarera Ebro, S.L.		15,108			(155)
Herba Foods, S.L.		160			(5)
Dosbio 2010, S.L.	16,594	469			(3,968)
Herba Ricemills, S.L.	27,899	1,807			(5)
Herba Nutrición, S.L.		37			(1)
Fincas e Inversiones Ebro, S.A.		54	(2,392)		(19)
Arotz Foods, S.A.		236	(25,610)	(242)	(4)
Puleva Foods, S.L. (Group)		3,769	(121,773)	(283)	(7)
Lactimilk, S.L. (Group)		695			
Riviana Group (Central America)		62	(18,291)	(95)	
New World Pasta Company, Inc. (Group)		93			
Birkel Teigwaren, Gmbh (Group)	14,395	12			
Nueva Comercial Azúcarera, S.L.		80			
Biocarburantes de Castilla y León, S.A.	3,117				
Fallera Nutrición, S.L.					(3)
Jiloca, S.A.		153			
Lince, Ltd.			(900)		
	110,808	22,791	(168,966)	(620)	(4,594)
Balances with Azucarera Ebro, S.L.					
in non-current assets/liabilities held for sale	0	0	0	45,878	0

Non-current payables to group companies do not have an established maturity date.

The Company has a mercantile current account agreement with the majority of its Spanish and foreign subsidiaries, which guarantees that all their financing needs are covered and also, where applicable, compensation for their surplus cash, all of the above generally at market interest rates.

18. TRANSACTIONS WITH RELATED PARTIES

Related-party transactions are carried out on an arm's length basis. Balances related to business transactions at year end are unsecured, bear no interest, and are settled in cash. Except for the matter described in Note 16 related to Biocarburantes de Castilla y León, S.A., the Company has neither provided nor received any other guarantees for any related party receivables and payables.

For the year ended December 31, 2008, the Group has not made any provision for doubtful debts relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which it operates.

18.1. Related party disclosures – transactions with majority shareholders (or related parties) of Ebro Puleva, S.A., excluding Directors

Note 12 includes a list of companies with a significant equity interest in Ebro Puleva, S.A.'s capital.

The summary of transactions, excluding dividends, with these significant shareholders (unless they are Directors, in which case they are shown in Note 18.2) is as follows:

◁ None in 2008.

18.2. Related party disclosures – transactions with directors and executives (or related parties) of Ebro Puleva, S.A.

The summary of transactions, excluding dividends, with directors and executives of Ebro Puleva, S.A. is the following:

DIRECTOR OR EXECUTIVE'S NAME OR COMPANY NAME (Thousands of euros)	Type of transaction	Amount 2008
Caja de Ahorros de Salamanca y Soria	Financing agreements: Loan borrower	Drawable amount: 55,792 Amount drawn down: 55,792
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Financing agreements: Loan borrower	Drawable amount: 27,927 Amount drawn down: 27,927
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Financing agreements: Loan borrower	Drawable amount: 6,000 Amount drawn down: 3,880

18.3. Other related party disclosures – transactions with shareholders and Directors/executives: dividends received from Ebro Puleva, S.A

The following dividends were distributed in 2008 in accordance with Ebro Puleva, S.A.'s general dividend policy (in thousands of euros):

◁ Dividends 2008:

- Dividends, significant shareholders: 14,677
- Dividends, directors and executives: 11,594

18.4. Board of Directors' remuneration

The total remuneration earned by the Board of Directors of Ebro Puleva, S.A. in 2008 amounted to 3,915 thousand euros, as per the following breakdown (in thousands of euros):

BOARD OF DIRECTORS' REMUNERATION AND OTHER BENEFITS	2008
Compensation:	
Attendance fees	253
By-law stipulated profit-sharing	2,055
Total external board members	2,308
Wages, salaries and professional fees	1,592
Dismissal indemnities	0
Total executive Directors	1,592
Total remuneration	3,900
Other benefits	
Life insurance and retirement benefits	0

The Company bylaws stipulate a 2.5% profit share of net consolidated profit for the year, provided that the legal reserve is covered and that shareholders have been paid a dividend of 4% of capital.

Ebro Puleva's Board of Directors, at their meeting on February 26, 2009, decided for the second consecutive year to propose the freezing of their 2008 by-law stipulated profit sharing, keeping it at its 2006 and 2007 amount (2,055,000 euros), which means they will propose to the General Shareholders' Meeting that a percentage of 1.57% of the Company's 2008 consolidated profit be applied. They also decided to maintain attendance fees at the amount of 1,400 euros for attendance at the Ebro Puleva Board of Directors and 700 euros for attendance at various Commissions, which amounts to a total of 253 thousand euros in 2008.

In 2006, the Chairman, Mr. Antonio Hernández Callejas, notified the Board of Directors that he would irrevocably forgo his entitlement to the safeguard clause originally included in his contract, which consisted of a net termination benefit, equal to two years' gross annual remuneration.

The General Director, Mr. Jaime Carbó Fernández, and the General Secretary Mr. Miguel Angel Pérez Álvarez have likewise forgone their entitlement to the safeguard clauses originally established in their respective contracts, which consisted of a net termination benefit, equal to two years' gross annual remuneration. The Board of Directors resolved to replace this termination benefit with the indemnity contemplated in cases of dismissal or change in control equal or similar to what he would have normally received under prevailing employment legislation in Spain

In addition, no member of the Board of Directors holding an executive position since 2006 is entitled to life or retirement insurance supplements.

The Company has not granted any advances to the members of the Board of Directors nor does it have any commitments with respect to pensions and life insurance with current Board members.

18.5. Article 127 ter, paragraph 4, TRLSA

In accordance with article 127 ter, paragraph 4, of the Revised Text of the Spanish Corporation Law, this note of the Notes to the Consolidated Financial statements includes the information that the directors, in compliance with their duty of loyalty, have communicated to the Company with respect to the shares and positions they hold in companies whose activity is identical, similar or complementary to that of Ebro Puleva, S.A., irrespective of whether said companies belong to the Ebro Puleva Group:

- ◁ Mr. Antonio Hernández Callejas:
 - He directly owns 16.666% of Instituto Hispánico del Arroz, S.A. He does not hold any position.
 - He owns an indirect 3.620% share of Casarone Agroindustrial, S.A. He does not hold any position.
- ◁ Mr. Félix Hernández Callejas:
 - He directly owns 16.666% of Instituto Hispánico del Arroz, S.A. He does not hold any position.
 - He owns an indirect 3.620% share of Casarone Agroindustrial, S.A. He does not hold any position.
 - He directly owns 0.002% of Rivera del Arroz, S.A. He holds the position of Board Member.
 - He directly owns 0.002% of Mundi Riz, S.A. He holds the position of Board Member.
- ◁ Ms. Blanca Hernández Rodríguez:
 - She directly owns 16.666% of Instituto Hispánico del Arroz, S.A. She does not hold any position.
 - She owns an indirect 3.020% share of Casarone Agroindustrial, S.A. She does not hold any position.

Mr. Antonio Hernández Callejas, Mr. Félix Hernández Callejas and Ms. Blanca Hernández Rodríguez indirectly own part of Ebro Puleva, S.A. through the 15.344% share in the latter held by Instituto Hispánico del Arroz, S.A., directly and through Hispafoods Invest, S.L.

- ◁ Caja de Ahorros de Salamanca y Soria:
 - This entity holds a 40% share of Barrancarnes Industrial. It holds the position of Board Member.
 - It also holds a 40% share of Jamones Burgaleses, S.A. It holds the position of Board Member.
 - It holds a 41.29% share of Leonesa Astur de Piensos, S.A. It holds the position of Board Member.

- It holds a 27.0101% share of Dibaq Diproteg, S.A. It holds the position of Board Member.
- It holds a 50% share of Marcos Soterrano, S.A. It does not hold any position.
- It holds a 26.469% share of Qualia Lácteos, S.L. It does not hold any position.

◁ Caja España de Inversiones y Monte de Piedad:

- This entity holds a 100% share of Campo de Inversiones, S.A. Vocal of the Board of Directors.

◁ Mr. Juan Domingo Ortega Martínez:

- He owns an indirect 60.69% share of Quesos Forlasa, S.A. He is a representative of Forlasa Alimentación, S.L., which is the Chief Executive of the former.
- He directly owns 60.84% of Forlasa Alimentación, S.L. He holds the position of Chief Executive.
- He indirectly owns 59.85% of Forlactaria Operadores Lecheros, S.A. He holds the position of Chairman of the Board of Directors.

The following chart depicts the positions held the directors in other Ebro Puleva Group companies in which none of them hold a share:

NAME OF BOARD MEMBER	EBRO PULEVA GROUP COMPANY	POSITION
Mr. José Barreiro Seoane	Dosbio 2010, S.L.U.	Board Member
Mr. Jaime Carbó Fernández	Panzani, S.A.S.	Board Member
Mr. Jaime Carbó Fernández	Dosbio 2010, S.L.U.	Board Member
Mr. Jaime Carbó Fernández	Riviana Foods, Inc.	Board Member
Mr. Jaime Carbó Fernández	Ebro America, Inc.	Board Member
Mr. Jaime Carbó Fernández	El Castillo Debic Food Service, S.L.	Board Member
Mr. Jaime Carbó Fernández	New World Pasta Company	Board Member
Mr. Jaime Carbó Fernández	N&C Boost, N.V.	Board Member
Mr. Jaime Carbó Fernández	Boost Nutrition, C.V.	Board Member
Mr. Jaime Carbó Fernández	Herba Germany GmbH	Joint and several Director
Mr. Fernando Castelló Clemente	Castillo Castelló, S.A.	Chairman
Mr. Fernando Castelló Clemente	El Castillo Debic Food Service, S.L.	Chairman
Mr. Fernando Castelló Clemente	Lactimilk, S.A.	Chairman
Mr. Antonio Hernández Callejas	Panzani, S.A.S.	Board Member
Mr. Antonio Hernández Callejas	New World Pasta Company	Board Member
Mr. Antonio Hernández Callejas	Riviana Foods, Inc.	Board Member
Mr. Antonio Hernández Callejas	Dosbio 2010, S.L.U.	Chairman
Mr. Antonio Hernández Callejas	Puleva Biotech, S.A.	Board Member
Mr. Antonio Hernández Callejas	Azucarera Ebro, S.L.U.	Chairman
Mr. Antonio Hernández Callejas	Ebro America, Inc.	Chairman
Mr. Antonio Hernández Callejas	N & C Boost, N.V.	Board Member
Mr. Antonio Hernández Callejas	Boost Nutrition, C.V.	Board Member
Mr. Antonio Hernández Callejas	Danrice, A/S	Board Member
Mr. Antonio Hernández Callejas	Joseph Heap & Sons Limited	Board Member
Mr. Antonio Hernández Callejas	S & B Herba Foods Limited	Board Member
Mr. Antonio Hernández Callejas	Anglo Australian Rice Limited	Board Member
Mr. Antonio Hernández Callejas	Vogan & Co. Limited	Board Member
Mr. Antonio Hernández Callejas	A W Mellish Limited	Joint and several Director
Mr. Antonio Hernández Callejas	Joseph Heap Property Limited	Joint and several Director
Mr. Antonio Hernández Callejas	Heap Comet Limited	Joint and several Director
Mr. Antonio Hernández Callejas	Herba Germany GmbH	Joint and several Director
Mr. Antonio Hernández Callejas	Arrocerías Mundiarroz, S.A.	Chairman
Mr. Félix Hernández Callejas	Herba Ricemills, S.L.U.	Board Member
Mr. Félix Hernández Callejas	Herba Foods, S.L.U.	Joint and several Director
Mr. Félix Hernández Callejas	Herba Nutrición, S.L.U.	Joint and several Director
Mr. Félix Hernández Callejas	Fallera Nutrición, S.L.U.	Joint and several Director
Mr. Félix Hernández Callejas	Nuratri, S.L.U.	Joint and several Director
Mr. Félix Hernández Callejas	Nutrial, S.L.U.	Joint and several Director
Mr. Félix Hernández Callejas	Nutramas, S.L.U.	Joint and several Director
Mr. Félix Hernández Callejas	Pronatur, S.L.U.	Joint and several Director

NAME OF BOARD MEMBER <i>(following)</i>	EBRO PULEVA GROUP COMPANY	POSITION
Mr. Félix Hernández Callejas	Vitasan, S.L.U.	Joint and several Director
Mr. Félix Hernández Callejas	Risella, Oy	Board Member
Mr. Félix Hernández Callejas	S & B Herba Foods, Ltd.	Board Member
Mr. Félix Hernández Callejas	Anglo Australian Rice, Ltd.	Board Member
Mr. Félix Hernández Callejas	Joseph Heap & Sons, Ltd.	Board Member
Mr. Félix Hernández Callejas	Vogan & Co. Ltd	Board Member
Mr. Félix Hernández Callejas	Danrice A/S	Board Member
Mr. Félix Hernández Callejas	Herba Egypt Ricemills, Co.	Chief Executive Officer
Mr. Félix Hernández Callejas	Arrocerías Mundiarroz, S.A.	Board Member
Mr. Félix Hernández Callejas	Riviana Foods, Inc.	Board Member
Mr. Félix Hernández Callejas	Herba de Puerto Rico, LLC	Board Member
Mr. Félix Hernández Callejas	Herto, N.V.	Chairman
Mr. Félix Hernández Callejas	Boost Nutrition, C.V.	Board Member
Mr. Félix Hernández Callejas	Rivera del Arroz, S.A.	Board Member
Mr. Félix Hernández Callejas	Mundi Riz, S.A.	Board Member
Mr. Félix Hernández Callejas	Herba Rice India, PVT, Ltd.	Joint and several Director
Mr. Félix Hernández Callejas	Herba Hellas, S.A.	Adjuster
Mr. Félix Hernández Callejas	Puleva Biotech, S.A.	Board Member
Mr. Félix Hernández Callejas	Española de I+D, S.A.	Board Member
Mr. Juan Domingo Ortega Martínez	Dosbio 2010, S.L.U.	Board Member
Mr. Eugenio Ruiz-Gálvez Priego	Azucarera Ebro, S.L.	Chief Executive Officer
Mr. Eugenio Ruiz-Gálvez Priego	Compañía de Melazas, S.A.	Vice Chairman
Mr. Eugenio Ruiz-Gálvez Priego	Nueva Comercial Azucarera, S.A	Chairman

Irrespective of the above, no director has informed the Company that he holds any shareholdings or positions in companies with activities identical, similar or complementary to those of Ebro Puleva, S.A. and its group companies.

In 2008 the directors of Ebro Puleva, S.A. have not carried out any transactions with Ebro Puleva Group companies other than those pertaining to said companies' normal course of business, nor have they conducted any transactions which were not at arm's length.

18.6. Remuneration earned by executive management

The management of Ebro Puleva, S.A. at year end 2008 totaled 7 members, who received total compensation in 2008 of 1,360 thousand euros in wages and salaries. There were no indemnities.

The contracts of three of these managers include safeguard clauses in the event of dismissal decided by the company or for changes in control which provide for termination benefits ranging from one two three years' annual remuneration. In the remaining cases, the indemnity contemplated in cases of unfair dismissal would be paid as per prevailing employment legislation in Spain.

In addition, in 2006 the Board of Directors approved an incentive program for its management team which would enable members to receive a cash amount based on the achievement of the objectives set forth in the Group's Strategic Plan for the period from 2007 to 2009. The Ebro Puleva Group's key management, including Executive Board members, is entitled to benefit from the plan.

The incentive would consist of an amount based on the average annual remuneration received for the period from 2007 to 2009 of each beneficiary, to which a percentage would be applied depending on the degree to which objectives were achieved. Payment of the incentive, which would be made in 2010 (once the previous year's financial statements have been approved by the shareholders), is contingent upon the beneficiaries remaining with the Group until December 3, 2009, as well as meeting EBITDA, EVA and other qualitative objectives established in the Group's Strategic Plan.

The Selection and Compensation Committee proposed, as agreed by Ebro Puleva's Board of Directors, the amount allocated in the 2008 individual financial statements to "Provisions for employee benefits: non-current compensation" (Note 14), in accordance with fulfillment of the objectives set forth in the Medium Term Incentive Plan, amounts to 1,235 thousand euros. In accordance with the general terms of the Incentive Plan, that amount is a provisional estimate recognized in the accounting records and does not grant the right to be paid that amount. To be paid, except in cases of death or disability, the employee must

be on the Company payroll in 2010 when the Ebro Puleva General Shareholders' Meeting approves the 2009 financial statements.

This program is not contingent upon the value of Ebro Puleva shares nor does it entitle the beneficiaries to receive shares or any other such benefits.

Lastly, the parent company has taken out a policy to provide civil liability insurance to the directors and executives of Ebro Puleva, S.A. and all of its subsidiaries, with a 45 million euro limit of annual compensation. The annual cost of the policy is 84,410 euros and provides coverage up to April 30, 2009. It is currently in the process of being renewed.

19. OTHER DISCLOSURES

a) Foreign currency transactions

Except for the loans denominated in US dollars described in Note 13, and the guarantee described in Note 16, the Company normally carries out its transactions in euros.

b) Employees

	At year end		Average number
	Male	Female	
Executives	9	2	11
Middle management	7	9	17
Administrative personnel	4	9	12
	20	20	40

c) Audit fees

Audit fees relating to the financial statements for the year ended 2008 amount to 260 thousand euros.

In addition, the fees paid in the year for other services performed by the Company's statutory auditors in 2008 totaled 185 thousand euros.

d) Environmental information

The activities carried out by Ebro Puleva Group companies require investments to manage and control environmental risk. Related investments that additionally provide greater productivity of plant and equipment are recognized and depreciated on a straight-line basis based on their estimated useful lives. As a holding company, Ebro Puleva, S.A. is not responsible for monitoring such risks, and therefore these investments and expenses are made and incurred by each group company.

Extensive work in this field has been carried out in recent years, especially related to proper control of wastewater, gas and dust emissions, and inert solid and organic waste and garbage.

The Company's directors consider that no significant contingencies exist with respect to environmental protection and improvement and therefore, no provision has been made in that respect.

20. EVENTS AFTER THE BALANCE SHEET DATE

Except for the matter explained below, no significant events have occurred from December 31, 2008 to the date on which these financial statements were approved.

On March 25, 2009, Ebro Puleva, S.A.'s Board of Directors proposed that the following distribution of 2008 profit be submitted to the shareholders in General Meeting for approval:

- a) Consolidated profit for 2008 for the Ebro Puleva Group has allowed the Board to put before the General Meeting a proposal to pay an ordinary cash dividend against unrestricted reserves in the amount of 55,391 thousand euros, equivalent to 36 cents per share to be paid in quarterly installments of 9 cents each on April 2, July 2, October 2 and December 22, 2009.
- b) In addition, subject to a favorable outcome of the sale of the sugar business (Azucarera Ebro, S.L. and some of its subsidiaries) and in view of expected returns on the sale (as described in Note 8.a) an extraordinary dividend is proposed consisting of:
 - b.1) An extraordinary cash dividend against unrestricted reserves in the amount of 55,391 thousand euros, equivalent to 36 cents per share to be paid in 2009 in three installments of 12 cents each to coincide with the three final payments of the ordinary dividend (July 2, October 2 and December 22, 2009).
 - b.2) An extraordinary in-kind dividend consisting of treasury shares to meet the existing share premium (34,334 thousand euros) with an approximate exchange ratio, in view of an estimated listed price of 9 euros per share, of 1 new share for every 40 existing shares, for a total of approximately 3.8 millions shares (about 2.5% of share capital). The exchange ratio will be specified at the Board of Directors Meeting held just before prior to the General Shareholders' Meeting, once the listed share price from the trading session the day before is known. Shareholders will receive this extraordinary in-kind dividend in the first days of May 2009.

21. TRANSITION TO THE NEW ACCOUNTING PRINCIPLES

The annual financial statements for 2008 will be presented in compliance with the new General Chart of Accounts approved by Royal Decree 1514/2007, of November 16. January 1, 2008 has been taken as the date of transition. In this regard, in accordance with section one of Transitional Provision Four of said Plan, January 1, 2008 has been taken as the transition date and, therefore, no comparative figures for 2007 are included for each of the headings in the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes thereto in addition to the figures for 2008.

The following information is included in compliance with the requirements of Additional Provision 4, section 1 of Royal Decree 1514/2007, of November 16:

- a) Explanation of the main differences between the accounting policies applied in the previous year and the current year.
- b) Reconciliation of equity at the date of the opening balance sheet for the prior year.

21.1. Explanation of the main differences between the accounting policies applied in the previous year and the current year

The differences between the accounting criteria applied at December 31, 2008 and for the prior year are as follows:

◀ Reclassifications:

The change in accounting policies has led to multiple reclassifications on the balance sheet and the income statement. The most significant of them are as follows:

- Amortization, depreciation and impairment of assets are shown on the balance sheet, less the acquisition cost of the related assets and liabilities, whereas under the former accounting standards, they were shown separately.
- Investment property PP&E items (Land and buildings) owned by the Company to lease to third parties or obtain future capital gains were recognized according to the former accounting policy under "Property, plant and equipment". Under the new accounting policies, those assets are recognized as "Investment property" under "Non-current assets" on the balance sheet.

◁ **New statements in the annual financial statements:**

The new accounting policy has added two new statements to the annual financial statements:

- a) The statement of changes in equity, which is now presented in two documents: the statement of recognized income and expense, and the statement of changes in equity.
- b) The cash flow statement.

Therefore, the directors have included those statements in the financial statements for the year ended December 31, 2008.

◁ **Changes in recognition and measurement:**

The recognition and measurement bases used by the Company in preparing the financial statements for the year ended December 31, 2008 are explained in greater detail in section 4 of the accompanying notes to the financial statements and are pursuant to the new accounting policies approved by Royal Decree 1514/2007. The main differences between these recognition and measurement bases and those applied by the Company under the previous accounting policy are as follows:

- a) **Exchange gains (losses):** In compliance with former accounting standards, transactions in foreign currency were recognized at the prevailing exchange rate on the transaction date. Balances receivable and payable in foreign currency were adjusted at year end based on the rates prevailing at that date. Exchange losses were taken to profit and loss immediately while exchange gains were recorded as deferred income until realized. Under the current accounting standards, transactions are recognized at the exchange rate prevailing at the transition date: monetary assets and liabilities denominated in foreign currency are translated at the prevailing exchange rate at the balance sheet date. All exchange gains or losses arising from translation as well as those resulting on settlement of balance sheet items are recognized in the income statement.
- b) **Hedges of currency risk on net investments in foreign subsidiaries:** Under the new accounting policy, hedges of a net investment in foreign businesses through holdings in group companies are treated as fair value hedges given the exchange rate component and therefore, lead to an adjustment in the heading where the value of the holding is recognized, with a charge or credit to the income statement, for the portion of the hedge that meets the criteria to be considered an effective hedge. Under the former accounting policy, that adjustment was not made.
- c) **Provisions for investments in group companies:** Under the former accounting policy, equity investments in group companies were recognized at the lower of cost and the underlying book value of the investment, adjusted for unrealized capital gains existing upon acquisition which prevailed at the subsequent valuation date. Under the new accounting policy, the amount of the adjustment for impairment is the difference between the carrying amount and recoverable amount, taken to be the higher of fair value less selling costs and the current value of estimated future cash flows from the investment.
- d) **Treasury shares:** Under the former accounting policy, the Company recognized its treasury shares as an asset valued at the lower of cost, market value, or underlying carrying value. Under the current accounting policy, they are recognized in equity as a decrease in reserves valued at acquisition cost.

21.2. Reconciliation of equity

The impact of adjustments made to comply with first-time application was recognized in equity pursuant to the Second Transitional Provision of Royal Decree 1514/2007. The reconciliation of net equity on the balance sheet included in the financial statements at December 31, 2007 and the opening balance sheet at January 1, 2008, which includes the above-mentioned changes, is as follows:

	Amount
Equity at December 31, 2007 – according to former accounting standards (see below this chart)	896,708
Plus:	
Unrealized exchange differences at year end 2007, net of the related tax effect	36,308
Less:	
Value adjustment of investments in foreign subsidiaries at the effective hedge (exchange rate), net of the related tax effect	(46,306)
Reclassification of treasury shares at net value	(4,546)
Tax effect of the elimination of the provision for treasury shares	(507)
Total net adjustments as per new accounting policy	(15,051)
Equity at January 1, 2008 – according to new accounting standards	881,657

Pursuant to the Fourth Transitory Provision of Royal Decree 1514/2007, the balance sheet and income statement included in the 2007 financial statements are presented below. Those financial statements and therefore the balance sheet and income statement included therein were approved on March 26, 2008 in accordance with the former accounting policy:

EBRO PULEVA, S.A. BALANCE SHEETS AT DECEMBER 31, 2007 (Thousands of euros)			
ASSETS	12-31-2007	LIABILITIES	12-31-2007
Fixed assets	1,911,374	Capital and reserves	896,708
Start up expenses	0		
Intangible assets	5,515	Subscribed capital	92,319
Patents and trademarks	12,210	Share premium	34,333
Software	94	Revaluation reserves	3,169
Intangible assets in progress	0		
Amortization and provisions	(6,789)	Reserves	758,203
		Legal reserve	18,464
Tangible assets	18,834	Reserve for own shares	4,546
Land and buildings	19,391	Other reserves	735,193
Technical installations and machinery	1,363	Profit for the year	8,684
Other installations, tools and furniture	840		
Other tangible assets	256	Deferred income	51,868
Construction in progress	42	Other Deferred Income	51,868
Depreciation and provisions	(3,058)		
Investments	1,882,479	Provisions for liabilities and charges	199
Equity investments in group companies	1,793,926	Provisions for pension and other commitments with personnel	140
Receivables from group companies	80,599	Other provisions	59
Equity Investments in associated companies	1		
Receivables from associated companies	2,946	Long-term liabilities	920,677
Other accounts receivable	1	Amounts owed to credit institutions	569,960
Long-term guarantees and deposits	134	Amounts owed to group companies	327,072
Provisions	(6,339)	Other accounts payable	27
Deferred tax assets		Deferred tax liabilities	23,618
Long-term deferred tax assets	11,211		
Own shares	4,546		
Deferred expenses	1,828		
Current assets	46,329	Current liabilities	90,079
Debitors	42,953	Amounts owed to credit institutions	77,997
Trade receivables	24,077	Loans and other liabilities	74,391
Accounts receivable, group	4,080	Accrued interest on liabilities with credit institutions	3,606
Companies	0		
Other debtors	0	Short-term amounts owed to	
Personnel	8	group and associated companies	4,257
Public administrations	14,803	Accounts payable to group companies	4,257
Provisions	(15)	Accounts payable to associated companies	0
Short-term financial	3,330	Trade creditors	2,144
Receivables from group companies	0		
Investments	3,330	Other non-trade accounts payable	5,681
Other loans	46	Public administrations	1,809
		Other accounts payable	1,295
		Wages and salaries payable	2,577
Cash in hand and at banks	0	Deferred income	0
Total	1,959,531	Total	1,959,531

DEBIT	2007	CREDIT	2007
Expenses		Income	
Personnel costs	7,604	Other operating income	4,911
Wages, salaries, Et Al.	6,906	Ancillary income	4,758
Social security costs	698	Capital grants	12
		Write-down of provisions for liabilities and charges	141
Depreciation expense	1,180		
Other operating expenses	10,113		
External services	9,417		
Taxes	696		
		Operating loss	(13,986)
Financial and other similar charges	52,462	Income from equity investments	53,736
From liabilities with group companies	13,129	Group companies	53,736
From other liabilities	39,333		
		Income from other marketable securities and long-term receivables	0
		Other interest and similar income	5,552
		From group and associated companies	5,186
		Other interest	366
Exchange losses	498	Exchange gains	489
Net financial income	6,817		
Profit on ordinary activities		Losses from Ordinary Activities	(7,169)
Losses from sales of fixed assets	445	Profit from sale of tangible assets and securities portfolio	2,554
Losses from sales of own shares	184	Profit from sales of own shares	83
Change in provisions for Intangible assets and equity investments	9,160		
Other extraordinary expenses	2,486	Other extraordinary income	1,774
Extraordinary profit		Extraordinary losses	(7,864)
Profit before taxes		Losses before taxes	(15,033)
Corporate income tax	23,717		
Profit for the year	8,684		

On November 20, 2007 Royal Decree 1514/2007 was published approving the new accounting principles in Spain, which went into effect on January 1, 2008 and whose application is mandatory for all financial years beginning on or after that date. The information included in this management report has been obtained from the Company's accounting records and complies with this decree.

2008 Management Report

1. BUSINESS REVIEW

Ebro Puleva, S.A. is the parent company of the Ebro Puleva Group, the leading Spanish food group. Through its subsidiaries, it operates in the milk, rice, pasta, biotechnology and biofuels markets in Europe, North America and, increasingly, in other countries.

In 2008, the Group completed the concentration of its core businesses with the disposal of the sugar business, thereby achieving one of the main objectives of the Strategic Plan.

The economic environment in 2008 was shaped by the crisis. What began as a financial crisis gradually spread to other sectors, pushing a large number of OECD countries into recession in the last quarter of the year. This situation had a knock-on effect on other markets, leading to a merry-go-round of prices and widespread uncertainty. Nonetheless, the Company managed to shore up its core businesses during the year, posting significant growth in both revenue and operating profit.

The management report on the consolidated annual financial statements includes information on business trends and the activity carried out in 2008 by the various business lines and segments of the companies comprising the Ebro Puleva Group.

2. OVERVIEW OF EBRO PULEVA, S.A. IN 2008

Significant events in the year

In early January 2008, Puleva Biotech, S.A. completed the acquisition of 100% of the Spanish group, Exxentia, for 34 million euros. Simultaneously, the sellers of the Exxentia shares acquired an 11.09% shareholding in Puleva Biotech, S.A. from Ebro Puleva, S.A. at a price of 2.5 euros per share, for a total of 16 million euros. This left Ebro Puleva, S.A. with 51.02% of the share capital of Puleva Biotech, S.A.

On December 15, 2008, the Company, owner of 100% of Azucarera Ebro, S.L., signed an agreement to sell Azucarera Ebro, S.L. to Associated British Foods (ABF), which owns 100% of British Sugar.

The terms of the transaction are as follows:

- ◁ ABF will acquire the sugar business for 385 million euros, debt free. The amount of debt to be discounted will be the level at the closing date of the transaction. The price includes the value of all the sugar brands legally owned by Ebro Puleva, S.A.
- ◁ Ebro Puleva will receive approximately 141 million euros in other compensation, mainly the restructuring funds envisaged under the CMO sugar reform.
- ◁ Two Ebro Puleva Group companies, which are wholly owned by Ebro Puleva, S.A., will also add to their real estate assets more than 200 hectares of land classified for various uses from Azucarera Ebro, S.L., valued at 42 million euros.

The transaction is subject to approval by the pertinent authorities and will most likely be carried out in the first months of 2009.

Business trends

Revenue at Ebro Puleva, S.A. mainly comes from dividends from subsidiaries and transactions with investment property. The main expenses are borrowing costs on debt held as the parent of the Ebro Puleva Group. In addition, investment provisions are recorded or released in accordance with changes in the equity investments in subsidiaries.

The Company reported an operating loss in 2008 of 16,094 thousand euros, compared with a loss of 10,385 thousand euros in 2007. The increase mainly stems from the change in provisions of non-current assets.

The Company had a net finance cost of 15,005 thousand euros, compared to 1,338 thousand euros the year before. The difference was due to the decline in dividends received, although this was partially offset by the proceeds from the sale of Puleva Biotech (see Point 2 of this report).

The loss after tax was 12,584 thousand euros.

3. OUTLOOK FOR THE COMPANY

Shaping Ebro Puleva's earnings going forward will be dividends from subsidiaries, capital gains on the sale of non-core properties and the borrowing costs on debt taken out to finance assets.

The Company's directors consider that the dividend policies established for subsidiaries will enable Ebro Puleva to obtain sufficient income to appropriately remunerate shareholders.

4. R&D ACTIVITIES

R&D activities depend largely on the projects being developed by our subsidiaries (see the consolidated management report for more information).

5. TRANSACTIONS WITH TREASURY SHARES

In 2008, the Company purchased and sold own shares as authorized at the General Shareholders Meetings held on April 18, 2007 and June 9, 2008, duly notifying the Spanish National Securities Commission (the CNMV) in accordance with current reporting standards. In all, it bought 4,483,601 and sold 126,521 treasury shares in the year. At year end, the Company held 5,078,735 treasury shares, representing 3.301% of its share capital. At the end of 2008, barring the potential delivery of some of these treasury shares for the extraordinary dividend in kind indicated in Notes 3 and 20, these shares were not earmarked for any specific purpose.

6. EMPLOYEES

The principal data are included in Notes 18 and 19 of the accompanying notes to the financial statements.

7. BUSINESS RISK MANAGEMENT OBJECTIVES AND POLICIES

As the parent company of the group, Ebro Puleva is indirectly exposed to risks associated with its subsidiaries resulting from the measurement of its investment portfolio and the dividends received from its subsidiaries. The activities of the subsidiaries comprising the Ebro Puleva Group are subject to external factors which can influence trends in their operations and financial results.

The Company is therefore exposed to environmental, financial, credit, labor and technological risks. The description of these risks, along with the policies in place to detect and manage them, is provided in the consolidated management report.

8. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise bank loans, overdrafts, and cash and short-term deposits. The main purpose of these financial instruments is to broaden the sources of finance for the Group's activities.

The Company has also arranged derivatives to hedge interest and foreign currency risks. It is not the Company's policy to trade in financial instruments.

The principal risks from financial instruments relate to credit risk, interest rate risk from cash flows, liquidity risk and foreign currency risk.

The Board of Directors reviews and adopts policies for managing each of these risks, as summarized below.

Credit risk

Ebro Puleva has adequately spread out its credit risk. In addition, the Company invests cash and arranges financial instruments with entities of high solvency and credit ratings.

Cash flow interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates.

The Company's policy is to manage its interest cost using a mix of fixed and variable rate debts. The objective is to strike a balance in the structure of debt that enables the Company to minimize interest cost by reducing volatility. To achieve this, interest rate fluctuations are monitored with the help of experts. When necessary, Ebro Puleva arranges interest rate financial instruments.

Foreign currency risk

As a result of investment transactions in the United States, the Company's balance sheet can be affected significantly by movements in the US/EUR exchange rate. The Company seeks to mitigate the effect of its structural currency exposure by borrowing in US dollars. In this way, 100% of the investment in the US is hedged.

Transactions carried out between subsidiaries operating in various functional currencies are likewise exposed to exchange rate risk. In these cases, subsidiaries take out their own exchange rate insurance and arrange other hedging instruments in accordance with Group policy.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of revolving credit policies, bank loans and short-term financial investments.

9. ENVIRONMENTAL ISSUES

Given the specific nature of the Company's business, it has no relation to the environment on its own. (See Note 19.d of the annual financial statements).

10. EVENTS AFTER THE BALANCE SHEET DATE

Except for the matter explained below, no significant events occurred between the balance sheet date and the date of preparation of these annual financial statements.

At its meeting of March 25, 2009, the Board of Directors proposed the following appropriation of 2008 results for approval by shareholders in their general meeting:

- a) Profit in 2008 of the Ebro Puleva Group allows for the payment, as in previous years, of an ordinary cash dividend charged to unrestricted reserves of 0.36 euros per share, in four quarterly payments of 0.09 euros each, on April 2, July 2, October 2 and December 22, 2009, for a total amount of 55,391 thousand euros.
- b) Separately, subject to the success of the sale of the sugar business (Azucarera Ebro, S.L. and some subsidiaries) and taking into account the expected returns on the sale (see Note 8.a), the Board proposes the payment of an extraordinary dividend comprising:
 - b.1) An extraordinary dividend in cash with a charge to unrestricted reserves of 0.36 euro per share (in addition to the ordinary dividend) in three payments of 0.12 euros each in 2009 coinciding with the last three payments of the ordinary dividend (July 2, October 2, and December 22), for a total amount of 55,391 thousand euros.
 - b.2) An extraordinary dividend in kind entailing the delivery of treasury shares up to the amount of the share premium (34,334 thousand euros) at an estimated exchange ratio, assuming a price of 9 euros per share, of 1 new share for every 40 existing shares. This would mean the delivery of approximately 3.8 million shares (representing around 2.5% of share capital). The ratio will be determined at the Board of Directors meeting immediately prior to the General Shareholders Meeting based on the trading price the day before. Delivery of the extraordinary dividend in kind would be made in the first few days of May 2009.

11. ART. 116 BIS OF THE SECURITIES MARKET LAW

Article 116 bis of the Securities Market Law, under the text of Law 6/2007, of April 12, requires companies whose securities are listed to present shareholders in their annual general meeting a report explaining the items covered in this article that must be disclosed in the management report for 2008.

- a) **The structure of capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents**

Share capital amounts to 92,319,235.20 euros and consists of 153,865,392 fully subscribed and paid bearer shares with a nominal value of 0.60 euros each, represented by book entries. All shares are of the same class and series.

The shares comprising share capital are considered transferable securities and subject to the regulations governing the Securities Market.

- b) **Any restrictions on the transfer of securities**

No existe ninguna restricción a la transmisibilidad de valores.

- c) **Significant direct and indirect shareholdings**

NAME OR COMPANY NAME OF SHAREHOLDER	No. of direct voting rights	No. of indirect voting rights (*)	% of total voting rights
Bestinver Gestión, S.A., S.G.I.C.	0	6,242,154	4.057
Casa Grande de Cartagena, S.L.	9,475,145	0	6.158
Caja de Ahorros de Salamanca y Soria	9,247,898	0	6.010
Hispafoods Invest, S.L.	10,346,192	0	6.724
Instituto Hispánico del Arroz, S.A.	13,262,722	10,346,192	15.344
Invergestión, Sociedad de Inversiones y Gestión, S.A.	7,750,000	0	5.037
Lolland, S.A.	0	9,475,145	6.158
Sociedad Anónima Damm	0	7,710,000	5.011
Sociedad Estatal de Participaciones Industriales	0	12,995,941	8.446

Significant indirect shareholdings are through:

NAME OR COMPANY NAME OF DIRECT OWNER OF THE SHAREHOLDING	No. of direct voting rights	% of total voting rights
Bestinver Bolsa, F.I. (Bestinver Gestión, S.A., S.G.I.C.)	2,471,863	1.607
Soixa S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	1,871,184	1.216
Bestinver Fond, F.I. (Bestinver Gestión, S.A., S.G.I.C.)	1,060,693	0.690
Bestinver Mixto, F.I. (Bestinver Gestión, S.A., S.G.I.C.)	549,196	0.357
Bestinver Bestvalue, S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	196,515	0.128
Texenta Inversiones S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	53,986	0.035
Loupri Inversiones S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	14,429	0.009
Divalsa de Inversiones S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	9,310	0.006
Acciones, Cupones y Obligaciones Segovianas, S.A., S.I.M.C.A.V. (Bestinver Gestión, S.A., S.G.I.C.)	7,171	0.005
Linker Inversiones, S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	5,303	0.003
Jorick Investment, S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	2,504	0.002
Hispafoods Invest, S.L. (Instituto Hispánico del Arroz, S.A.)	10,346,192	6.724
Casa Grande de Cartagena, S.L. (Lolland, S.A.)	9,475,145	6.158
Corporación Económica Damm, S.A. (Sociedad Anónima Damm)	7,710,000	5.011
Alimentos y Aceites, S.A. (Sociedad Estatal de Participaciones Industriales)	12,995,941	8.446

As the shareholdings indicated are at December 31, 2008, it is hereby expressly noted that on February 10, 2009, after the close of 2008, Bestinver Gestión, S.A., S.G.I.C. publicly notified through the Spanish Securities Exchange Commission that its stake had decreased to below 3% (to 2.995%). Accordingly, it is no longer considered a significant shareholder of Ebro Puleva, S.A.

d) Any restrictions on voting rights

There are no restrictions on voting rights.

e) Agreements between shareholders

The Company has not been notified of any agreements between shareholders.

f) The rules governing the appointment and replacement of board members and the amendment of the articles of association

The appointment and replacement of Board Members are regulated by the Corporate Bylaws (articles 19 and 20) and the Board Regulations (articles 21, 23 and 24).

The Board of Directors shall be composed of at least seven and at most fifteen members. The General Meeting is in charge of determining the composition, as well as the appointment and separation of Directors. The board currently comprises 14 Directors.

Directorships may be waived, canceled or reappointed and are for a term of four years. When their tenure expires, Directors may be reappointed one or more times for terms of equal duration.

The appointment of Board members expires when, after expiry of their tenure, the next General Meeting has been held or the legal period for holding the Meeting to approve the financial statements of the preceding year has elapsed.

If during the term of appointment there are vacancies, the board may provisionally appoint among shareholders the people to hold the post until the first General Meeting thereafter is held.

The candidates proposed by the Board for appointment or reappointment as Directors shall be of recognized standing and have adequate experience and expertise to perform their duties.

These proposals shall be made taking into account the existence of three types of director: (i) Executive; (ii) Non-Executive, who fall into two classes: those who are on the Board at the request of shareholders with significant stakes in the capital and those who may be considered independent according to applicable laws and regulations or the prevailing recommendations on good corporate governance; and (iii) those who do not fit into either of the above categories.

The distribution of the number of Directors among the types mentioned above shall be adjusted from time to time to the operating requirements and real structure of the company's shareholding body, on the basis of the ratio of capital held by controlling shareholders to capital held by institutional investors and minority shareholders.

In any case, any initiative taken by the Board in respect of its members shall be without prejudice to the sovereign power of the General Meeting of Shareholders to appoint and remove Directors, and any exercise by shareholders of their right to proportional representation.

Directors shall step down and tender their resignation in the following cases:

- ◁ When they are affected by one of the cases of incompatibility or disqualification established in Law, the Bylaws or these Regulations.
- ◁ When they step down from the executive post to which their appointment as Director was linked, when the shareholder they represent sells its entire shareholding or reduces it to a level that requires a reduction in the number of proprietary directors and, in general, whenever the reasons for their appointment no longer exist.
- ◁ When the Board, subject to a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted on his or her obligations or that there are reasons of corporate interest for demanding his or her resignation.

The Board of Directors shall propose to the General Meeting of Shareholders that a Director be removed if one of the circumstances described above occurs and the Director fails to tender his resignation.

Directors who give up their post before their tenure expires, through resignation or otherwise, should explain their reasons to all other members of the board. Irrespective of whether such resignation is filed as a significant event, the move for the same must be explained by the Company in the Annual Corporate Governance Report.

When the Board makes decisions about which a director has expressed reservations and he or she resigns, an explanation setting out their reasons should be provided under the terms mentioned in the preceding paragraph.

With regard to amendments of the corporate bylaws, there are no procedures or requirements other than those provided for by law with the exception of the stricter-than-standard quorum requirements for attendance at the generating meeting, which article 12 of the Bylaws stipulates at sixty per cent of the subscribed voting capital on first call and thirty per cent on second call, the same quorum for voting as included in the revised text of Spanish Corporation Law.

g) The powers of Board members and, in particular, the power to issue or buy back shares

Executive directors Antonio Hernández Callejas and Jaime Carbó Fernández have been granted the following powers:

1. To represent the company and sign on its behalf in all types of transactions, businesses and contracts comprising its corporate purpose. To enter into all types of works, service or supply contracts with the European Union, the Spanish central, regional, provincial, island or local governments and, in general, any public or private individual or company via public tender, auction, direct adjudication or any type of arrangement permitted by Law, presenting and signing the related proposals, accepting any projects awarded, performing any acts and signing any public or private documents required or suitable for their approval, compliance and settlement.
These powers shall be exercised jointly by two legal representatives when the amount of the transaction, business or contract exceeds 50,000 euros.
2. To plan, organize, oversee and control the performance of the company and all its businesses, workplaces and installations, reporting to the Chairman of the Board of Directors and proposing any amendments deemed appropriate regarding the organization of the company.
These powers may be exercised jointly and severally.
3. To sell, purchase, swap, replace, assign and dispose of the ownership or all types of assets, including properties and ownership interests, and to provide guarantees to subsidiaries or third parties. To set up and form part of other companies and acquire shares or ownership interests. To accept and appoint corporate positions in other companies and entities.
These powers shall be exercised jointly by two legal representatives.
4. To stipulate, set up, accept, modify, withdraw and cancel provisional or definitive guarantees, deposits and sureties at any public or private entity, including the Spanish Government Depository (Caja General de Depósitos) and the Bank of Spain.
These powers may be exercised jointly and severally.

5. Banking powers

- a) To open, use, settle and cancel current savings or loan accounts at any bank, including the Bank of Spain, or any other credit and savings banks, signing for these purposes as many documents as required or suitable, and to take out or withdraw from them through checks, money orders, drafts or transfers.
- b) To arrange, execute and underwrite loans, signing as many private and public documents as necessary and reporting to the Board of Directors of the exercise of these powers at its first meeting thereafter.

These powers shall be exercised jointly by two legal representatives.

- 6. To issue, accept, collect, pay, endorse, contest, discount, guarantee and negotiate commercial or financial bills of exchange, promissory notes, checks, and other drafts and bills. To undertake and fix the terms of endorsements, certificate discounts and all kinds of commercial paper, together with orders to pay drawn on the Treasury, banks, savings institutions and other entities at which the Company holds securities, bills, cash or any other form of assets.

The powers to issue, accept and order payment shall be exercised jointly by two legal representatives.

- 7. To demand, collect and receive all money due to be credited or paid to the Company in cash, bills or any other type of payment by individuals, Banks or any other Entity, by the European Union, the Spanish state, regional, provincial, island or local governments and, in general, any public or private Entity. To give and receive receipts and vouchers and to fix and settle account balances. To determine the method of payment of amounts owed by the Company, grant extensions and set due dates and amounts.

To accept all kinds of personal guarantees and liens from debtors, including mortgages, movable and immovable collateral, transferred and registered pledges, along with agreements, clauses and terms that it deems appropriate and to cancel them once the amounts or credits under guarantee have been received.

These powers may be exercised jointly and severally by any of the Company's legal representatives.

- 8. To make any type of payments, taking any step necessary to comply with all the Company's obligations and to demand the necessary payment receipts and vouchers.

These powers shall be exercised jointly by two legal representatives when the amount of the payments exceeds 50,000 euros.

- 9. To represent the Company before third parties and any type of Government Authority, Chambers, Commissions or other, Committees, Associations, mutual Insurance Companies, Registries, Delegations, offices and Premises of the European Union, the Spanish state, regional, Provincial, island or local governments and other Spanish or foreign administrative, governmental or other centers or bodies, at any level or jurisdiction, or appoint an individual to represent the Company in this capacity. To exercise the rights and interests that, as appropriate, correspond to the Company. To execute inquiries and suits. To file any pertinent proceedings, requesting the data, copies or documents, and lodging prior or ex facto complaints, and lodging any type of legal appeals. To withdraw from proceedings, claims and appeals at any stage of the process, abide by or enforce any definitive rulings. To protest or file proceedings and certified notices or of other kind. To request reliable certificates, testimonies and copies of interest of the Company.

These powers may be exercised jointly and severally.

- 10. To appear and represent the Company before Criminal and Civil Courts, Prosecutors, Juries and other appellate, labor or other bodies in any jurisdiction and at all levels, both Spanish and of any other country or international organization, entering into any legal relationships deemed appropriate and complying in particular, solely by signing an administrative appeal, with the requirements provided under article 45.2,d) of Law 29/1998, dated July 13.

To grant and revoke powers in favor of attorneys and lawyers.

To exercise all types of pleas and claims, oppose any type of appeals against any procedures or appeals, either as plaintiff or defendant or in any other capacity. To file any type of ordinary or extraordinary claim or appeal, including appeals to the Supreme Court and appeals for judicial review. To withdraw any claims, proceedings, lawsuits and judicial reviews at any stage of the process. To testify in court as a legal representative of the Company and, as so required, ratify their testimony personally and expressly. To reach settlements and to submit any matters of interest to the Company to arbitration. To abide by or enforce any definitive legal rulings.

To represent the Company and participate on its behalf in all types of payments moratorium, bankruptcy, acquittance procedures, creditor agreements or winding up under the supervision of the court, certifying the Company's credit items, obtaining guarantees and accepting their award as payment, granting or rejecting reductions or extensions. To appoint, accept and excuse bankruptcy receivers, Administrators, Experts and Adjustors, and propose and reject the recommendations made by them in their respective assessments. To compromise, agree on terms, acquittances and settlements covered by the collective labor agreement and sign them, following the matters through all procedures until abidance by or enforcement of the definitive judgments.

To choose the location and abide by express or implied jurisdictions.

These powers may be exercised jointly and severally.

11. To execute, with respect to management, the resolutions adopted by the Board of Directors or its Executive Committee subject to a report by the Nomination and Remuneration Committee; and, regarding company staff, hire, relocate, fine, suspend and fire employees, set wages, salaries and other emoluments of any Company employee; award termination benefits and, in general, decide on any matters related to personnel of the company. To appoint and remove proxies and agents.

These powers may be exercised jointly and severally.

12. To abide by and enforce the resolutions adopted at the General Shareholders' Meeting, by the Board of Directors, its Executive Committee or the Chief Executive Officer, issuing, as appropriate, any public deeds or other legally required public or private documents for this purpose.

These powers may be exercised jointly and severally.

13. To replace and/or grant to third parties, all or in part, the powers attributed to them, as well as remove powers in full or in part, including those granted previously, issuing the related public or private documents, and reporting the exercise of this power to the Board of Directors at its next meeting thereafter.

These powers must be exercised jointly, with the additional requirement of at least three legal representatives.

14. To attend and represent the Company at the General Meetings of shareholders and/or partners of all Ebro Puleva Group companies, and to pass as many resolutions as necessary without limitation.

These powers may be exercised jointly or separately.

Finally, neither Antonio Hernández Callejas, nor Jaime Carbó Fernández or any other Director or manager has been granted powers to issue or buy back shares.

h) Any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company. This exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements

There are no agreements of this type.

i) Any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid

In 2006, the Chairman, Mr. Antonio Hernández Callejas, notified the Board of Directors that he would irrevocably forgo his entitlement to the safeguard clause originally included in his contract, which consisted of a net termination benefit equivalent to two years' total gross annual remuneration.

The General Director, Mr. Jaime Carbó Fernández, and the General Secretary Mr. Miguel Angel Pérez Álvarez have likewise forgone their entitlement to the safeguard clauses originally established in their respective contracts, which consisted of a net termination benefit, equal to two years' gross annual remuneration. The Board of Directors resolved to replace this termination benefit with the indemnity contemplated in cases of dismissal or change in control equal or similar to what they would have normally received under prevailing Employment Legislation in Spain.

As for other managers of Ebro Puleva, S.A. the contracts of three managers include safeguard clauses in the event of dismissal decided by the company or for changes in control which provide for termination benefits ranging from one to three years' annual remuneration.

In other cases of dismissal through no fault on the part of the employee, the indemnity contemplated in prevailing Employment Legislation in Spain shall be applied.

12. ANNUAL CORPORATE GOVERNANCE REPORT

In accordance with prevailing legislation, this section of the management report includes the Annual Corporate Governance Report for 2008 of Ebro Puleva, S.A. as required by the National Securities Commission (the CNMV).



◁ ANNUAL FINANCIAL REPORT

1. ANALYSIS OF THE FINANCIAL INFORMATION
2. STOCK MARKET INFORMATION
3. AUDITORS' REPORT ON SEPARATE ANNUAL ACCOUNTS
4. **SEPARATE ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT**
5. AUDITORS' REPORT ON CONSOLIDATED ANNUAL ACCOUNTS
6. CONSOLIDATED ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT
7. DISCLAIMER

ANNUAL CORPORATE GOVERNANCE REPORT LISTED COMPANIES

Read the instructions at the end of this report to correctly understand and complete the form.

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the capital of the company:

Date latest modification	Capital (€)	Number of shares	Number of voting rights
11/06/2002	92,319,235.20	153,865,392	153,865,392

Indicate whether there are different classes of shares with different associated rights:

NO

A.2. Give details on the direct and indirect holders of significant interests in your company at year-end, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	Interest / total voting rights (%)
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	13,262,722	10,346,192	15.344
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0	12,995,941	8.446
HISPAFOODS INVEST S.L.	10,346,192	0	6.724
CASA GRANDE DE CARTAGENA, S.L.	9,475,145	0	6.158
LOLLAND, S.A.	0	9,475,145	6.158
INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.	7,750,000	0	5.037
SOCIEDAD ANÓNIMA DAMM	0	7,710,000	5.011
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	0	6,242,154	4.057

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights	Interest / total voting rights (%)
INSTITUTO HISPANICO DEL ARROZ, S.A.	HISPAFOODS INVEST S.L.	10,346,192	6.724
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	12,995,941	8.446
LOLLAND, S.A.	CASA GRANDE DE CARTAGENA, S.L.	9,475,145	6.158
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DAMM, S.A.	7,710,000	5.011
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	ACCIONES, CUPONES Y OBLIGACIONES SEGOVIANAS, S.I.C.A.V., S.A.	7,171	0.005
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	BESTINFOND, F.I.	106,693	0.069
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	BESTINVER BESTVALUE S.I.C.A.V., S.A.	196,515	0.128
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	BESTINVER BOLSA, F.I.	2,471,863	1.607
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	BESTINVER MIXTO, F.I.	549,196	0.357
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	DIVALSA DE INVERSIONES, S.I.C.A.V., S.A.	9,310	0.006
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	JORICK INVESTMENT S.I.C.A.V., S.A.	2,504	0.002
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	LINKER INVERSIONES S.I.C.A.V., S.A.	5,303	0.003
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	LOUPRI S.I.C.A.V., S.A.	14,429	0.009
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	SOIXA S.I.C.A.V., S.A.	1,871,184	1.216
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	TEXRENTA INVERSIONES S.I.C.A.V., S.A.	53,986	0.035

Indicate the principal movements in the shareholding structure during the year:

A.3. Complete the following tables on directors' voting rights corresponding to shares in the company:

Name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights held
ANTONIO HERNÁNDEZ CALLEJAS	30	0	0.000
JOSE BARREIRO SEOANE	3,010	0	0.002
ALIMENTOS Y ACEITES, S.A.	12,995,941	0	8.446
CAJA DE AHORROS DE SALAMANCA Y SORIA	9,247,898	0	6.010
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	0	7,750,000	5.037
CORPORACIÓN ECONÓMICA DAMM, S.A.	7,710,000	0	5.011
EUGENIO RUIZ-GÁLVEZ PRIEGO	150	0	0.000
FERNANDO CASTELLÓ CLEMENTE	2,230,000	0	1.449
FÉLIX HERNÁNDEZ CALLEJAS	10	0	0.000
JAIME CARBÓ FERNÁNDEZ	4,899	0	0.003
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	0	500,000	0.325
JUAN DOMINGO ORTEGA MARTÍNEZ	1,455	3,511,853	2.283
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	10	0	0.000

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights	% of total voting rights
JUAN DOMINGO ORTEGA MARTÍNEZ	MONZOTAMI, S.L.	2,165,773	1.408
JUAN DOMINGO ORTEGA MARTÍNEZ	QUESOS FORLASA, S.A.	1,172,080	0.762
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	FUENTE SALADA, S.L.	500,000	0.325
JUAN DOMINGO ORTEGA MARTÍNEZ	FORLASA ALIMENTACIÓN, S.L.	174,000	0.113

Total % of voting rights held by board members	28.567
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Complete the following tables on directors with stock options in the company:

A.4. Indicate family, commercial, contractual or corporate relationships among significant shareholders known to the company, if any, except any that are insignificant and those deriving from ordinary commercial business:

Type of relationship:

Corporate

Brief description:

Instituto Hispánico del Arroz, S.A. holds a direct interest of 51.62% and an indirect interest of 48.38% in Hispafoods Invest, S.L.

Name of related parties
Instituto Hispánico del Arroz, S.A.

Type of relationship:

Corporate

Brief description:

Lolland, S.A. holds an indirect interest of 100% in Casa Grande de Cartagena, S.L.

Name of related parties
Lolland, S.A.

Type of relationship:

Contractual

Brief description:

The companies listed below and in the second table of section A.2 of this report hold shares in Bestinver Gestión, S.A., S.G.I.I.C.: ACCIONES CUPONES Y OBLIGACIONES SEGOVIANAS, S.I.C.A.V., S.A., BESTINFOND, F.I., BESTINVER VALUE, S.I.C.A.V., S.A., BESTINVER BOLSA, F.I., BESTINVER MIXTO, F.I., DIVALSA DE INVERSIONES S.I.C.A.V., S.A., JORICK INVEST S.I.C.A.V., S.A., LINKER INVERSIONES S.I.C.A.V., S.A., LOUPRI S.I.C.A.V., S.A. and SOIXA S.I.C.A.V., S.A.

Name of related parties
Bestinver Gestión, S.A., S.G.I.I.C.

A.5. Indicate commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, if any, except any that are insignificant and those deriving from ordinary commercial business:

A.6. State whether the company has been notified of any shareholders' agreements that may affect it pursuant to the Securities Market Act s. 112. If any, describe them briefly and list the shareholders bound by the agreement:

NO

Indicate any concerted actions among company shareholders of which the company is aware:

NO

Expressly indicate any change or break-up of those agreements or concerted actions, if any, that has taken place during the year.

A.7. Indicate any individuals or entities that exercise or may exercise control over the company in pursuance of section 4 of the Securities Market Act:

NO

A.8. Complete the following tables on the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Treasury stock/capital (%)
5,078,735	0	3.301

(*) Through:

Total	0
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Give details on any significant variations during the year, according to the provisions of Royal Decree 1362/2007:

Date of communication	Total direct shares acquired	Total indirect shares acquired	% of capital
15/01/2008	1,993,687	0	1.296
28/01/2008	1,561,886	0	1.014
15/07/2008	1,568,027	0	1.019

Gain/(loss) obtained during the year on trading in own shares	9
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A.9. Indicate the term and conditions of the authorisation granted by the General Meeting to the Board to buy or sell own shares

The Annual General Meeting of Shareholders held on second call on 9 June 2008 resolved, under item five on the agenda, to authorise the Board of Directors to buy back own shares and to authorise subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, subject to the limits and other requisites stipulated in section 75 and Supplementary Provision One, point 2 of the current (recast) Corporations Act.

a. Conditions of the authorisation

- Authorisation to the Board of Directors to buy back own shares and to authorise subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, subject to the limits and other requisites stipulated in section 75 and Supplementary Provision One, point 2 of the current (recast) Corporations Act, as indicated below:

- . The par value of the shares acquired, when added to the par value of any shares already held by the company and its subsidiaries, may not at any time exceed 5% of the capital.
- . The company must be able to fund the reserve stipulated in section 79.3 of the current Corporations Act without reducing its capital or any of its reserves restricted by law or its bylaws.
- . The shares acquired must be fully paid up.
- . The minimum and maximum price of the acquisition must be equivalent to the par value of the own shares bought back and their market price on an official secondary market, respectively, at the time of purchase.

b. Contents of the authorisation

Authorisation of the Board to buy back own shares, by virtue of a direct decision or through delegation to the Executive Committee or such person or persons as the Board may authorise for this purpose, to hold those shares as treasury stock, dispose of them or, as the case may be, redeem them reducing the capital, in pursuance of the delegation made below, subject to the limits stipulated in law and the conditions established in this resolution. The authorisation is extended to the possibility of buying back own shares for delivery directly to employees or directors of the company or its group, as alternative remuneration to monetary remuneration, provided this does not raise the total income received by those groups.

Authorisation of the Board to reduce the capital in order to redeem own shares acquired by the company or any of the companies in its group, against the capital (for their par value) and unappropriated reserves (for the amount of their acquisition in excess of that par value), in such amounts as may be deemed fit from time to time, up to the maximum of the own shares held from time to time.

Delegation to the Board to execute the resolution to reduce the capital, so that it may do so on one or several occasions or decline to do so, within a period not exceeding 18 months from the date of this General Meeting, taking whatsoever actions as may be necessary for this purpose or required by prevailing legislation.

c. Term of the authorisation

The authorisation is granted for a maximum of eighteen months from the date of the General Meeting and covers all dealings in own shares effected on the terms and conditions stated herein, without having to be repeated for each acquisition, and any funding or allocation of reserves made in pursuance of the Corporations Act.

This authorisation rendered null and void the authorisation granted to the Board at the General Meeting held on 5 18 April 2007.

A.10. Indicate any legal or bylaw constraints on the exercise of voting rights and legal restrictions on the acquisition and disposal of shares in the capital. State whether there are any legal restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that one shareholder may exercise by legal restriction	0
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State whether the bylaws establish any restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that one shareholder may exercise by restriction in the bylaws	0
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State whether there are any legal restrictions on the acquisition or disposal of shares in the capital:

NO

A.11. Indicate whether the General Meeting has resolved to apply the breakthrough rule against a takeover bid, under Act 6/2007:

NO

If so, explain the measures approved and the terms on which the restrictions will become ineffective:

B. MANAGEMENT STRUCTURE OF THE COMPANY

B.1. Board of Directors

B.1.1. State the maximum and minimum numbers of Directors stipulated in the bylaws:

Maximum number of directors	15
Minimum number of directors	7

B.1.2. Give details of the board members:

Name of director	Representative	Position on Board	Date first appointment	Date latest appointment	Election procedure
Antonio Hernández Callejas	—	Chairman	01/01/2002	27/04/2005	Vote at AGM
José Barreiro Seoane	—	Vice-chairman	31/05/2005	05/04/2006	Vote at AGM
Alimentos y Aceites, S.A.	Francisco Ballesteros Pinto	Director	23/07/2004	27/04/2005	Vote at AGM
Caja de Ahorros de Salamanca y Soria	Carlos Martínez Mínguez	Director	21/05/2003	27/04/2005	Vote at AGM
Caja España de Inversiones, Caja de Ahorros y Monte de Piedad	Santos Llamas Llamas	Director	21/03/2002	27/04/2005	Vote at AGM
Corporación Económica Damm, S.A.	Demetrio Carceller Arce	Director	23/02/2006	05/04/2006	Vote at AGM
Eugenio Ruiz-Gálvez Priego	—	Director	25/07/2000	27/04/2005	Vote at AGM
Fernando Castelló Clemente	—	Director	13/12/2000	27/04/2005	Vote at AGM
Félix Hernández Callejas	—	Director	19/12/2007	09/06/2008	Vote at AGM
Jaime Carbó Fernández	—	Director	15/04/2004	27/04/2005	Vote at AGM
José Ignacio Comenge Sánchez-Real	—	Director	13/12/2000	27/04/2005	Vote at AGM
Juan Domingo Ortega Martínez	—	Director	23/02/2006	05/04/2006	Vote at AGM
Leopoldo del Pino y Calvo-Sotelo	—	Director	18/04/2007	18/04/2007	Vote at AGM
María Blanca Hernández Rodríguez	—	Director	23/02/2006	05/04/2006	Vote at AGM
Total number of directors					14

Indicate any retirements from the board during the year:

B.1.3. Complete the following tables on the types of board members:

EXECUTIVE DIRECTORS

Name of Director	Committee proposing appointment	Position in company's organisation
Antonio Hernández Callejas	Nomination and remuneration committee	Chairman
Eugenio Ruiz-Gálvez Priego	Nomination and remuneration committee	Director
Jaime Carbó Fernández	Nomination and remuneration committee	General Manager

Total number of executive directors	3
% of board	21.429

NON-EXECUTIVE PROPRIETARY DIRECTORS

Name of Director	Committee proposing appointment	Name of significant shareholder represented or that proposed appointment
Alimentos y Aceites, S.A.	Nomination and remuneration committee	Sociedad Estatal de Participaciones Industriales
Caja de Ahorros de Salamanca y Soria	Nomination and remuneration committee	Caja de Ahorros de Salamanca y Soria
Caja España de Inversiones, Caja de Ahorros y Monte de Piedad	Nomination and remuneration committee	Invergestión, Sociedad de Inversiones y Gestión, S.A.
Corporación Económica Damm, S.A.	Nomination and remuneration committee	Sociedad Anónima Damm
Félix Hernández Callejas	Nomination and remuneration committee	Instituto Hispánico del Arroz, S.A.
Leopoldo del Pino y Calvo-Sotelo	Nomination and remuneration committee	Casa Grande de Cartagena, S.L.
María Blanca Hernández Rodríguez	Nomination and remuneration committee	Instituto Hispánico del Arroz, S.A.

Total number of proprietary directors	7
% of board	50.000

NON-EXECUTIVE INDEPENDENT DIRECTORS

Name of Director

JOSÉ BARREIRO SEOANE

Profile

Born in El Ferrol (La Coruña). Agricultural Engineer with B.A. in Commercial Management and Marketing (ESIC). Former Councillor for Agriculture in the Spain Mission to the World Trade Organisation and Secretary General of the Ministry of Agriculture, Food and Fisheries. Has held other important positions in different national and international organisations related with agriculture, food and fisheries.

Name of Director

FERNANDO CASTELLÓ CLEMENTE

Profile

Born in Mollerusa (Lleida). Industrial Engineer and MBA (IESE). Lecturer in the School of Engineers and Architects of Fribourg (Switzerland). Has held several important executive and management positions in companies operating in the dairy sector and has extensive experience in the sector. Currently Vice-Chairman of Merchpensión, S.A. and on the board of other consultancy and financial services companies.

Name of Director

JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL

Profile

Born in San Sebastián. Economist and graduate in International Banking. Extensive experience in the financial sector, director and executive positions in several financial institutions and insurance companies, such as Banco Hispano Americano, Mutua Madrileña and Axa Winterthur, among others. Chairman of Rexam Ibérica and Arbitraje & Inversiones S.L.

Name of Director

JUAN DOMINGO ORTEGA MARTÍNEZ

Profile

Born in Albacete. Extensive experience in the pressed cheese business segment, within the dairy sector, and in the field of renewable energies. Holds several management positions in different companies in the financial and building sectors and is also Chairman/CEO of Quesos Forlasa, S.A.

Total number of independent directors	4
% of board	28.571

OTHER NON-EXECUTIVE DIRECTORS

State why they cannot be considered proprietary or independent directors and their relationships, with the company or its executives or with the shareholders.

Indicate any variations during the year in the type of each director:

B.1.4. Explain, if appropriate, why proprietary directors have been appointed at the request of shareholders holding less than 5% of the capital.

State whether formal requests for presence on the board have been rejected from shareholders holding interests equal to or greater than others at whose request proprietary directors have been appointed. If appropriate, explain why such requests were not met.

NO

B.1.5. State whether any director has retired before the end of his/her term of office, whether said director explained the reasons for such decision to the Board and through what means, and if the explanations were sent in writing to the entire Board, explain below at least the reasons given by the director.

NO

B.1.6. Indicate the powers delegated to the Managing Director(s), if any:

B.1.7. Name Board members, if any, who are also directors or executives of other companies in the same group as the listed company:

Name of director	Name of Group company	Position
ANTONIO HERNÁNDEZ CALLEJAS	A W MELLISH LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARROZ. S.A.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	AZUCARERA EBRO, S.L.U.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	BOOST NUTRITION, C.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	DANRICE, A/S	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	DOSBIO 2010, S.L.U.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	EBRO AMERICA, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	HERBA GERMANY GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP & SONS LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	N&C BOOST, N.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	NEW WORLD PASTA COMPANY	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	PULEVA BIOTECH. S.A.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	S&B HERBA FOODS LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	VOGAN&CO LIMITED	DIRECTOR

Name of director	Name of Group company	Position
JOSE BARREIRO SEOANE	DOSBIO 2010, S.L.U.	DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	AZUCARERA EBRO, S.L.U.	MANAGING DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	COMPañIA DE MELAZAS, S.A.	VICE-CHAIRMAN
EUGENIO RUIZ-GÁLVEZ PRIEGO	NUEVA COMERCIAL AZUCARERA, S.A.	CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	CASTILLO CASTELLÓ, S.A.	CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	EL CASTILLO DEBIC FOOD SERVICE, S.L.	CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	LACTIMILK, S.A.	CHAIRMAN
FÉLIX HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE LIMITED	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARROZ, S.A.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	BOOST NUTRITION, C.V.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	DANRICE, NS	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	ESPAÑOLA DE I+D, S.A.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	FALLERA NUTRICIÓN, S.L.U.	JOINT & SEVERAL DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA DE PUERTO RICO, LLC	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA EGYPT RICEMILLS, CO	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA FOODS, S.L.U.	JOINT & SEVERAL DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA HELLAS, S.A.	LIQUIDATOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA NUTRICIÓN, S.L.U.	JOINT & SEVERAL DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA RICE INDIA. PVT, LTD	JOINT & SEVERAL DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA RICEMILLS, S.L.U.	MANAGING DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERTO, N.V.	CHAIRMAN
FÉLIX HERNÁNDEZ CALLEJAS	JOSEPH HEAP & SONS LIMITED	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	MUNDI RIZ, S.A.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	NURATRI, S.L.U.	JOINT & SEVERAL DIRECTOR

Name of director	Name of Group company	Position
FELIX HERNÁNDEZ CALLEJAS	NUTRAMAS, S.L.U.	JOINT & SEVERAL DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	NUTRIAL, S.L.U.	JOINT & SEVERAL DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	PRONATUR, S.L.U.	JOINT & SEVERAL DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	PULEVA BIOTECH, S.A.	DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	RISELLA, OY	DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	RIVERA DEL ARROZ, S.A.	DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	S&B HERBA FOODS LIMITED	DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	VITASAN, S.L.U.	JOINT & SEVERAL DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	VOGAN&CO LIMITED	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	BOOST NUTRITIÓN, C.V.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	DOSBIO 2010, S.L.U.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	EBRO AMERICA, INC.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	EL CASTILLO DEBIC FOOD SERVICE, S.L.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	HERBA GERMANY GMBH	JOINT & SEVERAL DIRECTOR
JAIME CARBÓ FERNÁNDEZ	N&C BOOST, N.V.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	NEW WORLD PASTA COMPANY	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	PANZANI, S.A.S.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	RIVIANA FOODS, INC.	DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	DOSBIO 2010, S.L.U.	DIRECTOR

B.1.8. Name the company directors, if any, who are on the Boards of non-group companies listed on Spanish stock exchanges, insofar as the company has been notified:

Name of Director	Listed Company	Position
CAJA DE AHORROS DE SALAMANCA Y SORIA	URALITA, S.A.	DIRECTOR
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	LINGOTES ESPECIALES, S.A.	DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	PROSEGUR, COMPAÑÍA DE SEGURIDAD, S.A.	DIRECTOR

B.1.9. Indicate and, where appropriate, explain whether the company has established rules on the number of directorships its directors may hold:

YES

Explain the rules
Article 25 of the Regulations of the Board ("General Duties of Directors") provides in section 1 that Directors shall dedicate to the company such attention and time as may be necessary to guarantee the effective and adequate fulfilment of each and all of the duties corresponding to their position. Consequently, the maximum number of other directorships they may hold will be such as to ensure that they are able at all times to meet each and all of their obligations to the company.

B.1.10. In connection with recommendation number 8 of the Unified Code, indicate the company policies and general strategies that must be approved by the full Board:

Investment and financing policy	YES
Definition of the structure of the group of companies	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
Strategic or business plan, and the annual management objectives and budget	YES
Pay policy and performance rating of senior executives	YES
Risk management and control policy, and regular monitoring of internal reporting and control systems	YES
Dividend policy, treasury stock policy and, in particular, the limits established	YES

B.1.11. Complete the following tables on the aggregate directors' emoluments accrued during the year:

a) In the Company issuing this report:

Emoluments	Thousand euro
Fixed remuneration	1,226
Variable remuneration	366
Attendance fees	253
Emoluments stipulated in bylaws	2,055
Stock options and/or other financial instruments	0
Others	0

Total	3,900
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Other Benefits	Thousand euro
Advances	0
Loans granted	0
Pension Funds and Schemes: Contributions	0
Pension Funds and Schemes: Obligations contracted	0
Life assurance premiums	0
Guarantees furnished by the company for directors	0

b) For company directors who are on other Boards and/or in the top management of group companies:

Emoluments	Thousand euro
Fixed remuneration	563
Variable remuneration	202
Attendance fees	15
Emoluments stipulated in bylaws	0

Emoluments	Thousand euro
Stock options and/or other financial instruments	0
Others	0

Total	780
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Other Benefits	Thousand euro
Advances	0
Loans granted	0
Pension Funds and Schemes: Contributions	156
Pension Funds and Schemes: Obligations contracted	0
Life assurance premiums	0
Guarantees furnished by the company for directors	0

c) Total emoluments by type of director:

Types of Directors	Company	Group companies
Executive	1,592	765
Non-executive proprietary	1,590	11
Non-executive independent	718	4
Other non-executive	0	0

Total	3,900	780
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d) Directors' share in the profit of the parent company:

Total directors' emoluments (thousand euro)	4,680
Total directors' emoluments / profit attributed to parent company (%)	3.6

B.1.12. Name the members of top management who are not executive directors and indicate the aggregate remuneration accrued in their favour during the year:

Name	Position
FRANCISCO JAVIER LOZANO VALLEJO	FINANCE MANAGER
ALFONSO FUERTES BARRÓ	MANAGER ECONOMY
MIGUEL ANGEL PÉREZ ÁLVAREZ	SECRETARY
YOLANDA DE LA MORENA CEREZO	VICE-SECRETARY
GLORIA RODRÍGUEZ PATA	MANAGER CORPORATE ASSETS
PABLO ESTEBAN DOVAL	MANAGER INFORMATION TECHNOLOGY
JESÚS DE ZABALA BAZÁN	MANAGER AUDIT & COMPLIANCE

Total remuneration top management (thousand euro)	1,360
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B.1.13. Indicate globally whether any golden handshake clauses have been established for the top management, including Executive Directors, of the company or its group in the event of dismissal or change of ownership. State whether these contracts have to be notified to and/or approved by the governing bodies of the company/group companies:

Number of beneficiaries	3
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	Board of Directors	General Meeting
Body authorising the clauses	YES	NO

	YES
Is the General Meeting informed on the clauses?	X

B.1.14. Explain the process for establishing the remuneration of the Board members and the relevant articles of the Bylaws

Process for establishing directors' emoluments and the relevant articles of the bylaws	
<p>The current Article 22 of the Bylaws establishes the following process for directors' emoluments:</p> <p>When approving the company's accounts for the previous year, the general meeting shall set aside for the directors a share of 2.5% of the consolidated profits attributable to the company, although this sum may only be taken from the company's net profit for the year and after meeting the legal reserve requirements, setting aside for the shareholders the minimum dividend established in prevailing legislation and meeting all and any other priority assignments required by law. The directors may waive this remuneration, in full or in part, when drawing up the accounts. The board shall distribute the aforesaid sum among its members, annually and at its discretion, according to the duties assumed by each director on the board. The directors shall also be entitled to a fee for attending meetings of the corporate bodies, the amount of which shall be established every year by the general meeting.</p> <p>Directors with executive duties in the company shall, regardless of the nature of their legal relationship with the latter, be entitled to remuneration for the performance of such duties, the amount of which shall be decided each year at the Annual General Meeting. This remuneration may contemplate welfare payments to cover any public/private pension schemes and insurance systems considered necessary or retirement from office.</p> <p>On 26 February 2009, the Board resolved to freeze the statutory share of the Chairman, proprietary directors and independent directors for 2008 for the second year in succession, maintaining it at the same amount as in 2006 and 2007 and, consequently, to submit a proposal to the General Meeting to apply 1.57% of the consolidated profit attributable to the company in 2008.</p> <p>As regards the distribution of the share in profits among the different members of the Board according to the duties assumed by each of the directors on the board and its different committees, the scale applicable for 2008, after the latest review by the Board upon recommendation by the Nomination and Remuneration Committee, is as follows:</p> <ul style="list-style-type: none"> • Member of the Board of Directors: 1 point • Chairman of the Board: 1 point • Vice-Chairman of the Board: 0.5 points • Member of the Executive Committee: 1 point • Committees other than the Executive Committee: <ul style="list-style-type: none"> - Member of the Committee: 0.2 points - Chairman of the Committee: 0.05 points per meeting - Committee members: 0.03 points per meeting <p>Attendance fees for board and committee meetings did not vary in respect of the amounts established for 2005, 2006 and 2007, maintaining the sum of 1,400 euro for each board meeting attended and 700 euro for each committee meeting attended.</p>	

State whether the full Board has reserved approval of the following decisions:

At the proposal of the CEO, the appointment and possible removal of senior officers and their compensation clauses	YES
Directors' emoluments and, for executive directors, the additional remuneration for their executives duties and other conditions to be respected in their contracts	YES

B.1.15. Indicate whether the Board approves a detailed remuneration policy and what issues it defines:

YES

Amount of fixed components, with breakdown, if appropriate, of attendance fees for board and committee meetings and an estimate of the resulting annual fixed remuneration	YES
Variable remuneration items	YES
Main features of the welfare system, estimating the amount or equivalent annual cost	YES
Conditions to be respected in the contracts of those exercising top management duties as executive directors	YES

B.1.16. State whether the Board puts a report on the directors' remuneration policy to the vote at the General Meeting, as a separate item on the agenda and with advisory status. If so, explain the aspects of the report on the remuneration policy approved by the Board for future years, the most significant changes of those policies in respect of the policy applied during this period and an overall summary of how the remuneration policy was applied during the year. Describe the role of the Remuneration Committee and, if outside counselling has been used, name the external advisers who provided it:

YES

Issues contemplated in the remuneration policy
<p>1. Background</p> <p>2. Internal regulations applicable</p> <p>3. Remuneration policy for 2008</p> <p> 3.1. Share in profits stipulated in the Bylaws</p> <p> 3.2. Attendance fees for meetings of corporate bodies</p> <p> 3.3. Executive directors</p> <p> 3.4. Summary of overall remuneration accrued by Ebro Puleva S.A. board members in all the Group companies</p> <p> 3.5. Incentive Scheme linked to fulfilment of the Ebro Puleva Group Strategic Plan 2007-2009</p> <p> 3.6. Other information</p> <p>4. Remuneration policy for future years.</p>

Role of the Remuneration Committee
Examined and issued a favourable report on the Report on the Directors' Remuneration Policy for 2008, to be submitted to the Board.

Was any external counselling used?	YES
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Identity of the external advisers
Garrigues Human Capital Services

B.1.17. Name any Board members who are also directors, executives or employees of companies holding significant interests in the listed company and/or companies in its group:

Name of director	Name of significant shareholder	Position
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.	MANAGING DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HISPAFOODS INVEST S.L.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DIRECTOR
LEOPOLDO DEL PINO Y CALVO-SOTELO	CASA GRANDE DE CARTAGENA, S.L.	DIRECTOR
LEOPOLDO DEL PINO Y CALVO-SOTELO	LOLLAND, S.A.	DIRECTOR

Describe any significant relationships other than those contemplated in the previous section between board members and significant shareholders and/or companies in their group:

Name of director

ANTONIO HERNÁNDEZ CALLEJAS

Name of significant shareholder

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Description of relationship

ANTONIO HERNÁNDEZ CALLEJAS HAS A DIRECT HOLDING OF 16.666% IN INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Name of director

ANTONIO HERNÁNDEZ CALLEJAS

Name of significant shareholder

HISPAFOODS INVEST S.L.

Description of relationship

ANTONIO HERNÁNDEZ CALLEJAS HAS AN INDIRECT HOLDING OF 16.666% IN HISPAFOODS INVEST S.L.

Name of director

ALIMENTOS Y ACEITES, S.A.

Name of significant shareholder

SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES

Description of relationship

THE SIGNIFICANT SHAREHOLDER SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES HAS A DIRECT HOLDING OF 91.963% IN ALIMENTOS Y ACEITES, S.A.

Name of director

CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD

Name of significant shareholder

INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.

Description of relationship

CAJA ESPAÑA DE INVERSIONES HAS A DIRECT HOLDING OF 100% IN INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.

Name of director

FÉLIX HERNÁNDEZ CALLEJAS

Name of significant shareholder

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Description of relationship

FÉLIX HERNÁNDEZ CALLEJAS HAS A DIRECT HOLDING OF 16.666% IN INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Name of director

FÉLIX HERNÁNDEZ CALLEJAS

Name of significant shareholder

HISPAFOODS INVEST S.L.

Description of relationship

FÉLIX HERNÁNDEZ CALLEJAS HAS AN INDIRECT HOLDING OF 16.666% IN HISPAFOODS INVEST S.L.

Name of director

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

Name of significant shareholder

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Description of relationship

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ HAS A DIRECT HOLDING OF 16.666% IN INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Name of director

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

Name of significant shareholder

HISPAFOODS INVEST S.L.

Description of relationship

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ HAS AN INDIRECT HOLDING OF 16.666% IN HISPAFOODS INVEST S.L.

B.1.18. State whether any modifications have been made during the year to the Regulations of the Board:

NO

B.1.19. Describe the procedures for appointment, re-election, assessment and removal of directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

The procedures for appointment, re-election and removal of the directors are regulated in Articles 19 and 20 of the Bylaws, and Articles 5, 21, 22, 23 and 24 of the Regulations of the Board.

The General Meeting is responsible for deciding on the number of directors the company is to have, within the maximum (15) and minimum (7) established in the Bylaws, and for appointing or re-electing directors as proposed by the Board, subject to a favourable report by the Nomination and Remuneration Committee.

The Board may appoint directors by cooptation, upon recommendation by the Chairman and subject to a report by the Nomination and Remuneration Committee. The initiative of the Board regarding the incorporation of members by no means detracts from the sovereign power of the General Meeting to appoint and remove directors, or from any potential exercise by shareholders of their right to proportional representation.

The persons nominated by the Board for appointment or re-appointment as directors must be persons of recognised standing, with adequate experience and expertise to be able to perform their duties.

As regards the role of the Nomination and Remuneration Committee in the appointment of directors, see the duties of this Committee in section B.2.3 of this Report.

Directors are appointed for a term of four years, after which they are eligible for re-election on one or several occasions for terms of an equal duration. This term of four years is counted from the date of the General Meeting at which they are appointed, or ratified when previously appointed by cooptation by the Board.

If vacancies arise during the term for which they were appointed, the Board may appoint shareholders to fill those vacancies up to the next general meeting. Directors' appointments shall end at the first general meeting held after expiry of their term or lapse of the time stipulated in law for holding the general meeting that is to approve the accounts of the previous year.

The Board regularly rates the Directors on their efficiency and fulfilment of their obligations, requesting the corresponding reports from its Committees, and if considered necessary it may propose any modifications that may be appropriate to improve their performance.

Directors retire upon expiry of the term for which they were appointed and in all other events stipulated in the Corporations Act, the Bylaws or the Regulations of the Board. They must tender their resignations to the Board and step down in the events established in Article 24 of the Regulations of the Board.

B.1.20. Indicate the events in which directors are obliged to retire.

The retirement and resignation of directors are regulated in Article 24 of the Regulations of the Board:

- Directors must step down at the end of the term for which they were appointed and in all other events stipulated in law, the bylaws and the Regulations of the Board.

- Directors must also tender their resignations and step down in the following cases:

a) When they are affected by one of the cases of incompatibility or disqualification established in law, the bylaws or these regulations.

b) When they step down from the executive post to which their appointment as director was linked, when the shareholder they represent on the Board disposes of its shares in the company or reduces its interest to an extent requiring a reduction in the number of proprietary directors and, in general, whenever the reasons for their appointment disappear.

c) When the Board, following a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted his obligations or for reasons of corporate interest.

The Board of Directors shall propose to the General Meeting of Shareholders that a Director be removed if one of the circumstances described above occurs and the Director fails to tender his resignation.

B.1.21. Explain whether the Chairman of the Board is the highest executive of the company. If so, state what measures have been adopted to limit the risks of any single person having unfettered powers:

YES

Measures for limiting risks
<p>With a view to establishing corrective measures in the bylaws to prevent excessive concentration of power in the Chairman when he is also the most senior executive of the company, Article 25 of the Bylaws creates the figure of a Vice-Chairman appointed from among the non-executive directors to boost the management supervision and control duties.</p> <p>In accordance with this provision, the current Vice-Chairman of the Board, José Barreiro Seoane, is an independent director and performs the aforesaid duties.</p>

Indicate and if appropriate explain whether rules have been established authorising one of the independent directors to request the calling of a board meeting or the inclusion of new items on the agenda, to coordinate and echo the concerns of non-executive directors and to direct the assessment by the board.

YES

Explanation of the rules
<p>The Regulations of the Board specify the events in which directors may request the calling of a board meeting or inclusion of items on the agenda; this power is not limited to independent directors.</p> <p>Article 9.2 of the Regulations establishes that one-third of the board members may, no less than six days prior to the scheduled date of the Board meeting, request the inclusion of any items they believe ought to be transacted.</p> <p>Article 9.5 of the Regulations states that the board may discuss and resolve on issues included on the agenda and any others that all the directors present and represented agree to transact.</p> <p>Article 25.2.b) stipulates that Directors shall also request meetings of the corporate bodies to which they belong whenever they consider this necessary in the interests of the Company, proposing whatever items they think should be included on the agenda.</p> <p>Finally, Article 33.1 provides that if the Chairman of the Board is also the chief executive of the company, a Vice-Chairman must be appointed from among the non-executive directors with the power to request the calling of a board meeting or the inclusion of new items on the agenda, who may organise meetings to coordinate non-executive directors and will direct the Chairman performance rating.</p>

B.1.22. Are special majorities differing from those stipulated in law required for any type of decision?:

NO

Explain how resolutions are adopted on the Board, indicating at least the quorum and the majorities required for adopting resolutions:

Description of the resolution:

Resolutions delegating powers to the Executive Committee and Managing Director, or CEO, and appointing directors to those positions.

Quorum	%
Quorum for attendance: two-thirds of the Board members	66.66

Majority	%
These resolutions are adopted by a majority of two-thirds of the Board members	66.66

Description of the resolution:

Ordinary resolutions.

Quorum	%
Quorum for attendance: one-half plus one of the Board members	51.00

Majority	%
These resolutions are adopted by absolute majority of the directors present or represented at each meeting.	51.00

B.1.23. Are there any specific requirements, other than those established for directors, to be appointed Chairman?

NO

B.1.24. Does the Chairman have a casting vote?

YES

Matters on which there is a casting vote
All.

B.1.25. Do the Bylaws or Regulations of the Board establish an age limit for directors?

NO

Age limit Chairman	Age limit Managing Director	Age limit Director
0	0	0

B.1.26. Do the Bylaws or Regulations of the Board establish a limited term of office for independent directors?

NO

Maximum number of years in office	0
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B.1.27. If the number of female directors is small or non-existent, explain why and the initiative taken to remedy that situation.

Explanation of reasons and initiatives
Board members are appointed regardless of candidates' sex so there is no positive or negative discrimination of any nature in the election of directors. María Blanca Hernández Rodríguez was appointed director in 2006.

In particular, indicate whether the Nomination and Remuneration Committee has established procedures to ensure that the selection procedures are not implicitly biased against the selection of female directors and deliberately search for candidates with the required profile:

NO

B.1.28. Are there any formal procedures for the delegation of votes at Board meetings? If so, include a brief description.

Both the Bylaws (Article 24) and the Regulations of the Board (Article 10) contemplate the possibility of directors attending Board meetings through a duly authorised proxy.

The proxy must be made in writing especially for each board meeting, in favour of another director.

The represented director may issue specific instructions on how to vote on any or all of the items on the agenda.

B.1.29. State the number of meetings held by the Board of Directors during the year, indicating, if appropriate, how many times the Board has met without the Chairman:

Number of board meetings	12
Number of board meetings held without the chairman	0

Number of meetings held by the different Committees of the Board:

Number of meetings of the Executive Committee	7
Number of meetings of the Audit Committee	5
Number of meetings of the Nomination and Remuneration Committee	4
Number of meetings of the Nomination Committee	0
Number of meetings of the Remuneration Committee	0

B.1.30. Number of meetings held by the Board during the period without the attendance of all its members. Proxies made without specific instructions will be considered absences:

Number of absences of directors during the year	8
% absences to total votes during the year	4.760

B.1.31. Are the separate and consolidated annual accounts submitted to the Board for approval previously certified?

NO

If so, name the person(s) who certify the separate or consolidated annual accounts of the company before they are approved by the Board:

B.1.32. Explain the mechanisms, if any, established by the Board to avoid a qualified auditors' report on the separate and consolidated accounts laid before the General Meeting.

Relations with the auditors are expressly regulated in Article 19 of the Regulations of the Board, which stipulates in section 2 that the Board shall endeavour to draw up the Annual Accounts in such a way as to avoid a qualified Auditors' report.

Within the specific duties attributed to the board in certain areas, Article 7.1 of the Regulations establishes that the Board shall see that the separate and consolidated Annual Accounts and Directors' Reports give a true and fair view of the equity, financial position and results of the company, as stipulated in law, and each and all of the Directors shall have all the necessary information before signing the Annual Accounts.

Article 13.3 of the Regulations of the Board gives the Audit and Compliance Committee certain powers to ensure that the Annual Accounts are filed without a qualified auditors' report (see section B.2.3).

B.1.33. Is the Secretary of the Board a Director?

NO

B.1.34. Explain the procedure for appointment and removal of the Secretary of the Board, indicating whether the Nomination Committee has issued a report for such appointment and removal and whether they were approved by the full board.

Appointment and removal procedure
<p>The Secretary of the Board may or may not be a director, is appointed by the Board upon recommendation by the Nomination and Remuneration Committee, after ensuring that his/her professional profile is adequate to guarantee the best performance of the duties corresponding to this position by law, the bylaws and regulations of the board.</p> <p>The company has not established any procedure for removal of the Secretary of the Board other than that stipulated in law, although Article 24.3 of the Regulations of the Board submits the Secretary, regardless of whether or not he/she is also a director, to the same obligations as the directors of explaining to all the Board members the reasons for retirement or resignation prior to the end of his/her term of office.</p>

Does the Nomination Committee issue a report on the appointment?	YES
Does the Nomination Committee issue a report on the removal?	YES
Does the full Board approve the appointment?	YES
Does the full Board approve the removal?	YES

Is the Secretary of the Board responsible especially for overseeing compliance with the recommendations on good governance?

YES

Comments
<p>Article 36.2 of the Regulations of the Board provides that in addition to the duties assigned by law and the bylaws, the Secretary of the Board shall, in particular:</p> <p>a) Ensure that the Board's actions:</p> <ul style="list-style-type: none">- Conform to the text and spirit of the laws and statutory instruments, including those approved by the watchdogs.- Conform to the company Bylaws and the Regulations of the General Meeting, the Board and any other regulations the company may have.- Take account of the recommendations on good governance accepted by the company. <p>b) Keep all company documents, duly record the proceedings of meetings in the corresponding minute books and certify the resolutions of those corporate bodies of which he/she is Secretary.</p> <p>c) Channel, generally, the Company's relations with Directors in all matters concerning the functioning of the Board and the Committees he/she is on, following the instructions of the respective Chairman.</p> <p>d) Implement and facilitate exercise by the Directors of their right to information on the terms stipulated in these Regulations.</p>

B.1.35. Describe any mechanisms established by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

Both the Bylaws and the Regulations of the Board vest in the Audit and Compliance Committee the power, among others, to contact the auditors and receive information on any issues that may jeopardise their independence, and any other issues relating to the auditing of accounts, and receive information from and exchange communications with the auditors in accordance with prevailing auditing standards and legislation.

Article 19 of the Regulations of the Board addresses relations with the auditors, obliging the Board to establish an objective, professional, continuous relationship with the External Auditors of the Company appointed by the General Meeting, guaranteeing their independence and putting at their disposal all the information they may require to perform their duties. It further establishes that the aforesaid relationship with the External Auditors of the Company and the relationship with the Internal Audit Manager shall be conducted through the Audit and Compliance Committee.

Finally, Article 28.2 of the Bylaws and Article 13.3 of the Regulations of the Board establish the following powers of the Audit and Compliance Committee in this respect:

- Ensure that the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be drawn up in accordance with current legislation give a true and fair view of the net worth, financial position and results of the Company, ensuring also that interim accounts are drawn up according to the same accounting principles as the annual accounts, considering the possibility, if appropriate, of requiring the external auditors to make a limited audit thereof.
- Have contacts with the Auditors to receive information on any issues that may jeopardise their independence, and any other issues relating to the auditing of accounts, receiving information from and exchanging communications with the Auditors in accordance with prevailing auditing standards and legislation.

B.1.36. Indicating whether the external auditors have changed during the year. If so, name the incoming and outgoing auditors:

NO

Outgoing auditor	Incoming auditor

Explain any disagreements with the outgoing auditor:

NO

B.1.37. State whether the firm of auditors does any work for the company and/or its group other than standard audit work and if so, declare the amount of the fees received for such work and the percentage it represents of the total fees invoiced to the company and/or its group.

YES

	Company	Group	Total
Cost of work other than auditing (thousand euro)	65	232	297
Cost of work other than auditing / Total amount invoiced by the auditors (%)	19.200	11.900	12.980

B.1.38. Indicate whether the auditors' report on the annual accounts of the previous year was qualified. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of the qualifications.

NO

B.1.39. State the number of years in succession that the current firm of auditors has been auditing the annual accounts of the company and/or its group. Indicate the ratio of the number of years audited by the current auditors to the total number of years that the annual accounts have been audited:

	Company	Group
Number of years in succession	13	13

	Company	Group
Number of years audited by current auditors / Number of years that the company has been audited (%)	65.0	65.0

B.1.40. Indicate the stakes held by Board members in the capital of undertakings engaged in activities identical, similar or complementary to those comprising the objects of the Company and its Group, as far as the company has been notified. Indicate also the positions held or duties performed in those undertakings:

Name of director	Name of company	% interest	Position or duties
ANTONIO HERNÁNDEZ CALLEJAS	INSTITUTO HISPANICO DEL ARROZ, S.A.	16.666	NO POSITION HELD
ANTONIO HERNÁNDEZ CALLEJAS	CASARONE AGROINDUSTRIAL, S.A.	3.620	NO POSITION HELD
CAJA DE AHORROS DE SALAMANCA Y SORIA	MARCOS SOTERRANO, S.L.	50.000	NO POSITION HELD
CAJA DE AHORROS DE SALAMANCA Y SORIA	BARRANCARNES INDUSTRIAL, S.A.	40.000	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	DIBAQ DIPROTEG, S.A.	27.010	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	LEONESA ASTUR DE PIENSOS, S.A.	41.290	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	QUALIA LÁCTEOS, S.L.	26.469	NO POSITION HELD

Name of director	Name of company	% interest	Position or duties
CAJA DE AHORROS DE SALAMANCA Y SORIA	JAMONES BURGALÈSES, S.A.	40.000	DIRECTOR
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	CAMPO INVERSIONES, S.A.	100.000	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	16.666	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	CASARONE AGROINDUSTRIAL, S.A.	3.620	DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	QUESOS FORLASA, S.A.	60.690	PHYSICAL REPRESENTATIVE OF THE CORPORATE MANAGING DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	FORLASA ALIMENTACIÓN, S.L.	60.840	MANAGING DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	FORLACTARIA OPERADORES LECHEROS, S.A.	59.850	CHAIRMAN OF THE BOARD
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	16.666	NO POSITION HELD
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	CASARONE AGROINDUSTRIAL, S.A.	3.020	NO POSITION HELD

B.1.41. Indicate, giving details if appropriate, whether a procedure has been established for directors to receive external counselling:

YES

Details of procedure
<p>The directors' right to counselling and information is regulated in Article 30 of the Regulations of the Board, which provides in 30.2 that:</p> <p>a. Any Director may, in the course of any specific duties commissioned to him on an individual level or within the framework of any of the Committees of the Board, request the Chairman to contract, at the Company's expense, such legal advisers, accountants, technical, financial or commercial experts or others as he may consider necessary, in order to assist him in the performance of his duties, provided such counselling is justified is to resolve specific problems that are particularly complex and important.</p> <p>b. Considering the circumstances of the specific case, the Chairman may (i) deny or authorise the proposal in a communication sent through the Secretary of the Board, who shall, provided the proposal is authorised, contract the expert in question; and (ii) put the proposal to the Board, which may refuse to finance the counselling if it considers it unnecessary for discharging the duties commissioned, or out of proportion with the importance of the matter, or if it considers that the technical assistance requested could be adequately provided by Company employees.</p>

B.1.42. Indicate, with details if appropriate, whether there is an established procedure for directors to obtain sufficiently in advance any information they may need to prepare the meetings of the governing bodies:

YES

Details of procedure
<p>Article 25.2 a) of the Regulations of the Board establishes the duty of directors to request the necessary information to adequately prepare Board and Committee meetings.</p> <p>Articles 9.1 and 9.3 of the Regulations of the Board in turn establish that (i) directors shall receive information at Board meetings on the most important aspects of corporate management, any foreseeable risk situations for the company and its subsidiaries and the actions proposed by the Top Management in respect thereof; and (ii) whenever possible, any necessary information relating to the items on the agenda shall be sent to the Directors together with the notice of call.</p> <p>The procedure for informing directors is regulated in Article 30.1 of the Regulations of the Board, which provides that whenever so required in the performance of their duties, directors shall have the fullest powers to obtain information on any corporate affairs, obtaining such documents, records, background information or other elements as they may require in this respect. This right to information is extended to subsidiaries.</p> <p>All requests for information shall be addressed to the Chairman and met by the Secretary of the Board, who shall supply the information directly or indicate who is to be contacted within the Company and, in general, establish the necessary measures to fully meet the director's right to information.</p>

B.1.43. Indicate, with details if appropriate, whether the company has established any rules obliging Directors to report and, if necessary, retire in any situations that could be detrimental to the prestige and reputation of the company:

YES

Explanation
<p>Article 22 of the Regulations of the Board, which regulates the incompatibilities of directors and establishes their obligations in respect of no competition, conflicts of interest and related-party transactions, also expressly stipulates that if a director is sued or tried for any of the offences contemplated in the Corporations Act s. 124, the Board shall examine the case as soon as possible and decide, in consideration of the specific circumstances, whether or not the Director in question should remain in office, including a reasoned report in the Annual Corporate Governance Report.</p>

B.1.44. Has any member of the Board informed the company that he/she has been sued or brought to trial for any of the offences contemplated in section 124 of the Corporations Act?

NO

Has the Board studied the case. If so, indicate and explain the decision made as to whether or not the director should remain in office?

NO

Decision adopted	Reasoned explanation

B.2. Committees of the Board

B.2.1. Give details of the different committees and their members:

EXECUTIVE COMMITTEE

Name	Position	Type
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN	EXECUTIVE
CAJA DE AHORROS DE SALAMANCA Y SORIA	MEMBER	PROPRIETARY
CORPORACIÓN ECONÓMICA DAMM, S.A.	MEMBER	PROPRIETARY
JOSÉ BARREIRO SEOANE	MEMBER	INDEPENDENT
LEOPOLDO DEL PINO Y CALVO-SOTELO	MEMBER	PROPRIETARY

AUDIT COMMITTEE

Name	Position	Type
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	CHAIRMAN	INDEPENDENT
CAJA DE AHORROS DE SALAMANCA Y SORIA	MEMBER	PROPRIETARY
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	MEMBER	PROPRIETARY
FERNANDO CASTELLÓ CLEMENTE	MEMBER	INDEPENDENT
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	MEMBER	PROPRIETARY

STRATEGY AND INVESTMENT COMMITTEE

Name	Position	Type
CORPORACIÓN ECONÓMICA DAMM, S.A.	CHAIRMAN	PROPRIETARY
ANTONIO HERNÁNDEZ CALLEJAS	MEMBER	EXECUTIVE
CAJA DE AHORROS DE SALAMANCA Y SORIA	MEMBER	PROPRIETARY
JUAN DOMINGO ORTEGA MARTÍNEZ	MEMBER	INDEPENDENT
LEOPOLDO DEL PINO Y CALVO-SOTELO	MEMBER	PROPRIETARY

NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Type
JUAN DOMINGO ORTEGA MARTÍNEZ	CHAIRMAN	INDEPENDENT
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	MEMBER	PROPRIETARY
CORPORACIÓN ECONÓMICA DAMM, S.A.	MEMBER	PROPRIETARY
FERNANDO CASTELLÓ CLEMENTE	MEMBER	INDEPENDENT
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	MEMBER	PROPRIETARY

B.2.2. State whether the Audit Committee has the following duties:

Oversee the preparation and integrity of the company's, and where appropriate the group's, financial reporting, checking compliance with the legal requirements, adequate definition of the consolidated group and correct application of accounting principles	YES
Regularly check the internal control and risk management systems, ensuring that the principal risks are adequately identified, managed and reported	YES
Ensure the independence and efficacy of the internal audit duties; propose the nomination, appointment, re-appointment and removal of the chief audit officer; propose the budget for this department; receive regular information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports	YES
Establish and supervise a "whistle-blowing" procedure so employees can confidentially or, where appropriate, even anonymously report any irregularities they observe in the company's conduct, particularly in financial and accounting aspects.	YES
Submit to the Board proposals for nomination, appointment, re-appointment and replacement of external auditor, and terms of engagement	YES
Receive regularly from the external auditor information on the audit plan and the outcome of its fulfilment and see that top management heeds its recommendations	YES
Guarantee the independence of the external auditor	YES
In the case of groups, encourage the group auditor to audit the different companies in the group	YES

B.2.3. Describe the rules of organisation and procedure and the responsibilities attributed to each Committee

Name of committee

STRATEGY AND INVESTMENT COMMITTEE

Brief description

The Strategy and Investment Committee has a minimum of three and a maximum of five Directors, including a Chairman, appointed by the Board of Directors in accordance with the company bylaws. The Committee meets whenever called by its Chairman or at the request of two of its members and whenever the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Notices of call are issued by the Secretary by order of the Chairman. Whenever the Committee so requests its Chairman, its meetings may be attended by any member of the management team of the Company, who may speak but not vote. At the following Board meeting, the Chairman of the Strategy and Investment Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board. The Strategy and Investment Committee studies, issues reports and submits proposals for the Board on the following matters: a) Setting of targets for growth, yield and market share of the company. b) Development plans, new investments, and strategic restructuring processes. c) Coordination with subsidiaries in the matters contemplated a) and b), for the common interest and benefit of the Company and its subsidiaries. In the performance of its duties, it may, where necessary, obtain information and collaboration from the members of the Company management, through the Chairman of the Committee.

Name of committee

NOMINATION AND REMUNERATION COMMITTEE

Brief description

The Nomination and Remuneration Committee has a minimum of three and a maximum of five non-executive Directors, appointed by the Board of Directors in accordance with the company bylaws. This notwithstanding, the Company Secretary acts as Secretary of the Committee, with voice but no vote, issuing minutes of all resolutions adopted. The Committee appoints one of its members to be Chairman. The Committee meets whenever called by its Chairman or at the request of two of its members and at least once every three months. It also meets whenever the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Meetings are called by the Secretary of the Committee by order of the Chairman. Whenever the Committee so requests its Chairman, its meetings may be attended by any member of the company management, who may speak but not vote.

At the following Board meeting, the Chairman of the Nomination and Remuneration Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board.

The Committee studies, issues reports and submits proposals for the Board on the following matters: a) Definition and revision, where necessary, of the criteria to be followed for the composition and structure of the Board, and for selection of candidates to sit on the Board. It informs in advance on the appointment of a director by cooptation or the submission of any proposals to the general meeting regarding the appointment or removal of directors. b) Appointment of the Chairman, Vice-Chairman, Managing Director if any, General Manager and Company Secretary, and assignment of the directors to the Executive Committee, the Audit and Compliance Committee and the Strategy and Investment Committee, and appointment of the members of the Management Committee and such other advisory committees as the Board may create, as well as the appointment and possible removal of senior officers and their contractual clauses regarding severance pay. c) Position of the company on the appointment and removal of members of the governing bodies of its subsidiaries. d) Proposal of directors' emoluments, in accordance with the rules on remuneration established in the Bylaws and the relations of executive directors with the company. The Committee must also inform in advance on any resolution or proposal of the Board on the remuneration of directors and executives indexed to the share price of the company or its subsidiaries, or consisting of the delivery of shares in the company or its subsidiaries or stock options. e) Preparation, if appropriate, of a proposal on the Statute of Senior Positions. f) Supervision of the Top Management remuneration and incentives policy, being informed and informing also on the criteria followed by the company's subsidiaries. g) Assessment of the principles of the policy regarding the training, promotion and selection of management personnel in the parent company and its subsidiaries, where appropriate. h) Examination and organisation, howsoever may be considered appropriate, of the succession of the Chairman and CEO and, where appropriate, submission of proposals to the Board to ensure that the succession is made in an orderly, well-planned fashion. i) Proposal for the appointment of senior executives of the Company and determination of their terms of

contract and remuneration, considering this to include any executives with a rank equal to or higher than Department Manager, being informed and informing also on the appointments and terms of contract of the senior executives of the company's subsidiaries.

Name of committee

EXECUTIVE COMMITTEE

Brief description

In addition to the Chairman and the Vice-Chairman, other Directors may sit on the Executive Committee, up to a maximum of seven members, with the composition stipulated in the Bylaws. All the members of this Committee are appointed by the Board, which also specifies what powers are delegated to it, in accordance with the Bylaws and the Regulations of the Board, requiring votes in favour of at least two-thirds of the Board members to carry the relevant resolutions. Save otherwise resolved by the Board, all the powers of the Board that may be delegated according to law, the Bylaws and the Regulations are deemed delegated to this Committee on its creation, subject to the limits established from time to time in the recommendations on good corporate governance. The Chairman and Secretary of the Board hold the corresponding positions on the Executive Committee. The Executive Committee generally holds one meeting a month. Its meetings may be attended by such members of management, employees and advisers of the company as the Committee may deem fit. Without prejudice to the autonomy of decision of the Executive Committee in respect of the delegated powers, its resolutions being fully valid and effective without ratification by the Board, whenever circumstances so require, in the opinion of the Chairman or three members of the Committee, the resolutions adopted by the Executive Committee are submitted to the Board for ratification. This is also the case in matters which the Board has delegated the Committee to study, while reserving for itself the ultimate decision, in which case the Executive Committee merely submits the corresponding proposal to the Board. At the request of any of its members, the Directors will be informed at the first Board meeting following any meeting of the Executive Committee of all resolutions adopted by the latter since the previous Board meeting. Directors are granted access to the minutes of Executive Committee meetings whenever they so request of the Secretary of the Board. The Executive Committee has the following powers: a) Adopt resolutions corresponding to the powers delegated to it by the Board of Directors. b) Monitor and supervise the overall and day-to-day management of the Company, ensuring adequate coordination with the subsidiaries in the common interests of the latter and the company. c) Study and propose the guidelines defining the business strategy, supervising its implementation. d) Discuss and report to the Board on any matters related with the following business, regardless of whether or not they have been delegated by the Board: - Individual and consolidated annual budget of the company, specifying the amounts budgeted for each core business. - Monthly monitoring of the economic management, deviations from the budget and proposals for remedial measures, if necessary. - Significant material or financial investments and their corresponding economic justification. - Alliances and agreements with companies considered important for the company, by virtue of their amount or nature. - Financial transactions of economic importance for the company. - Programme of medium-term activities. - Assessment of the achievement of objectives by the different operating units of the company. - Monitoring and assessment of the aspects contemplated in d) in the subsidiaries. e) Adopt resolutions corresponding to the acquisition and disposal of treasury stock by the Company, in accordance with the authorisation granted by the General Meeting. A particular director may be appointed to execute and process decisions to buy or sell own shares, overseeing and, where necessary, authorising, provided it is lawful, any agreements that may be made by subsidiaries for the acquisition and disposal of own shares or shares in the company.

Name of committee

AUDIT COMMITTEE

Brief description

The Audit and Compliance Committee has a minimum of three and a maximum of five non-executive Directors appointed by the Board in accordance with the company Bylaws. The Board appoints one of the Committee members who are independent directors Chairman of this Committee, to be replaced every four years and becoming eligible for re-election one year after his retirement as such. The Chairman of the Board may attend the meetings of this Committee, with voice but no vote. In the absence of the Chairman, he is provisionally substituted by the Committee member so appointed by the Board, or otherwise by the oldest member of the Committee. The Company Secretary is Secretary of this Committee, with voice but no vote, issuing minutes of the resolutions adopted. The Committee meets as and when called by its Chairman, or at the request of two of its members and at least once every three months. It also meets whenever the Board requests the issuance of reports, submission of proposals or

adoption of resolutions within the scope of its duties. The notice of call is issued by the Secretary of the Committee by order of the Chairman. Apart from the members, any directive may be called to attend a committee meeting. Committee meetings are held at the registered office of the company, or wheresoever else the Chairman may indicate, specifying the venue in the notice of call, and are quorate when attended, in person or by proxy, by the majority of its members. Resolutions are adopted with the favourable votes of the majority of the members attending the meeting in question. In the event of a tie, the chairman or acting chairman has the casting vote. At the following Board meeting, the Chairman of the Audit and Compliance Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board. The Audit and Compliance Committee has the following powers: a) Be informed of the procedures and systems used for drawing up the financial information of the Company, supervising the services of the Internal Audit Department. b) Receive the information sent regularly to the Stock Exchange Councils, issue prospectuses and any public financial information offered by the Company and, in general, all information prepared for distribution among shareholders, ensuring the existence of internal control systems that guarantee the transparency and truth of the information. c) Ensure that the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be drawn up in accordance with current legislation give a true and fair view of the net worth, financial position and results of the Company, making sure that interim accounts are drawn up according to the same accounting principles as the annual accounts, considering the possibility of requesting the external auditors to make a limited audit thereof. In this respect, it also sees that the internal control systems are adequate and effective in respect of the accounting practices and principles used for drawing up the annual accounts of the company, supervising the policies and procedures established for ensuring due compliance with applicable legal provisions and internal regulations. The Committee shall, through its Chairman, obtain information and collaboration from both the Internal Audit Manager and the External Auditors to perform these duties. Furthermore, whenever the Committee so requests its Chairman, its meetings may be attended by any member of the company management, who may speak but not vote. d) Have contacts with the Auditors to receive information on any issues that may jeopardise their independence, and any other issues relating to the auditing of accounts, receiving information from and exchanging communications with the External Auditors in accordance with prevailing auditing standards and legislation. e) Be informed of the decisions adopted by the top management according to recommendations made by the External Auditors in connection with the audit. f) Inform the Board before the latter body adopts any decision regarding related-party transactions submitted for authorisation. g) Establish an internal "whistle-blowing" procedure so employees can confidentially report any potentially important irregularities. h) Supervise compliance with the internal codes of conduct and the rules on good corporate governance.

Name of committee

MANAGEMENT COMMITTEE

Brief description

The Board appoints a Management Committee, consisting of the persons responsible for the principal management units and business areas of the Company and its subsidiaries and the executive directors proposed by the Nomination and Remuneration Committee, chaired by the Chairman of the Board or the Managing Director, as the case may be. The Company Secretary is Secretary of this Committee. The Management Committee prepares and follows up decisions within the management of the Company, regarding strategy, budget, finance and personnel, draws up business plans and controls their implementation, defining the Company's position in respect of its subsidiaries on these matters. The Committee meets whenever called by its Chairman and in any case whenever the Board or Committees of the Board request the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Committee meetings are called by the Secretary, by order of the Chairman.

B.2.4. Indicate, where appropriate, the advisory or counselling powers and delegations, if any, of each committee:

Name of committee

STRATEGY AND INVESTMENT COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 15 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

Name of committee

NOMINATION AND REMUNERATION COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 14 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

Name of committee

EXECUTIVE COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 12 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

Name of committee

AUDIT COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 13 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

B.2.5. Indicate the existence, if appropriate, of regulations of the board committees, where they are available for consultation and any modifications made during the year. State whether an annual report has been issued voluntarily on the activities of each committee.

Name of committee

STRATEGY AND INVESTMENT COMMITTEE

Brief description

There is no separate text regulating the Strategy and Investment Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 15).

The Regulations of the Board are available for consultation on the company's web site (www.ebropuleva.es) and on the web site of the National Securities Market Commission (www.cnmv.es).

Name of committee

NOMINATION AND REMUNERATION COMMITTEE

Brief description

There is no separate text regulating the Nomination and Remuneration Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 14).

Name of committee

EXECUTIVE COMMITTEE

Brief description

There is no separate text regulating the Executive Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 12).

Name of committee

AUDIT COMMITTEE

Brief description

There is no separate text regulating the Audit Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 13).

Name of committee
MANAGEMENT COMMITTEE

Brief description

There is no separate text regulating the Management Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 16).

B.2.6. Does the composition of the Executive Committee reflect the participation on the Board of the different types of Director?

YES

C. RELATED-PARTY TRANSACTIONS

C.1. Does the full Board reserve the right to approve, subject to a favourable report by the Audit and Compliance Committee or such other committee it may have commissioned, any transactions between the company and its directors, significant or represented shareholders or parties related thereto?

YES

C.2. List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and controlling shareholders of the company:

Name of significant shareholder	Name of company or group company	Relationship	Type of transaction	Amount (thousand euro)
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA FOODS, S.L.U.	CONTRACTUAL	Services received	50
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA NUTRICIÓN, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	2
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	3,838
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Services received	513
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Purchase of goods (finished or otherwise)	10,707
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Lease	86
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	2,903
SOCIEDAD ANÓNIMA DAMM	NUEVA COMERCIAL AZUCARERA, S.A.	CONTRACTUAL	Sale of goods (finished or otherwise)	4,078
SOCIEDAD ANÓNIMA DAMM	PULEVA FOOD, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	639

C.3. List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and the directors or executives of the company:

Name of director or executive	Name of company or group company	Nature of the transaction	Type of transaction	Amount (thousand euro)
CAJA DE AHORROS DE SALAMANCA Y SORIA	AGROTEO, S.A	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	1,713
CAJA DE AHORROS DE SALAMANCA Y SORIA	AZUCARERA EBRO, S.L.U.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	8,736
CAJA DE AHORROS DE SALAMANCA Y SORIA	AZUCARERA EBRO, S.L.U.	FINANCIAL	Guarantees and securities received	1,918
CAJA DE AHORROS DE SALAMANCA Y SORIA	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	19,296
CAJA DE AHORROS DE SALAMANCA Y SORIA	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	FINANCIAL	Guarantees and securities received	6,000
CAJA DE AHORROS DE SALAMANCA Y SORIA	EBRO PULEVA, S.A.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	55,792
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	AGROTEO, S.A	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	99
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	AZUCARERA EBRO, S.L.U.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	26,164
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	BIOCARBURANTES DE CASTILLA Y LEON, S.A.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	20,604
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	EBRO PULEVA, S.A.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	31,807

C.4. List any significant transactions with other companies in the group that are not eliminated in the consolidated financial statements and which do not, by virtue of their object or terms, correspond to the normal business of the Company:

Name of group company
BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.
Amount (thousand euro)
3,117
Brief description of the transaction
FINANCING ARRANGEMENTS: SUBORDINATED LOANS

Name of group company
BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.
Amount (thousand euro)
54,966
Brief description of the transaction
GUARANTEES AND SECURITIES

C.5. State whether any of the board members have entered into any conflicts of interest pursuant to s. 127 ter of the Corporations Act during the period.

YES

Name of director
ANTONIO HERNÁNDEZ CALLEJAS
Description of the conflict of interest
See section B.1.40 of this report concerning his interest in Instituto Hispánico del Arroz, S.A. and Casarone Agroindustrial, S.A. He also holds a 16.666% stake in Hispafoods Invest, S.L.

Name of director
CAJA DE AHORROS DE SALAMANCA Y SORIA
Description of the conflict of interest
See section B.1.40 of this report concerning its interest and positions in the following companies: Barrancarnes Industriales, Jamones Burgaleses, S.A., Leonesa Astur de Piensos, S.A., Divaq, S.A., Marcos Sotoserrano, S.L. and Qualia Lácteos, S.L.

Name of director
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD
Description of the conflict of interest
See section B.1.40 of this report concerning its interest and position in Campo de Inversiones, S.A. It also has a 100% stake in Invergestión, Sociedad de Inversiones y Gestión, S.A., in which it is Managing Director.

Name of director
FÉLIX HERNÁNDEZ CALLEJAS
Description of the conflict of interest
See section B.1.40 of this report concerning his interest in Instituto Hispánico del Arroz, S.A. and Casarone Agroindustrial, S.A. He also holds a 16.666% stake in Hispafoods Invest, S.L.

Name of director
JUAN DOMINGO ORTEGA MARTÍNEZ
Description of the conflict of interest
See section B.1.40 of this report concerning his interest and position in the following companies: Forlasa Alimentación, S.L., Quesos Forlasa, S.A. and Forlactaria Operadores de Leche, S.A.

Name of director

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

Description of the conflict of interest

See section B.1.40 of this report concerning her interest in Instituto Hispánico del Arroz, S.A. and Casarone Agroindustrial, S.A. She also holds a 16.666% stake in Hispafoods Invest, S.L.

C.6. Explain the mechanisms established to detect, define and resolve possible conflicts of interest between the company and/or its group, and its directors, executives or controlling shareholders.

The Audit and Compliance Committee ensures that the internal audit procedures and internal control systems are adequate and informs the Board on the related-party transactions submitted for its consideration and control of any possible conflicts of interest.

Under Article 28 of the Bylaws, the Audit Committee has, among others, the power to ensure that transactions between the company and its subsidiaries or between these companies and their controlling shareholders are made on arm's length terms and respecting the principle of equal treatment, thus controlling any conflicts of interest that may arise in these related-party transactions.

Under Article 6 of the Regulations of the Board, the Board is competent, once a favourable report has been issued by the Audit and Compliance Committee, to authorise any related-party transactions between the company or group companies and directors, controlling shareholders or shareholders represented on the board. This authorisation is not necessary when the transactions meet all of the following three conditions:

- If the transactions are made under contracts with standard terms and conditions applied globally to many clients.
- If the transactions are made at prices or rates established generally by the supplier of the good or service in question.
- If the amount of the transaction is no more than 1% of the annual income of the company.

Article 22 of the Regulations of the Board establishes the following prohibitions and disqualifications, among others, for directors:

- Holding positions or duties of representation, management, counselling or rendering of services in rival companies or the holding or performance of such positions, duties or services in companies having a controlling stake in rival companies.
- Attendance and participation in the discussions of any of the corporate bodies concerning business in which the director personally, or a member of his/her family or a company in which the director has an executive position or a significant shareholding, has an interest.
- Direct or indirect participation in related-party transactions with the company or other group companies without previously informing the Board and seeking its approval, except in the cases contemplated in Article 6.5 of these Regulations.

The article also bars from the board anyone who, personally or through an intermediary, holds office in or is a representative of or is otherwise related to companies that are habitual clients or suppliers of goods and services of the company, whenever this condition may give rise to a conflict or clash of interest with the Company or its subsidiaries; in such cases the Chairman shall be informed of the situation and request a report from the Audit and Compliance Committee. Financial institutions providing financial services for the company are excluded from the foregoing. Nor may anyone related through family, professional or commercial ties to executive directors or other senior officers of the Company be members of the Board unless, after informing the Chairman of this situation, a report is issued by the Audit and Compliance Committee excluding the specific case from this prohibition.

C.7. Is more than one company of the Group listed in Spain?

YES

Name the listed subsidiaries:

Listed subsidiary
PULEVA BIOTECH, S.A.

State whether the respective areas of activity and possible business relations between them have been publicly defined, and those of the listed subsidiary with the other group companies:

YES

Define any business relations between the parent company and the listed subsidiary, and between the latter and other group companies
<p>Details are set out below of the significant transactions involving a transfer of resources made during the 2008 financial year between the Puleva Biotech Group and the following companies wholly-owned by its controlling shareholder, Ebro Puleva, S.A.: Puleva Food, S.L.U., Herba Ricemills, S.L.U., Panzani, SAS and S&B Herba Foods Ltd..</p> <p>There is a theoretical possibility of a conflict of interest deriving from the fact that the shareholders of Puleva Biotech, S.A. , which is also a listed company, do not entirely coincide with those of its parent company Ebro Puleva, S.A. It is, therefore, essential that the terms of contract in all business relations between the different companies of the Ebro Puleva group and Puleva Biotech, S.A. are made strictly on arm's length terms, to avoid any detriment to the minority shareholders of either company, which are not represented on the boards of the contracting companies and, consequently, do not participate in the decision-making process.</p> <p>During 2008, Puleva Biotech, S.A. and Española de I+D, S.A. continued developing several contracts with the companies in the Ebro Puleva Group named above:</p> <p>1. R+D+I services contract between Puleva Food S.L.U. and Puleva Biotech, S.A.</p> <p>Puleva Biotech S.A. continued to provide R+D+I services for Puleva Food S.L.U. in 2008 by virtue of a number of project-specific contracts signed between the two companies, under the master agreement signed in 2001 for these counselling services. The different projects come within the following areas:</p> <ul style="list-style-type: none"> - Nutritional and clinical evaluation - Development of new packaging technologies - Development of new products - Food safety and quality guarantee - Product reformulation and authorisation of ingredients <p>In addition, during 2008 Puleva Food, S.L.U. purchased functional fats (omega3) EPA and DHA in a volume of 218,168 kg, produced at the plant operated by Puleva Biotech, S.A. in Granada.</p> <p>The net turnover on goods and services supplied by Puleva Biotech, S.A. to Puleva Food, S.L.U. in 2008 is 5,370 thousand euro.</p> <p>Puleva Food, S.L.U. also provides certain goods and services to Puleva Biotech, S.A., such as the lease on offices and buildings for its normal activities, certain supplies for its production plant, etc.</p> <p>2. Agreement between Herba Ricemills, S.L. and Puleva Biotech, S.A.</p> <p>In 2003 Puleva Biotech, S.A. and Herba Ricemills, S.L.U. signed several contracts laying down the basic regulations governing the provision by Puleva Biotech, S.A. of research and development services within the scope of the Herba Ricemills activities.</p> <p>Those contracts were terminated in 2007, when Herba Ricemills S.L. (hereinafter Herba) decided to restructure its research activities, incorporating the Puleva Biotech, Española de I+D and Herba research teams in a consortium of companies to carry out a global R+D+I project called "Research and Technological Development in the Cereals and Derivatives sector: Scientific and Technological bases and the new range of enhanced starch foods" (CEREALS Project). The corresponding consortium agreement was signed on 22 February 2007, establishing that Herba, as Project Leader, would bear all the expenses and investments made by the collaborating undertakings in the development and performance of the Project, increased by the corresponding industrial profit. This agreement continued to regulate the contractual relationships between the two companies during 2008.</p>

This consortium agreement was made subject to obtaining the economic aid requested from the Andalusian Technological Corporation (CTA), which was granted by virtue of a decision of 8 May 2007. Herba bears 50% of the contribution made by Puleva Biotech to the CTA.

In 2008, Puleva Biotech invoiced Herba Ricemills, S.L. 680 thousand euro for the expenses incurred in the Cereals Project, adding the agreed 10% industrial margin and 125 thousand euro corresponding to half of the contribution to the CTA that Puleva Biotech, S.A. made during the year.

3. Agreement between Herba Ricemills, S.L.U. and Española de I+D, S.A.

By virtue of the Consortium Agreement for the R+D+I Project signed on 22 February 2007 and presented at the Andalusian Technological Corporation and the Andalusian Innovation and Development Agency, and by virtue of the Rider to that Consortium Agreement for the R+D+I Project approved by the Andalusian Technological Corporation Operating Conditions signed on 24 September 2007, Española de I+D, S.A. provides work, resources and research and development services to the Project, according to the scientific and technical specifications and manpower requirements stipulated in the agreement, encompassed within the activity comprising its objects.

Herba Ricemills, S.L.U., as leader of the Consortium and Coordinator of the Cereals Project, bears all the expenses incurred in the development and performance of that Project, within the margins established as budgets providing incentive for the CTA in its decision of 8 May 2007.

During 2008, Española de I+D provided services to Herba Ricemills, S.L. for a value of 850 thousand euro.

4. Others

Exxentia, Grupo Fitoterapéutico, S.A. made sales of extracts to Puleva Food, S.L.U. for a total value of 270 thousand euro in 2008. The companies in the Puleva Biotech Group invoiced 4 thousand euro for sales of products to S&B Herba Foods Ltd. in 2008 and 2 thousand euro for services provided to Panzani, SAS.

Puleva Food, S.L.U. and Ebro Puleva, S.A. have signed current account agreements earning interest on arm's length terms on the balances deriving from any assignment or cash loan made between these companies and Puleva Biotech, S.A. The net balance of financial expenses and income in 2008 was 298 thousand euro in favour of Puleva Food, S.L.U.

A net sum of 5,642 thousand euro was invoiced by companies in the Puleva Biotech Group for goods sold and services provided to Puleva Food, S.L.U. in 2008.

A net sum of 7,177 thousand euro was invoiced by companies in the Puleva Biotech Group for goods sold and services provided to companies wholly-owned by Ebro Puleva, S.A. in 2008.

The invoicing for goods and services of the different companies named above represents 38% of the net turnover of the Puleva Biotech, S.A. Group.

Indicate the mechanisms in place for solving possible conflicts of interest between the listed company and other companies in the group:

Mechanisms for solving possible conflicts of interest
<p>In its bylaws and regulations the company has commissioned the Audit and Compliance Committee, among other duties, to control any conflicts of interest that may arise.</p> <p>The Bylaws authorise the Audit and Compliance Committee to ensure that all transactions between the company and its subsidiaries, or between those companies and directors and controlling shareholders, are made on arm's length terms and respect the principle of equal treatment, thus controlling any conflict of interest that may arise in related-party transactions.</p> <p>The Regulations of the Board establish that the Audit and Compliance Committee should report to the Board on any related-party transactions submitted to it for its consideration and to control any possible conflicts of interest.</p> <p>See in this regard section C.6 of this Report.</p>

D. RISK CONTROL

D.1. General description of the risk policy of the company and/or its group, including details and assessment of the risks covered by the system, together with proof that those systems adapt to the profile of each type of risk.

Guided by the conceptual framework of the “Committee of Sponsoring Organizations of the Treadway Commission” (COSO) report on internal control, the Ebro Puleva Group has established systems for risk identification, assessment, management and information.

These risk control systems cover all the activities performed by the Group, consisting essentially of the agro-industrial sugar, rice, pasta and dairy businesses. They cover environmental, business, credit (or counterparty), occupational and technological risks.

The Group is a pioneer within its sector in the development and furtherance of R+D, environmental and food quality, and internal audit.

The Group also has environmental and food quality, commercial or counterparty risk, occupational hazard prevention and research & development committees, which are responsible for preventing and mitigating the risks.

All investment projects incorporate a risk analysis, to enable their economic and strategic assessment prior to decision-making. Decisions are adopted by the corresponding body according to the limits established, the largest projects requiring approval by the Board.

Finally, the Group is also exposed to another two types of risk: regulatory risk, subject to the guidelines established in the Common Agricultural Policy (CAP) and country or market risk. These risks have been reduced over recent years, through a firm policy of business and geographical diversification, increasing our presence in Europe, America (United States), Asia (Thailand) and Africa (Egypt and Morocco).

D.2. Have any of the different types of risk (operating, technological, financial, legal, reputational, tax...) affecting the company and/or its group materialised during the year?

YES

If so, indicate the underlying circumstances and whether the control systems worked.

Risk materialised during the year

Normal risks in the performance of the Ebro Puleva Group activities.

Underlying circumstances

Normal course of Group business.

Functioning of the control systems

The prevention and control systems of those risks worked properly.

D.3. Is there a Committee or other governing body responsible for establishing and supervising the control systems?

YES

If so, describe its duties:

Name of committee or body

Audit and Compliance Committee

Description of duties

Analyse and assess the principal risks to which the Group may be exposed and the systems established for their management and control.

D.4. Identification and description of processes for compliance with the different regulations affecting the company and/or its group.

The Group has a set of internal rules and procedures for its different activities, which are fully in keeping with the applicable legal provisions.

The reports of the Group's Internal Audit Department are prepared by experts independent from the business management and the department reports to the management bodies of the Group subsidiaries and the Audit and Compliance Committee of the parent company, Ebro Puleva, S.A., on its conclusions and recommendations so that any remedies required may be taken and any necessary improvements implemented.

The board has also published a code of conduct and a corporate governance policy, by virtue of which we have been ahead of the legal requirements established from time to time.

E. GENERAL MEETING

E.1. Indicate the quorums for General Meetings established in the Bylaws and the differences, if any, in respect of the minimums stipulated in the Corporations Act.

YES

	% quorum differing from that stipulated in the Corporations Act s. 102 for ordinary resolutions	% quorum differing from that stipulated in the Corporations Act s. 103 for special resolutions
Quorum required on 1st call	50.000	60.000
Quorum required on 2nd call	25.000	30.000

Description of the differences
<p>The bylaws establish a higher quorum than that stipulated in the Corporations Act s. 102, for both the first call (50% against the legal quorum of 25%) and the second call (25% according to the bylaws, while the Corporations Act does not stipulate a required minimum).</p> <p>For the special resolutions contemplated in the Corporations Act s. 103, the Bylaws require the attendance of shareholders present or represented, on first call, holding at least 60% of the voting capital, compared to the 50% required by law, and 30% on second call, against the 25% required by law.</p>

E.2. Explain the majorities required for adopting corporate resolutions and any differences in respect of the system stipulated in the Corporations Act.

NO

What differences exist in respect of the system stipulated in the Corporations Act?

E.3. Describe any shareholders' rights in respect of General Meetings differing from those established in the Corporations Act.

The Regulations of the General Meeting contain, and develop, in the articles indicated below, all the shareholders' rights in respect of general meetings stipulated in the Corporations Act, thus complying with the rules and recommendations for good governance:

- Shareholders' right to information is exhaustively regulated in Articles 5 and 6.
- Shareholders' right to attend and be represented by proxies is regulated in Article 7.
- Shareholders' right to participate is set out in Articles 11 and 12.
- Shareholders' voting right is regulated in Article 14.
- Finally, Article 18 establishes the shareholders' right to be informed of the resolutions adopted by the general meeting by the legal means of publication or through the company's web site, where the full text of such resolutions must be published. Moreover, any shareholder may at any time obtain a certificate of the resolutions adopted and the minutes of the meeting.

E.4. Describe the measures adopted, if any, to encourage the participation of shareholders at General Meetings.

- Detailed, developed regulation of rights to information, attendance, proxy and voting contained in the Regulations of the General Meeting, as indicated above.
- Detailed notice of call to general meetings, stating clearly all the shareholders' rights and how they may be exercised.
- Publication of the corresponding notice in a specialist daily economic newspaper.
- Holding of general meetings where shareholders can easily attend, in the best and most comfortable conditions possible.
- Assistance for shareholders through the Shareholders' Office, where the team responsible for Investor Relations and other qualified staff are available to provide any assistance required by shareholders.
- Delivery of gifts to shareholders to encourage them to go to general meetings.

E.5. Are General Meetings presided by the Chairman of the Board and what measures, if any, are taken to guarantee the independence and proper functioning of the General Meeting?

YES

Details of measures
<p>The Regulations of the General Meeting regulate a number of measures regarding the organisation and procedure of the general meeting to guarantee its independence and proper functioning.</p> <p>Article 9 of said Regulations establishes the following measures in this regard:</p> <ul style="list-style-type: none">- General meetings shall be presided by the Chairman of the Board, or, in his absence, by the Vice-Chairman, or otherwise by a director elected in each case by the shareholders attending the meeting.- The Chairman shall be assisted by a Secretary, who shall be the Secretary of the Board, or the Vice-Secretary, if any, or otherwise such person as may be appointed at the general meeting.- Should the Chairman or Secretary of the general meeting have to leave during the meeting, his/their duties shall be taken over by the corresponding person or persons as above and the meeting shall continue.

- The directors attending the general meeting shall form the Presiding Board.

Article 10 of the Regulations establishes the procedure for drawing up the attendance list, which may be drawn up in a file or included on any kind of data carrier. Moreover, should the Chairman deem fit, he may appoint two or more shareholders to act as scrutineers, assisting the presiding board in drawing up the attendance list and, if necessary, in the counting of votes, informing the general meeting thereof once it has been declared quorate.

The powers of the Chairman of the General Meeting are described in Article 13 of the Regulations:

- Direct the debate, ensuring that it remains within the confines of the agenda, closing the debate when he considers the business sufficiently debated.
- Organise the shareholders' contributions as established in Article 12 of the Regulations of the General Meeting..
- Decide, where appropriate, on any extension of the time initially granted to shareholders to speak.
- Moderate the shareholders' contributions, requesting them if necessary to keep to the agenda and observe the appropriate rules of correct conduct when speaking.
- Call the shareholders to order when their contributions are clearly made to filibuster or upset the normal course of the general meeting.
- Withdraw the floor at the end of the time assigned for each contribution or when, despite the admonitions made in pursuance of this article, the shareholder persists in his conduct, taking such measures as may be necessary to ensure that the general meeting resumes its normal course.
- Announce voting results.
- Resolve any issues that may arise during the general meeting regarding the rules established in these Regulations.

Finally, as regards the conclusion and minutes of general meetings, Article 15 of the Regulations establishes that after voting on the proposed resolutions, the general meeting shall conclude and the Chairman shall close the session. The minutes of the general meeting may be approved at the end of the meeting or within fifteen days thereafter by the Chairman of the General Meeting and two scrutineers, one representing the majority and the other representing the minority, who shall be appointed at the proposal of the Chairman after declaring the general meeting quorate. If the presence of a notary has been required to issue a certificate of the general meeting, the minutes set out in the certificate shall be notarial and, as such, shall not require approval by those attending or by scrutineers

E.6. Indicate any modifications made during the year to the Regulations of the General Meeting.

The Regulations of the General Meeting were not modified during 2008.

E.7. Give details of attendance of General Meetings held during the year:

Details of Attendance					
Date General Meeting	% in person	% by proxy	% distance voting		Total
			Electronic vote	Others	
09/06/2007	10.420	61.870	0.000	0.000	72.290

E.8. Give a brief account of the resolutions adopted at the general meetings held during the year and percentage of votes with which each resolution was passed.

All the resolutions proposed by the Board at the Annual General Meeting of Shareholders held on 9 June 2008 were approved on the terms and with the results indicated below:

RESOLUTION ONE

- To approve the annual accounts of EBRO PULEVA, S.A. and its consolidated group for the year ended 31 December 2007.

- To approve the proposal for application of the profit for the year of EBRO PULEVA, S.A. as at 31 December 2007, according to the following details, taken from the notes to the accounts:

APPLICATION (thousand euro):

- Unappropriated reserves: 735,193
- Profit for 2007 after tax: 8,684

BASE OF APPLICATION: 743,877

- To unappropriated reserves: 688,485
- To dividend (0.36 euro per share): 55,391

The dividend will be distributed in four quarterly payments of 0.09 euro per share each, as decided by the EBRO PULEVA, S.A. board on 19 December 2007. The first of such payments made against this distribution on 3 April 2008 is thus ratified.

- To approve the directors' reports of both EBRO PULEVA, S.A. and its consolidated group, as drawn up by the Board of Directors.

These resolutions were approved with the following result:

Votes for 111,236,095; Votes against 4; Blank votes: 0; Abstentions 1,609; Total votes cast 111,236,099

RESOLUTION TWO

- To approve the management and all other actions by the EBRO PULEVA board during the year ended 31 December 2007.

This resolution was approved with the following result:

Votes for 110,979,650; Votes against 4; Blank votes: 0; Abstentions 258,053; Total votes cast 110,979,654

RESOLUTION THREE

- To reappoint Ernst & Young, S.L., tax number B78970506, registered office at Plaza Pablo Ruiz Picasso, s/n, Madrid, as Auditor of the Company, to audit the 2008 annual accounts and directors' reports of Ebro Puleva, S.A. and its consolidated group.

This resolution was approved with the following result:

Votes for 111,235,095; Votes against 1,112; Blank votes: 0; Abstentions 1,500; Total votes cast 111,236,207

RESOLUTION FOUR

- To authorise the Board to begin the necessary studies and contacts to explore the possibilities of a sale or spin-off and flotation of the Ebro Puleva sugar business and other related agro-industrial businesses, authorising the Board fully, on completion of the corresponding process, to either effect one or other operation within a period of twenty-four months, ensuring the most beneficial solution for the company's interests, or abandon it if market conditions are unfavourable. This authorisation includes, but is by no means limited to:

. The choice between sale or spin-off, according to market circumstances.

. Definition of the exact perimeter of the businesses, assets and liabilities, rights and obligations of the Ebro Puleva Group to be included in the operation, which may include, apart from the sugar business and related agro-industrial businesses, other minor agro-industrial businesses outside the strategic core businesses of the Ebro Puleva Group.

. The terms and conditions of the purchase and sale agreement or the total or partial spin-off agreement.

. The possibility of abandoning the operation if market conditions are unfavourable.

This resolution was approved with the following result:

Votes for 109,082,927; Votes against 1; Blank votes: 0; Abstentions 357,975; Total votes cast 110,879,732

RESOLUTION FIVE

- To authorise the Board to buy back own shares and authorise subsidiaries to acquire shares in the parent company, by purchase or under any other title for a consideration, subject to the limits and requisites established in section 75 and Supplementary Provision One.2 of the current Corporations Act, as follows:

. The par value of the shares thus acquired, when added to those already held by the company or its subsidiaries, shall not exceed 5% of the capital at any time.

. After making the acquisition, the company shall be able to fund the reserve stipulated in section 79.3 of the Corporations Act without reducing the capital, the legal reserve or any undistributable reserves established in the bylaws.

. The shares thus acquired shall be fully paid up.

. The minimum and maximum price or consideration for the acquisition shall be, respectively, the equivalent of the par value of the own shares purchased and their price on an official secondary market at the time of purchase.

By virtue of this authorisation, the Board may, by direct resolution or by delegation to the Executive Committee or to such person or persons as the Board may authorise for this purpose, buy back own shares to hold them as treasury stock, dispose of them or, as the case may be, redeem them, reducing the capital accordingly, according to the delegation made below, within the limits established in law and in fulfilment of the conditions stipulated in this resolution. This authorisation is also extended to the possibility of acquiring own shares to be delivered directly to employees or executives of the company or its group, as an alternative to monetary remuneration; this will by no means imply an increase in the total remuneration received by such employees or executives.

The authorisation contemplated in this resolution is granted for no more than eighteen months from the date of this Annual General Meeting and covers all treasury stock transactions made on the terms stipulated herein, without having to be reiterated for each purchase or acquisition, and all transfers to or earmarking of reserves made in pursuance of the Corporations Act. The authorisation granted to the Board to buy back own shares subject to the limits and requisites established in section 75 of the current Corporations Act, approved at the Annual General Meeting held on 18 April 2007, is hereby rendered null and void.

- To reduce the capital to redeem the company shares acquired by Ebro Puleva or other companies in its Group, against the capital (for the par value) and unappropriated reserves (for the amount of the acquisition in excess of such par value), by such amounts as may be deemed fit from time to time, up to the maximum number of own shares held at any time.

- To delegate to the Board the power to execute this resolution to reduce the capital, which it may do on one or several occasions, or to render it null and void, within a period not exceeding 18 months from the date of this AGM, doing whatsoever may be required by law for this purpose.

The Board is especially authorised, within the times and limits established in this resolution, to: (i) reduce the capital or otherwise, establishing the specific date or dates of the operations, as the case may be, taking account of any internal and external factors affecting the decision; (ii) state in each case the amount of the reduction of capital; (iii) adapt Articles 6 and 7 of the Bylaws in each case to reflect the new amount of capital and the new number of share; (iv) apply in each case for delisting of the redeemed shares; and (v) in general, adopt such resolutions as may be deemed fit to redeem the shares and reduce the capital accordingly, appointing individuals to do whatsoever may be necessary.

These resolutions were approved with the following result:

Votes for 111,202,201; Votes against 33,004; Blank votes: 0; Abstentions 2,502; Total votes cast 111,235,205

RESOLUTION SIX

To ratify Félix Hernández Callejas as proprietary company director for a term of 4 years. Mr. Hernández Callejas was appointed by cooptation at the Board meeting held on 19 December 2007.

This resolution was approved with the following result:

Votes for 109,431,650; Votes against 1,801,587; Blank votes: 0; Abstentions 4,470; Total votes cast 111,233,237

RESOLUTION SEVEN

- To expressly authorise the Board, with the fullest powers necessary, to make one or several financial contributions to Fundación Ebro Puleva over forthcoming years, up to and not exceeding the sum of six hundred thousand euro (600,000.00 €), without prejudice to similar authorisations granted by the General Meeting in previous years for the Board to donate funds to Fundación Ebro Puleva.

This resolution was approved with the following result:

Votes for 111,236,203; Votes against 4; Blank votes: 0; Abstentions 1,500; Total votes cast 111,236,207

RESOLUTION EIGHT

- To vote in favour in the advisory vote on the Report on the Board Remuneration Policy for 2007 submitted by the Board.

This resolution was approved with the following result:

Votes for 110,881,142; Votes against 354,479; Blank votes: 0; Abstentions 2,086; Total votes cast 111,235,621

RESOLUTION NINE

- The General Meeting was informed of and approved the Report explaining the additional aspects included in the Directors' Report 2007, pursuant to the Securities Market Act, section 116 bis.

This resolution was approved with the following result:

Votes for 110,224,902; Votes against 228,810; Blank votes: 0; Abstentions 783,995; Total votes cast 110,453,712

RESOLUTION TEN

- The General Meeting was informed of and approved the Annual Corporate Governance Report 2007 approved by the Board.

This resolution was approved with the following result:

Votes for 110,225,902; Votes against 228,810; Blank votes: 0; Abstentions 783,995; Total votes cast 110,454,712

RESOLUTION ELEVEN

- To expressly delegate the Board of Directors, with the fullest powers required by law, to:

1. Remedy, clarify, specify or complete the resolutions adopted at this General Meeting, or set out in any deeds or documents executed in fulfilment thereof, particularly any omissions, defects or errors of form or substance that may prevent the registration of these resolutions and their consequences in the Trade Register.

2 Resolve all and any doubts that may arise in connection with the resolutions adopted at this General Meeting.

3. Perform, make and enter into such transactions or legal business as may be necessary or convenient for the fulfilment of the resolutions adopted at this General Meeting, executing such public or private documents as may be deemed necessary or convenient to secure the fullest effectiveness of these resolutions.

4. Delegate to one or several of its members, jointly or jointly and severally, or to the Executive Committee, with the power to sub-delegate, all or part of the powers corresponding to the Board and such other powers as may be expressly assigned to it at this General Meeting.

To expressly authorise, as extensively as may be required by law, Antonio Hernández Callejas, Miguel Ángel Pérez Álvarez and Yolanda de la Morena Cerezo, so that any one of them, acting individually and with his/her sole signature, may evidence in a public deed the resolutions adopted at this General Meeting, especially authorising them insofar as may be necessary to secure their development and fulfilment; sign such public or private documents as may be necessary and take and perform such actions as they may deem fit in fulfilment thereof, including the publication of legal notices, in respect of any public or private institutions or authorities, to secure their entry in the Trade Register or in whatsoever other public registers, as the case may be, executing if necessary deeds of ratification, rectification, remedy and clarification, in response to oral suggestions or written qualifications by the Trade Registry -if appropriate requesting the partial registration of the resolutions subject to this formality-, the Ministry of Economy, the Ministry of Finance, the National Securities Market Commission (CNMV) and whatsoever other competent public or private institution or body; complete such formalities as may be necessary in respect of the competent authorities to execute and fulfil the resolutions adopted and for the processing of such actions and documents of whatsoever nature as may be necessary at or in respect of the National Securities Market Commission, the Madrid, Barcelona, Valencia and Bilbao Stock Exchange Councils, the Securities Clearing and Settlement Service, the Members of these services or entities responsible for the Accounting Records of book-entry securities, or such other public or private organisations as may be necessary and, in general, take whatsoever action or actions as may be necessary in respect of the resolutions adopted at this General Meeting.

This resolution was approved with the following result:

Votes for 111,236,095; Votes against 4; Blank votes: 0; Abstentions 1,608; Total votes cast 111,236,099

E.9. State the number of shares required to attend General Meetings, indicating whether any restrictions are established in the bylaws.

YES

Number of shares required to attend general meeting	100
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E.10. Describe and justify the company's policies on proxy votes at General Meetings.

Proxy votes are regulated in Article 7 of the Regulations of the General Meeting.

Any shareholder entitled to attend may be represented at general meetings by another person. The proxy shall be made in writing especially for each general meeting or, as the case may be, through distance communication means in accordance with the appropriate provisions of these Regulations and especially for each general meeting. This right to representation is without prejudice to the legal provisions established for family representation and the granting of general powers of attorney.

In any case, whether the proxy is voluntary or required by law, no shareholder may have more than one representative at any general meeting.

Proxies may be revoked at any time. Personal attendance at the general meeting by the represented shareholder shall have the effect of revoking the proxy.

In cases of public requests for representation, the document establishing the power of attorney shall contain or annex the agenda, together with the request for instructions to exercise the voting right and indications of how the representative will vote if no specific instructions are issued. Such public request shall be deemed to exist whenever any one person represents more than three shareholders.

The proxy may also include any points which, although not included on the agenda in the notice of call, are likely to be dispatched at the meeting, being so permitted by law.

If there are no voting instructions because the General Meeting is going to resolve on issues which, by law, do not need to be included on the agenda, the representative shall cast the vote howsoever he may consider his principal's interests best favoured.

If the represented shareholder has issued instructions, the representative may only vote otherwise in circumstances of which the shareholder was unaware at the time of issuing the instructions and when the represented shareholder's interests are in jeopardy.

In the last two cases, the proxy shall inform the represented shareholder forthwith, in writing, explaining the reasons for his vote.

E.11. Is the company is aware of the policies of institutional investors regarding their participation or otherwise in company decisions?

NO

E.12. Address and access to the corporate governance contents on the company's web site.

Ebro Puleva's corporate web site <http://www.ebropuleva.com> is set up as a vehicle of continuous, up-to-date information for shareholders, investors and the financial market in general.

In this respect, the home page includes a specific section, called "Information for shareholders and investors", which contains all the information required under National Securities Market Commission Circular 1/2004 of 17 March, Act 26/2003 of 18 July and the Ministerial Order ECO/3722/2003 of 26 December.

This section includes, pursuant to current legislation, the chapter on Corporate Governance. The specific address of this chapter is:

http://www.ebropuleva.com/ep/relaciones_inversores/gobierno_corporativo/gobierno.jsp

The Corporate Governance chapter is structured in the following sub-sections:

- Regulations of the General Meeting
- General Meeting of Shareholders
- Shareholders' Agreements
- Board of Directors
- Corporate Governance Report
- Internal Code of Market Conduct

The contents of this chapter are structured and hierarchical, with a concise, explanatory title, to permit rapid, direct access to each section, in accordance with legal recommendations, at less than three clicks from the home page.

All these sections have been designed and prepared according to the principle of accessibility, aiming to enable fast location of the required information.

F. EXTENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with existing corporate governance recommendations. In the event of non-compliance with any recommendations, explain the recommendations, standards, practices or principles applied by the company.

1. The Bylaws of listed companies should not limit the maximum number of votes that may be cast by an individual shareholder or impose other restrictions hampering takeover of the company via the market acquisition of its shares.

See sections A.9, B.1.22, B.1.23, E.1 and E.2

Complies

2. When both the parent company and a subsidiary are listed, they should both publish a document specifying exactly:
 - a) The types of activity they are respectively engaged in and any business dealings between them, and between the listed subsidiary and other group companies;
 - b) The mechanisms in place to solve any conflicts of interest.

See sections C.4 and C.7

Complies

3. Although not expressly required in company law, any operations involving a structural alteration of the company should be submitted to the General Meeting for approval, especially the following:
 - a) Conversion of listed companies into holdings, through spin-off of “subsidiarisation”, or reallocating to subsidiaries of core activities thereunto performed by the company, even though the latter may retain full ownership of its subsidiaries;
 - b) Acquisition or disposal of key operating assets, if this involves an effective alteration of its objects;
 - c) Any operations producing effects equivalent to liquidation of the company.

Complies

4. Detailed proposals of the resolutions to be adopted at a General Meeting, including the information contemplated in Recommendation 28, should be published simultaneously with the notice of call to the General Meeting.

Complies

5. Substantially independent items shall be voted separately at General Meetings to enable shareholders to express their preferences separately. This rule is particularly applicable:
 - a) To the appointment or ratification of directors, which should be voted individually;
 - b) In the case of Bylaw alterations, to each article or substantially independent group of articles.

See section E.8

Complies

6. Companies should allow split votes, so that financial intermediaries on record as shareholders but acting on behalf of different clients can vote according to the latter's instructions.

See section E.4

Complies

7. The Board should perform its duties with unity in proposal and independent criteria, affording all shareholders the same treatment and guided by corporate interests, which shall mean maximising the value of the company over time.
It shall also ensure that the company complies with the applicable laws and regulations in its relations with stakeholders; fulfils its contracts and obligations in good faith; respects good customs and practice in the sectors and territories in which it operates; and upholds any other social responsibility principles that it may have subscribed to voluntarily.

Complies

8. The Board should undertake, as its principal mission, to approve the company's strategy and the organisation required to put it into practice, and to oversee and ensure that Management meets the targets marked out and respects the objects and corporate interest of the company. For this purpose, the full Board shall approve the following:

a) General policies and strategies of the Company, particularly:

- i) The strategic or business plan, management objectives and annual budgets;
- ii) Investment and financing policy;
- iii) Definition of the structure of the corporate group;
- iv) Corporate governance policy;
- v) Corporate social responsibility policy;
- vi) Policy on the remuneration and performance assessment of senior officers;
- vii) Risk management and control policy and the regular monitoring of internal information and control systems;
- viii) The dividend policy and treasury stock policy, particularly regarding limits.

See sections B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

- i) Upon recommendation by the chief executive, the appointment and possible removal of senior officers, and corresponding severance clauses.

See section B.1.14

- ii) Directors' emoluments and, for executive directors, supplementary remuneration for their executive duties and any other terms and conditions to be included in their contracts.

See section B.1.14

- iii) The financial information that listed companies are obliged to disclose periodically.

- iv) Any investments or transactions considered strategic by virtue of their amount or special characteristics, unless approval corresponds to the General Meeting;

- v) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.

c) Transactions between the company and its directors, significant shareholders or shareholders with representatives on the Board, or persons related thereto ("related-party transactions"). However, this authorisation will not be necessary for related-party transactions that meet all of the following three conditions:

- 1. Made under contracts with standard terms and conditions applied across the board to large numbers of clients;
- 2. Made at the general prices or rates established by the person supplying the good or service;

3. Made for a sum not exceeding 1% of the company's annual earnings.

The Board is recommended to make approval of related-party transactions dependent on a favourable report by the Audit Committee, or such other committee as may be assigned this duty. Apart from not exercising or delegating their vote, the affected Directors shall leave the room during the corresponding discussion and voting by the Board.

It is recommended that these competences of the Board be non-delegable, except those contemplated in paragraphs b) and c), which may be adopted by the Executive Committee in an emergency, subject to subsequent ratification by the full Board.

See sections C.1 and C.6

Complies

9. The Board should have an adequate size to secure efficient, participative performance of its duties. The recommended size is between five and fifteen members.

See section B.1.1

Complies

10. Non-executive proprietary and independent directors should have an ample majority on the board, while the number of executive directors should be kept to a minimum, taking account of their equity ownership and the complexity of the corporate group.

See sections A.2, A.3, B.1.3 and B.1.14

Complies

11. If any non-executive director cannot be considered proprietary or independent, the company should explain this circumstance and the director's ties with the company or its executives, or with its shareholders.

See section B.1.3

Not applicable

12. Among the non-executive directors, the ratio of proprietary to independent directors should reflect the proportion between capital represented and not represented on the Board.

This strictly proportional distribution may be relaxed so that proprietary directors have a greater weight than that corresponding to the total percentage of capital they represent:

1. In companies with a high capitalisation with few or no shareholdings considered significant by law, but in which certain shareholders have interests with a high absolute value.

2. In companies with a plurality of unrelated shareholders represented on the Board.

See sections B.1.3, A.2 and A.3

Complies

13. The total number of Independent Directors should represent at least one-third of the total Directors.

See section B.1.3

Explanation

There are 4 independent directors, representing 28.571% of the total board members.

14. The Board should explain the nature of each Director at the General Meeting at which an appointment is to be made or ratified. The type of director should be confirmed or altered, as the case may be, in the Annual Corporate Governance Report, following verification by the Nomination Committee. The reasons why Proprietary Directors have been appointed at the request of shareholders with an interest of less than 5% in the capital shall be explained in that Report, as well as the reasons, where appropriate, for not meeting formal requests for presence on the Board from shareholders with an interest equal or greater than others at whose request proprietary directors have been appointed.

See sections B.1.3 and B.1.4

Complies

15. When there are few or no female directors, the Board should explain the reasons for this situation and the steps taken to correct it. In particular, when vacancies arise on the Board, the Nomination Committee should ensure that:

- a) There is no hidden bias against women candidates in the selection procedures;
- b) The company makes a conscious effort to include women with the target profile among the candidates.

See sections B.1.2, B.1.27 and B.2.3

Explanation

Board members are appointed regardless of candidates' sex, so there is no positive or negative discrimination of any nature in the election of directors.

María Blanca Hernández Rodríguez was appointed director in 2006.

16. The Chairman, being responsible for the effective operation of the Board, should make sure that directors receive sufficient information in advance; stimulate debate and active participation by directors at all Board meetings, protecting their free stand and expression of opinion on any issues; and organise and coordinate periodic assessment of the Board, and the Managing Director or CEO, if any, with the chairmen of the principal committees.

See section B.1.42

Complies

17. When the Chairman of the Board is also the chief executive officer of the company, one of the Independent Directors should be authorised to request the calling of a Board meeting or the inclusion of new items on the agenda; coordinate and express the concerns of the Non-Executive Directors; and direct the assessment by the Board of its Chairman.

See section B.1.21

Complies

18. The Secretary of the Board should especially ensure that the Board's actions:

- a) Conform to the text and spirit of the laws and regulations, including those adopted by the market watchdogs;
- b) Conform to the company's Bylaws and the Regulations of the General Meeting, the Board and any other internal regulations of the Company;
- c) Take account of the good governance recommendations contained in this Unified Code endorsed by the company.

To guarantee the independence, impartiality and professionalism of the Secretary, his/her appointment and removal should require a report by the Nomination Committee and approval by the full Board; and the procedure for appointment and removal should be set down in the Regulations of the Board.

See section B.1.34

Complies

19. The Board should meet as often as may be necessary to secure efficient performance of its duties, following the calendar and business established at the beginning of the year, although any director may propose other items not initially contemplated to be included on the agenda.

See section B.1.29

Complies

20. Non-attendance of Board meetings should be limited to inevitable cases and stated in the Annual Corporate Governance Report. If a director is forced to grant a proxy for any Board meeting, the appropriate instructions shall be issued.

See sections B.1.28 and B.1.30

Complies

21. When the Directors or the Secretary express concern over a proposal, or, in the case of Directors, the company's performance, those concerns should be put on record, at the request of those expressing them.

Complies

22. The full Board should assess once a year:

- a) The quality and effectiveness of the Board's actions;
- b) Based on the report issued by the Nomination Committee, the performance by the Chairman of the Board and Chief Executive Officer of their respective duties;
- c) The performance of its Committees, based on the reports issued by each one.

See section B.1.19

Complies

23. All the Directors should be entitled to obtain such supplementary information as they may consider necessary on business within the competence of the Board. Save otherwise stipulated in the Bylaws or Board Regulations, their requests should be addressed to the Chairman or Secretary of the Board.

See section B.1.42

Complies

24. All Directors should be entitled to call on the company for specific guidance in the performance of their duties, and the company should provide adequate means for exercising this right, which in special circumstances may include external assistance, at the company's expense.

See section B.1.41

Complies

25. Companies should establish an induction programme to give new Directors a rapid, sufficient insight into the company and its rules on corporate governance. Directors should also be offered refresher courses in the appropriate circumstances.

Complies

26. Companies should require Directors to devote the necessary time and efforts to perform their duties efficiently. Accordingly:

- a) Directors should inform the Nomination Committee of any other professional obligations they may have, in case they may interfere with the required dedication;
- b) Companies should limit the number of directorships that its Directors may hold.

See sections B.1.8, B.1.9 and B.1.17

Complies

27. Proposals for the appointment or re-appointment of directors submitted by the Board to the General Meeting and the provisional appointment of directors by cooptation should be approved by the Board:
- a) At the proposal of the Nomination Committee, in the case of Independent directors.
 - b) Subject to a report by the Nomination Committee for other directors.

See section B.1.2

Complies

28. Companies should publish on their web sites and regularly update the following information on their directors:
- a) Professional and biographical profile;
 - b) Other directorships held, in listed or unlisted companies;
 - c) Type of director, indicating in the case of proprietary directors the shareholders they represent or are related with.
 - d) Date of first and subsequent appointments as company director; and
 - e) Company shares and stock options held.

Partial Compliance

This Recommendation is followed in all sections except b).

29. Independent directors should not remain on the Board as such for more than 12 years in succession.

See section B.1.2

Complies

30. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding in the company. They should also resign in the corresponding number when the shareholder disposes of part of its shares to an extent requiring a reduction in the number of proprietary directors.

See sections A.2, A.3 and B.1.2

Complies

31. The Board should not propose the removal of any independent director before the end of the period for which he or she was appointed, unless there are just grounds for doing so, as appreciated by the Board subject to a report by the Nomination Committee. Just grounds are deemed to exist when the director has acted in breach of his duties or when he or she falls into any of the circumstances described in point III.5, definitions, of this Code.

The removal of independent directors may also be proposed as a result of takeover bids, mergers or similar corporate operations producing a change in the capital structure of the company, whenever those changes in the structure of the Board correspond to the principle of proportionality established in Recommendation 12.

See sections B.1.2, B.1.5 and B.1.26

Complies

32. Companies should establish rules obliging directors to report and, if necessary, resign in any cases that may jeopardise the company's reputation. In particular, directors should be obliged to inform the Board of any criminal proceedings brought against them and the subsequent development of the proceedings.

If a director is tried for any of the offences contemplated in section 124 of the Corporations Act, the Board should study the case as soon as possible and, in view of the specific circumstances, decide whether or not the director should remain in office. A reasoned account should be included in the Annual Corporate Governance Report.

See sections B.1.43 and B.1.44

Complies

33. All the directors should clearly express their opposition whenever they consider that any proposed decision submitted to the Board may go against corporate interests. The independent and other directors not affected by the potential conflict of interest should also do so when the decisions may be detrimental to shareholders not represented on the Board.

And when the Board adopts significant or reiterated decisions regarding which a director has expressed serious reservations, the latter should reach the appropriate conclusions and, if he or she opts to resign, explain the reasons in the letter contemplated in the following recommendation. This recommendation also affects the Secretary of the Board, even if he or she is not a director.

Complies

34. If a director resigns or retires from office on whatsoever other grounds before the end of his or her term of office, he or she should explain the reasons in a letter sent to all the Board members. Regardless of whether the retirement is announced as a significant event, the reason shall be indicated in the Annual Corporate Governance Report.

See section B.1.5

Not applicable

35. The remuneration policy approved by the Board should regulate at least the following aspects:

- a) Amount of fixed items, specifying the amount of attendance fees, if any, for Board and Committee meetings and estimating the fixed remuneration for the year;
- b) Variable pay items, including, in particular:
 - i) Types of director to which they are applicable and an explanation of the relative weight of the variable pay items to the fixed items;
 - ii) Criteria for assessment of results on which any right to remuneration in shares, stock options or any other variable component is based;
 - iii) Essential parameters and basis for any system of annual bonus payments or other non-cash benefits; and
 - iv) An estimate of the aggregate sum of variable remunerations deriving from the proposed remuneration plan, according to the degree of fulfilment of the reference hypotheses or objectives.
- c) Principal terms of the welfare schemes (e.g. supplementary pensions, life assurance and similar), estimating the amount or equivalent annual cost.
- d) Conditions to be respected in top management and executive director contracts, including:
 - i) Term;
 - ii) Notice; and
 - iii) Any other clauses concerning golden hellos or golden parachutes for early termination of the contractual relationship between the company and the executive director.

See section B.1.15

Complies

36. Remunerations in the form of shares in the company or group companies, stock options or instruments linked to the value of the share and any variable remuneration linked to the company's performance or welfare schemes should be limited to executive directors.

This recommendation shall not be applicable to the delivery of shares when subject to the condition that the directors keep them up to their retirement from the Board.

See sections A.3 and B.1.3

Complies

37. The remuneration of non-executive directors should be sufficient to remunerate their dedication, qualifications and responsibilities, but not so high as to compromise their independence.

Complies

38. Earnings-linked remuneration should take account of any qualifications in the external auditor's report that may reduce such earnings.

Not Applicable

39. In the case of variable remuneration, the pay policies should establish such precautions as may be necessary to ensure that such remuneration is related to the professional performance of its beneficiaries, not merely deriving from general trends on the markets or in the company's sector of business or other similar circumstances.

Complies

40. The Board should submit to an advisory vote at the General Shareholders' Meeting, as a separate item on the agenda, a report on the directors' remuneration policy. This report should be made available to shareholders, as a separate document or in whatsoever other form the company may deem fit. The report should focus especially on the remuneration policy approved by the Board for the current year and that established, if any, for future years. It shall address all the issues contemplated in Recommendation 35, except those points that could entail disclosure of commercially sensitive information. It shall stress the most significant changes in such policies in respect of that applied during the previous year to which the General Meeting refers. It shall also include a global summary of implementation of the remuneration policy in the previous year. The Board should also inform on the role played by the Remuneration Committee in defining the remuneration policy and, if external assistance has been used, the identity of the external advisers who provided such assistance.

See section B.1.16

Complies

41. The individual remunerations of directors during the year shall be disclosed in the Annual Report, including the following details:
- a) Breakdown of the remuneration of each director, including, where applicable:
 - i) Attendance fees and other fixed sums payable to directors;
 - ii) Additional compensation for being Chairman or member of one of the Committees of the Board;
 - iii) Payments made under profit-sharing or bonus schemes and the reasons for their accrual;
 - iv) Contributions on behalf of the director to defined-contribution pension schemes; or increase in the director's vested rights in contributions to defined-benefit schemes;
 - v) Any indemnities agreed or paid upon termination of their duties;
 - vi) Compensation received as director of other group companies;
 - vii) Remuneration received by executive directors as payment for their senior management duties;
 - viii) Any sums paid other than those listed above, regardless of the nature or the group company paying them, especially when it may be considered a related-party transaction or omission would distort the true and fair view of the total remuneration received by the director.
 - b) Breakdown for each director of any deliveries of shares, stock options or whatsoever other instrument linked to the value of the company's share, specifying:
 - i) Number of shares or options granted during the year and conditions for exercising the options;
 - ii) Number of options exercised during the year, indicating the corresponding number of shares and the exercise price;
 - iii) Number of options pending exercise at year end, indicating their price, date and other conditions for exercise;
 - iv) Any modification during the year of the conditions for exercising options granted earlier.

- c) Information on the ratio during the previous year of remuneration received by the executive directors and the company's profits or any other measure of its earnings.

Explanation

The Remuneration Report approved by the Board includes detailed information on directors' remunerations, specifying amounts per pay item and types of director, although not for each individual director.

42. When there is an Executive Committee, the balance between the different types of director should roughly mirror that of the Board. The Secretary of the Board should be Secretary of the Executive Committee.

See sections B.2.1 and B.2.6

Complies

43. The Board should be informed at all times of the business transacted and decisions made by the Executive Committee and all Board members should receive a copy of the minutes of Executive Committee meetings.

Complies

44. In addition to the Audit Committee which is mandatory under the Securities Market Act, the Board shall set up a Nomination and Remuneration Committee, or two separate Committees.

The rules on composition and procedure of the Audit Committee and the Nomination and Remuneration Committee or Committees should be set out in the Regulations of the Board, including the following:

- a) The Board should appoint the members of these Committees, taking account of the directors' knowledge, expertise and experience and the duties corresponding to each Committee and discuss their proposals and reports. The Committees should report to the Board on their actions at the first full Board meeting after each Committee meeting, being accountable for the work done.
- b) These Committees should have a minimum of three members, who should be exclusively Non-Executive Directors. This notwithstanding, Executive Directors or senior officers may attend their meetings when expressly so decided by the Committee members.
- c) The Committees should be chaired by Independent Directors.
- d) They may obtain external assistance whenever this is considered necessary for the performance of their duties.
- e) Minutes should be issued of Committee meetings and a copy sent to all members of the Board.

See sections B.2.1 and B.2.3

Complies

45. The Audit Committee, Nomination Committee or, if separate, the Compliance or Corporate Governance Committee(s) should be responsible for overseeing compliance with internal codes of conduct and corporate governance rules and regulations.

Complies

46. All members of the Audit Committee, particularly its Chairman, should be appointed in view of their knowledge of and experience in accounting, auditing or risk management.

Complies

47. Listed companies should have an internal audit department, supervised by the Audit Committee, to guarantee the effectiveness and efficiency of the internal reporting and control systems.

Complies

48. The chief audit officer should submit an annual work programme to the Audit Committee, reporting directly on any irregularities arising during its implementation and submitting an activity report at each year end.

Complies

49. The risk management and control policy should define at least:

- a) The different types of risk (operating, technological, financial, legal, reputational...) to which the company is exposed, including under financial or economic risks any contingent liabilities or other off-balance-sheet exposure;
- b) The level of risk that the company considers acceptable;
- c) The measures envisaged to soften the effects of the risks identified, should they materialise;
- d) The internal reporting and control systems to be used to control and manage those risks, including contingent liabilities or off-balance-sheet risks.

See section D

Complies

50. The Audit Committee should:

1. In connection with the internal reporting and control systems:

- a) Supervise the preparation and integrity of the financial information on the company and, where appropriate, the group, checking for compliance with applicable legal provisions, adequate definition of the consolidated group and correct application of accounting standards.
- b) Check internal control and risk management systems on a regular basis to ensure that the principal risks are adequately identified, managed and disclosed.
- c) Oversee the independence and effectiveness of the internal audit department; propose the nomination, appointment, reappointment and removal of the chief audit officer; propose the budget for this department; receive periodical information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports.
- d) Establish and supervise a “whistle-blowing” procedure so employees can confidentially and, if considered appropriate, anonymously report any potentially important irregularities they may observe in the company's conduct., especially in financial and accounting aspects.

2. In connection with the external auditor:

- a) Submit proposals to the Board on the nomination, appointment, reappointment and replacement of the external auditor and its terms of engagement.
- b) Receive regular information from the external auditor on the audit plan and findings and make sure the senior management acts on its recommendations.
- c) Guarantee the independence of the external auditor, and for this purpose:
 - i) The company should inform the CNMV as a significant event whenever the auditor is changed, attaching a declaration on any disagreements that may have arisen with the outgoing auditor and their content, if any.
 - ii) The company and the auditor should be ensured to respect all rules and regulations in place regarding the provision of services other than auditing services, limits on concentration of the auditor's services and any other rules established to guarantee the auditors' independence;
 - iii) Investigate the circumstances giving rise to resignation of any external auditor.
- d) In groups, encourage the auditor of the group to audit the group companies.

See sections B.1.35, B.2.2, B.2.3 and D.3

Complies

51. The Audit Committee may call any employee or executive of the company into its meetings, even ordering their appearance without the presence of any other senior officer.

Complies

52. The Audit Committee should report to the Board on the following matters from Recommendation 8 before the latter adopts the corresponding decisions:

- a) The financial information that listed companies are obliged to disclose periodically. The Committee shall ensure that interim financial statements are drawn up under the same accounting principles as the annual statements, requesting a limited external audit if necessary.
- b) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories which are considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.
- c) Related-party transactions, unless this prior reporting duty has been assigned to another supervision and control committee.

See sections B.2.2 and B.2.3

Complies

53. The Board should endeavour to avoid a qualified auditor's report on the accounts laid before the General Meeting, and in exceptional circumstances when such qualifications exist, both the Chairman of the Audit Committee and the auditors shall clearly explain to the shareholders their content and scope.

See section B.1.38

Complies

54. The majority of the members of the Nomination Committee – or Nomination and Remuneration Committee if there is just one – should be independent directors.

See section B.2.1

Explanation

The Nomination and Remuneration Committee currently consists of three proprietary and two independent directors.

55. Apart from the duties specified in preceding Recommendations, the Nomination Committee should:

- a) Assess the expertise, knowledge and experience of Board members; define the duties and skills required of candidates to fill vacancies; and determine the time and dedication considered necessary for them to adequately perform their duties.
- b) Study or organise as appropriate the succession of the Chairman or Chief Executive Officer and, if necessary, make recommendations to the Board to secure an orderly, well-planned handover.
- c) Report on any appointments and removals of senior officers proposed by the Chief Executive Officer.
- d) Report to the Board on the gender issues contemplated in Recommendation 14.

See section B.2.3

Partial Compliance

All the duties contemplated in this Recommendation correspond to the Nomination and Remuneration Committee except the duty mentioned in d).

56. The Nomination Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning Executive Directors.

Any director may request the Nomination Committee to consider potential candidates they consider suitable to fill vacancies on the Board.

Complies

57. Apart from the duties indicated in the preceding Recommendations, the Remuneration Committee should:

- a) Submit proposals to the Board on:
 - i) The remuneration policy for directors and senior officers;
 - ii) The individual remuneration of executive directors and other terms of contract.
 - iii) The basic conditions of senior executive contracts.

- b) Ensure compliance with the remuneration policy established by the company.

See sections B.1.14 and B.2.3

Complies

58. The Remuneration Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning executive directors and senior officers.

Complies

G. OTHER INFORMATION OF INTEREST

If you consider there to be an important principle or aspect regarding the corporate governance practices applied by your company that have not been mentioned in this report, indicate them below and explain the contents.

EXPLANATORY NOTE ONE, CONCERNING SECTION A.5.

For relations between the Ebro Puleva companies and their significant shareholders, see section C.2 of this report.

EXPLANATORY NOTE TWO, CONCERNING SECTION B.1.3.

Eugenio Ruiz-Gálvez Priego is an executive director by virtue of his position as CEO of Azucarera Ebro, S.L.U., which at 31 December 2008 was a wholly-owned subsidiary of Ebro Puleva, S.A.

Félix Hernández Callejas is General Manager of Herba Ricemills, S.L.U., a wholly-owned subsidiary of Ebro Puleva, S.A.

EXPLANATORY NOTE THREE, CONCERNING SECTION B.1.4.

No requests for presence on the board were made during 2008 by shareholders with interests equal to or greater than others at whose request, had it been made, proprietary directors would have been appointed.

EXPLANATORY NOTE FOUR, CONCERNING SECTION B.1.7.

María Blanca Hernández Rodríguez is also Chairman of the Board of Trustees of the Ebro Puleva Foundation.

EXPLANATORY NOTE FIVE, CONCERNING SECTION B.1.11.

Explanations concerning the following pay items and other benefits mentioned in that section:

1. Bylaw provisions: share in profits stipulated in Article 22 of the Bylaws. See section B.1.14 of this Report.
2. Pension Funds and Schemes. Contributions: it is not actually a pension fund & scheme, but a Retirement System.

EXPLANATORY NOTE SIX, CONCERNING SECTION B.1.13.

The Chairman, Antonio Hernández Callejas, informed the board in 2006 of his total, irrevocable waiver of the golden handshake clause originally established in his contract, consisting of a net compensation equivalent to the gross annual salary of two years.

The General Manager, Jaime Carbó Fernández, and the Secretary, Miguel Angel Pérez Álvarez, also waived the golden handshake clauses originally established in their respective contracts, consisting of a net compensation equivalent to the gross annual salary of two years. The board resolved in both cases to substitute a compensation in the event of removal from office or change of control of the company equivalent in net terms to the amount that would correspond to them applying the current regime established in the Workers' Statute.

The director Eugenio Ruiz-Gálvez Priego (also CEO of Azucarera Ebro, S.L.U., subsidiary of Ebro Puleva, S.A.) also waived the golden handshake clauses originally established in his contract, likewise consisting of a net compensation equivalent to the gross annual salary of two years. The board resolved to substitute a compensation in the event of removal from office or change of control of the company equivalent to the remuneration outstanding for all concepts up to the age of 65, hence diminishing progressively up to the date on which the interested party reaches that age, without prejudice to the possibility that he may remain in active employment if so agreed between the parties.

EXPLANATORY NOTE SEVEN, CONCERNING SECTION B.1.21.

Any of the directors, not only independent directors, may request the calling of a board meeting or inclusion of new items on the agenda.

EXPLANATORY NOTE EIGHT, CONCERNING SECTION B.1.40.

Antonio Hernández Callejas, Félix Hernández Callejas and María Blanca Hernández Rodríguez hold an indirect interest in Ebro Puleva, S.A. through the 15.344% interest held in the company by Instituto Hispánico del Arroz, S.A., directly and through Hispafoods Invest, S.L.

Juan Domingo Ortega Martínez has an indirect interest in Quesos Forlasa, S.A., through his 60.84% stake in Forlasa Alimentación, S.L., which in turn holds a stake of 99.75% in Quesos Forlasa, S.A.

See sections A.3 and C.5 of this Report.

EXPLANATORY NOTE NINE, CONCERNING SECTION B.2.1.

The Audit Committee of Ebro Puleva, S.A. is called the Audit and Compliance Committee.

[NOTA: La siguiente frase sobre la Comisión de Nombramientos y Retribuciones se ha omitido por ser innecesario en inglés]

EXPLANATORY NOTE TEN, CONCERNING SECTION C.5.

Potential conflicts of interest are described in section C.5 of this Report.

This section may be used to include any other information, clarification or qualification relating to the previous sections of the report, provided it is relevant and not repetitive.

In particular, state whether the company is subject to any laws other than the laws of Spain on corporate governance and, if this is the case, include whatever information the company may be obliged to supply that differs from the information included in this report.

Binding definition of independent director:

State whether any of the independent directors have or have had any relationship with the company, its significant shareholders or its executives which, if sufficiently large or significant, would have disqualified the director from being considered independent pursuant to the definition set out in section 5 of the Unified Code of Good Governance.

NO

Date and signature:

This annual corporate governance report was approved by the Board of Directors of the company on 25/03/2009.

State whether any directors voted against approval of this Report or abstained in the corresponding vote.

NO



◀ ANNUAL FINANCIAL REPORT

1. ANALYSIS OF THE FINANCIAL INFORMATION
2. STOCK MARKET INFORMATION
3. AUDITORS' REPORT ON SEPARATE ANNUAL ACCOUNTS
4. SEPARATE ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT
5. **AUDITORS' REPORT ON CONSOLIDATED ANNUAL ACCOUNTS**
6. CONSOLIDATED ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT
7. DISCLAIMER

AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Ebro Puleva, S.A.:

1. We have audited the consolidated financial statements of EBRO PULEVA, S.A. and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2008, the consolidated income statement, consolidated cash flow statement and consolidated statement of recognized income and expense and the notes thereto for the year then ended, the preparation of which is the responsibility of the parent company's directors. Our responsibility is to express an opinion on the aforementioned consolidated financial statements taken as a whole, based upon work performed in accordance with auditing standards generally accepted in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the consolidated financial statements, and the evaluation of their presentation, of the accounting principles applied, and of the estimates made.

2. In compliance with Spanish mercantile law, for comparative purposes the parent company's directors have included for each of the captions presented in the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of recognized income and expense, the consolidated cash flow statement, and the notes to the consolidated financial statements, in addition to the figures of 2008, those of 2007. The figures corresponding to the previous year differ from those included in the consolidated financial statements approved in said year. These differences are explained in Note 2.b) of the accompanying consolidated financial statements. Our opinion refers only to the consolidated financial statements for 2008. On March 26, 2008, we issued our audit report on the 2007 consolidated financial statements, in which we expressed an unqualified opinion.

3. In our opinion, the accompanying 2008 consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and financial position of EBRO PULEVA, S.A. and subsidiaries at December 31, 2008 and the consolidated results of its operations, consolidated statement of recognized income and expense, and consolidated cash flows for the year then ended, and contain the required information necessary for their adequate interpretation and understanding, in conformity with the international financial reporting standards adopted by the European Union, which are consistent with those applied in the previous year.

4. The accompanying consolidated management report for the year ended December 31, 2008 contains such explanations as the parent company's directors consider appropriate concerning the situation of EBRO PULEVA, S.A. and its subsidiaries, the evolution of their business and other matters, and is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the consolidated management report mentioned above agrees with the consolidated financial statements for the year ended December 31, 2008. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the group companies' accounting records.

ERNST & YOUNG, S.L.
(Registered in the Official Register of
Auditors
under No. S0530)

José Luis Ruiz

March 26, 2009



◀ ANNUAL FINANCIAL REPORT

1. ANALYSIS OF THE FINANCIAL INFORMATION
2. STOCK MARKET INFORMATION
3. AUDITORS' REPORT ON SEPARATE ANNUAL ACCOUNTS
4. SEPARATE ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT
5. AUDITORS' REPORT ON CONSOLIDATED ANNUAL ACCOUNTS
6. **CONSOLIDATED ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT**
7. DISCLAIMER

EBRO PULEVA GROUP

Consolidated balance sheets at december 31, 2008 and 2007

ASSETS (Thousands of euros)	12-31-2008	12-31-2007
Non-current assets		
Intangible assets (Note 9)	300,295	289,100
Property, plant and equipment (Note 10)	557,360	800,046
Investment properties (Note 11)	30,526	14,506
Financial assets (Note 12)	21,836	186,015
Investments in associates (Note 13)	13,293	16,067
Deferred tax assets (Note 25)	46,688	73,107
Goodwill (Note 14)	836,412	806,546
Other non-current assets	6	49
	1,806,416	2,185,436
Current assets		
Inventories (Note 15)	357,531	505,951
Trade and other receivables (Note 16)	423,504	493,759
Current tax (Note 25)	1,508	10,677
Tax receivables (Note 25)	61,869	63,426
Derivatives and other financial instruments (Note 28)	283	142
Other non-current assets	15,139	21,506
Current assets (Note 17)	117,584	94,599
	977,418	1,190,060
Non-current assets held for sale (Note 7)	639,078	0
Total assets	3,422,912	3,375,496
LIABILITIES	12-31-2008	12-31-2007
Equity and liabilities	1,228,686	1,222,238
Equity attributable to equity holders of the parent company		
Issued capital (Note 18)	92,319	92,319
Share premium (Note 18)	34,333	34,333
Other restricted reserves (Note 18)	21,633	21,633
Retained earnings (Note 18)	1,174,383	1,106,662
Translation differences (Note 18)	(57,506)	(45,962)
Treasury shares (Note 18)	(62,031)	(10,740)
	1,203,131	1,198,245
Equity attributable to minority interests	25,555	23,993
Non-current liabilities		
Deferred income (Note 19)	15,591	14,299
Provisions for pensions and other post-employment benefits (Note 20)	39,060	35,386
Other provisions (Note 21)	20,310	189,094
Financial liabilities (Note 22)	718,550	706,941
Other non-financial liabilities (Note 23)	118	178
Deferred tax liabilities (Note 25)	136,199	140,031
	929,828	1,085,929
Current liabilities		
Financial liabilities (Note 22)	378,432	381,855
Derivatives and other financial instruments (Note 28)	547	884
Trade and other payables (Note 24)	444,486	594,918
Current tax (Note 25)	16,017	7,990
Tax payable (Note 25)	16,863	77,105
Other current liabilities	10,929	4,577
	867,274	1,067,329
Non-current liabilities held for sale (Note 7)	397,124	0
Total equity and liabilities	3,422,912	3,375,496

Notes 1 to 31 in the accompanying notes to the financial statements are an integral part of the consolidated balance sheet at December 31, 2008.

EBRO PULEVA GROUP

Consolidated income statements for the years ended December 31, 2008 and 2007

(Thousands of euros)	12-31-2008	12-31-2007
Revenues (Note 6)	2,367,902	2,004,182
Change in inventories of finished goods and work in progress	18,140	27,061
Capitalized expenses of Company work on assets	2,549	2,477
Other operating revenues (Note 8)	39,371	39,803
Consumption of goods and other external charges (Note 6)	(1,423,864)	(1,156,655)
Employee benefits expense (Note 8)	(275,212)	(261,074)
Depreciation and amortization (Note 9, 10 and 11)	(70,000)	(67,935)
Other operating expenses (Note 8)	(464,096)	(424,923)
Operating profit	194,790	162,936
Finance revenue (Note 8)	14,546	16,674
Finance expense (Note 8)	(84,232)	(84,104)
Impairment of goodwill (Note 14)	(7,358)	(8,186)
Share of profit (loss) of associates (Note 13)	(14,292)	(4,469)
Consolidated profit before tax	103,454	82,851
Income taxes (Note 25)	(29,549)	(20,629)
Consolidated profit for the year (from continuing operations)	73,905	62,222
Profit (loss) for the year from discontinued operations (Note 7)	57,965	30,251
Consolidated profit for the year	131,870	92,473
Attributable to:		
Equity holders of the parent	130,637	90,577
Minority interests	1,233	1,896
	131,870	92,473

	12-31-2008	12-31-2007
Earnings per share:		
For profit from continuing operations		
Basic	0.484	0.393
Diluted	0.484	0.393
For profit for the year		
Basic	0.871	0.590
Diluted	0.871	0.590

Notes 1 to 31 in the accompanying notes to the financial statements are an integral part of the consolidated income statement for the year ended December 31, 2008.

EBRO PULEVA GROUP

Consolidated statement of recognized income and expense for the years ended december 31, 2008 and 2007.

(Thousands of euros)	2008	2007
Gains (Losses) in the valuation of available-for-sale financial assets	(102)	(75)
Translation differences	(9,439)	(14,526)
Translation differences reversed to the income statement for the year	(328)	0
Actuarial profit and loss	(14,260)	0
Tax effect for items recognized against or transferred from equity	5,257	0
Gain (loss) recognized in equity	(18,872)	(14,601)
Profit for the year	131,870	92,473
Total recognized income and expenses for the year (Note 18)	112,998	77,872
Attributable to:		
Equity holders of the parent (Note 18)	109,988	76,327
Minority interests (Note 18)	3,010	1,545
	112,998	77,872

Notes 1 to 31 of the accompanying financial statements are an integral part of the statement of recognized income and expenses for the year ended December 31, 2008.

EBRO PULEVA GROUP

Consolidated cash flow statements for the years ended december 31, 2008 and 2007.

(Thousands of euros)	12-31-2008	12-31-2007
Receipts from sales and services	3,374,954	2,999,748
Payments to suppliers and employees	(3,174,476)	(2,633,937)
Interest paid	(65,722)	(71,655)
Interest collected	2,625	1,940
Dividends received	693	13
Other receipts / payments from operating activities	19,382	(10,031)
Income tax paid	(13,753)	(55,134)
Net cash flows from operating activities	143,703	230,944
Purchase of property, plant and equipment	(100,948)	(87,046)
Sale of property, plant and equipment	3,585	28,440
Purchase of financial investments	(48,867)	(31,053)
Sale of financial investments	40,873	(203)
Other receipts / payments from investing activities	40,084	6,043
Net cash flows from investing activities	(65,273)	(83,819)
Transactions with treasury shares	(51,283)	(10,640)
Dividends paid to shareholders	(55,440)	(56,956)
Repayment of loans and borrowings	137,975	80,158
Repayment of borrowings	(86,150)	(146,190)
Other financial receipts / payments and government grants	2,819	7,279
Net cash flows from financing activities	(52,079)	126,349
Translation differences of flows from foreign operations	(150)	16
Increase (decrease) in cash and cash equivalents	26,201	20,792
Cash and cash equivalents at January 1	94,599	75,070
Effect of foreign exchange rates on the opening balance	1,590	(1,263)
Cash and cash equivalents at December 31	122,390	94,599
The cash flow statement includes cash flows corresponding to discontinued activities of the Sugar Business whose principal cash flow captions are provided below:		
Total net cash flows by operating activities	19,399	93,582
Total net cash flows by investment activities	8,022	(4,405)
Total net cash flows by finance activities	30,271	(24,512)
The following table presents the reconciliation of cash and cash equivalents with the balance sheet at December 31, 2008 and 2007		
Cash on the consolidated balance sheet	117,584	94,599
Cash corresponding to discontinued operations	4,086	0
	122,390	94,599

Notes 1 to 31 in the accompanying notes to the financial statements are an integral part of the consolidated cash flow statement for the year ended December 31, 2008.

Consolidated Financial Statements and Management Report for the year ended December 31, 2008

1. CORPORATE INFORMATION

Ebro Puleva, S.A. (the parent Company) is the outcome of the merger by takeover by Azucarera Ebro Agrícolas S.A. of Puleva S.A. Following said takeover merger, the board of directors resolved to change the name of the company from Azucarera Ebro Agrícolas, S.A. to Ebro Puleva, S.A. with effect from January 1, 2001.

The registered office of the company is at Madrid (28046), calle Castellana, 20.

The Company is engaged in the following activities both in Spanish and foreign markets:

- a) The production, preparation, sale, research, import and export of all types of food and dietary product for both human or animal consumption, in addition to energy food, including their byproducts and waste and, particularly from sugar, agricultural products, dairy products, rice, pasta and any type of nutritional product, including enteral diets for clinical feeding, formulas, products as well as special composites for the pharmaceutical, healthcare or veterinary and biofuel industries.
- b) The production, marketing and sale of all types of refreshment, food and alcoholic beverages.
- c) The exploitation of any type of byproducts, services or uses related to the above activities, including refrigeration units, ice, industrial gas, vapor, cold air and energy.
- d) The acquisition, lease, creation, installation, promotion, development and management of industrial, farming and livestock facilities in the food, nutrition and beverage sectors (including alcohol).
- e) The execution of projects, construction of installations or the provision of any other technical assistance to other companies of such sectors; the creation, promotion, protection and exploitation of patents, trademarks and other items pertaining to industrial property.
- f) Any activities relating to personnel training, computer programming or management, investment and optimization of resources, advertising and corporate image, transport, distribution and sale deemed complementary to the above. Las actividades integrantes del objeto social podrán ser desarrolladas mediante la suscripción o adquisición de acciones o participaciones de sociedades con objeto social idéntico o análogo.

The activities comprising the parent company's corporate purpose may be carried out through the subscription or acquisition of shares or participation units of companies having an identical or similar corporate purpose.

The group currently operates on the domestic and international markets. The composition of its sales is described in Note 6 - Segment information.

2. BASIS OF PRESENTATION Y COMPARABILITY OF INFORMATION

All amounts in these consolidated financial statements are expressed in euros (unless specified otherwise), which is the functional currency of the Ebro Puleva Group. Transactions in foreign currency are translated to euros in accordance with the accounting policies described in Note 3.

a) Basis of presentation

1. General accounting principles

The annual consolidated accounts has been prepared by in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union in conformity with Regulation (EC) No. 1606/2002 of the European Parliament and European Council.

The consolidated accounts for the year ended December 31, 2008, which were prepared by the directors of the parent company on March 25, 2009, are pending approval at the General Shareholders' Meeting. It is expected that they will be approved without modification. The financial statements for 2008 for Ebro Puleva, S.A. and for the Group's subsidiaries and associates are also pending approval at their respective shareholders' meetings.

The consolidated financial statements have been prepared on a historical cost basis, except where the mandatory application of an IFRS required the corresponding restatement.

2. Use of judgments and estimates

The information contained in these financial statements is the responsibility of the Group's directors.

In the preparation of the consolidated financial statements, the Group's management has made some estimates regarding the assets, liabilities, revenues, expenses and commitments herein. These mainly relate to:

- ◁ The measurement of assets and goodwill for the existence of impairment losses (Notes 3f, 3g and 3h).
- ◁ The assumptions used in the actuarial estimation of pension and other post-employment benefits (Notes 3n and 20).
- ◁ The useful life of property, plant and equipment and intangible assets (Notes 3e and 3f).
- ◁ The assumptions used in estimating fair value of financial instruments (Note 3r).
- ◁ The probability that liabilities of an unspecified amount or contingent liabilities may arise (Note 3o).
- ◁ The recoverability of deferred tax assets (Note 3q).

Although these estimations are made based on the best information available at the balance sheet date, events may occur in the future that require adjustments (positive or negative) to be made prospectively in subsequent years. The effects of changes in estimates are recognized in the financial statements of the years in which they are made.

b) Comparability of information

For comparative purposes the Group has included together with the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of recognized income and expense and the notes to the consolidated financial statements, in addition to the figures at December 31, 2008, those at December 31, 2007.

The changes in presentation in the data relating to the year ended December 31, 2007 in the 2008 consolidated financial statements with respect to those included in the 2007 consolidated financial statements were the following:

- ◁ To improve the presentation and harmonization of these financial statements, in 2008 certain commercial costs of the American pasta segment and the Herba Group rice segment have been recognized as a decrease in revenue (turnover) rather than as operating expenses. To facilitate comparison of the 2007 figures with those of 2008, the figures of the December 31, 2007 balance sheet have been modified by decreasing the balance of "Revenues" and the balance of "Operating expenses" by 42,767 thousand euros with respect to the figures included in the 2007 financial statements.
- ◁ In addition, pursuant to prevailing accounting policy, the 2007 income statement has been modified to show a breakdown of continuing and discontinued operations to present comparative figures that are harmonized with those of the income statement for 2008, in which the sugar business became a discontinued operation (Note 7).

c) Changes in consolidation scope

The main changes in the consolidation scope in 2008 and 2007 and the consolidation method used are shown in Notes 4 and 5.

3. SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting policies applied in the preparation of the consolidated financial statements were the following:

a) Consolidation principles

Subsidiaries

The consolidated financial statements include all the companies over which the Group has control. Control implies the power to establish financial and operating policies in order to profit from the company's activities.

Upon acquisition, the Group measures the company's assets, liabilities and contingent liabilities at fair value as at the acquisition date. If cost exceeds the fair value of the net assets acquired, the excess is recognized as goodwill. If the fair value of the net assets exceeds the cost, the excess is recognized directly in income. The results of companies acquired during the year are recognized in the income statement from the acquisition date.

The Group applies the following accounting treatment to additional acquisitions or sales of shares of subsidiaries in cases in which it does not lose effective control:

- ◁ Acquisitions of additional shares: the difference between the acquisition price and the book value of the minority interests is recorded as an increase in goodwill.
- ◁ Sales of shares without the loss of effective control: the difference between the sale price and the net book value of the share sold, including any corresponding goodwill, is recognized in the consolidated income statement.

Minority interests are stated at the acquisition date at the minority proportion of the fair value of the acquiree's assets and liabilities.

The financial statements of some subsidiaries are adjusted, when necessary, to harmonize the accounting criteria and policies established for the Group.

All material intragroup transactions and balances have been eliminated on consolidation.

Associates

The Group's investments in associates (i.e. companies in which the Group has significant influence, but not control) and *joint ventures* are accounted for under the equity method of accounting. Under this method, investments in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the associate less any impairment losses. The consolidated income statement reflects the percentage interest in the after-tax results of the associate.

b) Translation differences

The individual financial statements of Group companies are presented in local currency. In the consolidated financial statements, assets and liabilities are translated to euros at the year-end exchange rate. Income statement headings are translated at the average exchange rate for the year. Issued capital, share premium and reserves carried at historical cost are reported using the exchange rate at the date of the transaction. Translation differences arising from investments in Group companies and associates are recognized as a separate component of equity.

Translation differences involving minority interests are recognized in "Equity attributable to minority interests."

Goodwill and fair value adjustments to the carrying amounts of the net assets arising on the acquisition of the foreign operation are treated as part of the assets and liabilities of that foreign operation and therefore translated at the closing rate.

On the sale or disposal of an investment in a Group company or associate, the accumulative amount of the exchange differences in these companies to the date of sale or disposal is recognized in the income statement.

c) Foreign currency translation

Transactions in foreign currency are translated to euros at the exchange rate ruling at the date of the transaction. All differences in the settlement of these transactions and in the measurement of monetary assets and liabilities denominated in foreign currency are taken to profit or loss.

d) Liquid assets

These include cash and cash equivalents, which primarily comprise certificates of deposit, short-term deposits, short-term marketable securities, short-term government bonds and other money market assets with an original maturity of three months or less. These assets are recognized at cost, which is similar to realizable value.

e) Property, plant and equipment

Property, plant and equipment are stated at the lower of:

- ◁ Purchase price or cost of production, less the corresponding accumulated depreciation and any impairment.
- ◁ The recoverable amount through the cash-generating unit to which the item belongs or through sales, capital gains or both.

In addition, certain assets (property, plant and equipment, and investment properties) are carried at the revalued amount, which is the fair value estimated by independent appraisers following the acquisition of subsidiaries or associates based on the measurement criteria explained in section a) above.

Property and plant are transferred to investment properties only when there has been a change in their use. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its carrying amount at the date of change of use is considered as its initial cost for accounting purposes. If the property occupied by the Group becomes a real estate investment, the Group recognizes it in keeping with the criteria applied to property, plant and equipment until the date of change of use.

Real estate investments are derecognized when they are disposed or retired permanently from use and no future economic benefit is expected from their disposal. Any gains or losses from the retirement or disposal of the asset are recognized in the consolidated income statement for the period in which that retirement or disposal occurred.

When factors indicating possible obsolescence of assets are detected, the corresponding write-down provisions are recorded.

Interest cost is not capitalized and is recognized in the consolidated income statement. The costs of any extension, modernization or improvements that increase productivity, capacity or efficiency or prolong the useful life of the assets are capitalized as an increase in the cost of the corresponding assets. Maintenance and upkeep expenses are charged to the profit and loss account in the year in which they are incurred.

Depreciation is calculated by the straight-line method according to the estimated useful life of the respective assets, considering the depreciation actually suffered through operation, use and occupation, as indicated below. The residual value, useful life and amortization method for these assets is reviewed annually.

	Depreciation rate
Buildings	1.0 to 3.0%
Plant and machinery	2.0 to 20%
Other installations, tools and furniture	8 to 25%
Other	5.5 to 25%

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are capitalized at the present value of the remaining balance of the liability. Each lease payment includes principal and interest. Interest on leases is calculated at a fixed rate of the outstanding principal. Leased assets are amortized on a straight-line basis according to the useful life shown previously. Operating lease payments are expensed currently over the lease term.

f) Intangible assets (excluding goodwill and CO₂ emission rights)

Intangible assets are carried at acquisition or production cost and are tested and adjusted for impairment losses regularly (Note h). In addition, when they can be amortized, their residual life, useful life and amortization method are reviewed annually. Intangible assets include:

- ◁ **Research and development expenses:** Development costs incurred for specific projects aimed at developing new products to be marketed or used for the Group's own organization whose future recoverability is reasonably certain are capitalized and amortized on a straight-line basis over the period during which it is expected that revenue will be obtained from the project upon completion.
Future recoverability is reasonably assured when the Group can demonstrate the technical viability of completing the intangible asset in order to use it or sell it and how the asset will generate future economic benefits.
- ◁ **Concessions, patents and licenses:** Capitalized development expenses are stated as industrial property when the corresponding patents, etc. are obtained. New trademarks purchased by group companies from third parties are also included, at acquisition cost. On the basis of an analysis of all relevant factors, the Group has established that there is no foreseeable limit to the period during which the most significant brand names are expected to generate net cash flows for the entity, and consequently, those brand names are classified based on indefinite useful lives. However, the useful lives of the brand names are reviewed annually to determine whether their useful lives are finite or indefinite. If applicable, amortization is calculated based on their estimated useful lives, which vary from 10 to 20 years.
- ◁ **Software:** This heading includes the amounts paid for access to ownership or the right to use computer programs, as well as the costs incurred by the Company in the development of software, when these are expected to be used over several years. Software is amortized on a straight-line basis over the estimated useful life, generally three years. Software maintenance expenses are recorded directly in the year incurred.

g) Goodwill

Goodwill represents the excess of the cost of the acquisition of fully-consolidated subsidiaries over the fair value of the net assets acquired at the date of acquisition. The excess of the cost of investments in associates is recognized in the consolidated balance sheet under "Investments in associates" and the expense for potential impairment of this excess under "Share of profit (loss) of associates" in the consolidated income statement.

When new investments entail deferred payment, cost includes the present value of the outstanding balance. When the amount deferred may be affected by future events, the balance is estimated at the date of acquisition and recognized as a liability. Future changes in the deferred price lead to an adjustment to goodwill and the corresponding liability in that year.

Goodwill is not amortized, but is subject to annual impairment testing. Any impairment is recognized directly in the income statement and may not be reversed.

Negative goodwill is recognized in profit and loss once the fair value of the net assets acquired is established.

On the sale or disposal of an investment in a Group company or associate, any goodwill allocated to the company is included in the gain or loss recognized from the sale or disposal.

h) Impairment of property, plant and equipment and intangible assets

The Group assesses the carrying amount each year of its assets to determine whether there is any indication that an asset may be impaired.

Where the carrying amount of the asset exceeds its realizable value, an impairment loss is recognized in the income statement and the asset is written down to its recoverable amount. An asset's recoverable amount is the higher of its fair value and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate.

For potentially impaired assets that do not generate cash inflows that are independent of those from other assets, the impairment test is performed on the group of assets (cash-generating unit) to which it belongs.

The recoverable value of intangible assets with an indefinite useful life is assessed for impairment annually or whenever there is an indication that the intangible assets may be impaired. The reversal of impairment loss of an asset is recognized in the period consolidated income statement.

i) Non-current assets held for sale and discontinued operations

Non-current assets held for sale and discontinued operations are measured at the lower of cost or fair value less costs to sell.

An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and as a discontinued operation when the sale is like to occur in the short term (i.e. less than a year) and under the current conditions of the asset.

j) Financial assets (investments)

Financial assets are recognized (or derecognized) on the trade date and initially measured at fair value, which generally coincides with their acquisition cost, plus any attributable transaction costs.

Investments

Investment are recognized initially at fair value and classified as either available for sale or held for trading. Changes in the value of available-for-sale investments are taken directly to reserves until the investment is sold, at which time the cumulative gain or loss is included in the income statement. Changes in the value of assets classified as held for trading are always recognized in income.

Fair value is determined as follows:

1. Listed securities in an active market: Fair value is deemed to be the listed price at year end.
2. Unlisted securities in an active market: Fair value is obtained using technical valuations, which includes the discount of cash flows, option valuation models or comparable transaction references. When fair value cannot be reliably measured, these investments are recorded at cost.

Other loans and receivables

Other current and non-current non-trade receivables are carried at the amount received (amortized cost). Interest received is recorded as interest income in the year in which it is accrued, in accordance with financial criteria.

In general, non-trade current loans are not discounted.

k) Trade and other receivables

Trade and other receivables are recognized at the nominal amount which is similar to their amortized cost, less any allowance for uncollectible amounts.

The amount related to discounted bills in trade and other receivables and interest-bearing loans and borrowings (current financial liabilities) is recognized until maturity.

l) Inventories

Inventories are stated at purchase price or cost of production, using the average weighted value method.

The purchase cost includes the amount invoiced plus all additional expenses incurred until the assets reach the warehouse.

The cost of production is calculated as the sum of the purchase costs of raw materials and other consumables, the manufacturing costs directly attributable to the product and the corresponding part of the costs indirectly attributable to the products in question, insofar as they correspond to the production period.

In such cases where the purchase cost less the sales costs and less costs to be incurred to finish inventory production is lower than those indicated in the above paragraph, valuation adjustments are made, and impairment provisions are recorded.

m) Deferred income - Grants

Grants received by the Company are recorded according to the following principles:

- a) Outright capital grants: Stated at the amount awarded and released to the income statement using the straight-line method over 10 years, which is approximately equivalent to the average period of depreciation of the assets financed with the grants. They are shown on the consolidated balance sheet under "Liabilities".
- b) Operating grants: Credited to income upon accrual.

n) Pensions and other post-employment benefits

The Group operates a number of defined benefit and defined contribution plans. The cost of defined benefit plans are determined using the projected unit credit method.

The commitments for defined benefits are determined by independent actuarial experts, annually for significant plans and periodically for all others. The actuarial assumptions used to determine the commitments vary depending on the economic circumstances of each country.

The plans may be funded by an external fund and internally via reserves.

For externally funded defined benefit plans, the negative difference between the fair value of the underlying assets and the actuarial value of the obligation as a result of actuarial gain or loss is recognized directly on the cumulative income statement net of its tax effect on equity, and any modifications of past services rendered on the income statement for the year. The positive difference is only recognized in the balance sheet if it represents a future economic benefit either through redemption of the plan or a decrease in future contributions. Actuarial gains and losses mostly arise from changes in the actuarial assumptions or differences between the previous actuarial assumptions and what actually occurred. Prior to 2008, these actuarial gains and losses were insignificant and given that they had no significant effect, in prior years they were recognized directly on the income statement for each year.

For these plans, the actuarial cost recognized in the income statement is the sum of the service cost for the current year, interest costs, the expected return on plan assets and past service costs, whereas actuarial losses and gains when significant are recognized directly in cumulative income and expense in equity. Contributions to defined contribution plans are recognized in the income statement when the contribution is made.

Under the applicable collective labor agreement and based on voluntary agreements reached with employees, Azucarera Ebro, S.L., Ebro Puleva, S.A., Puleva Food, S.L, are obliged to pay various types of annual supplements and bonuses for length of service to certain employees. Where applicable, they are also required to pay retirement bonuses to permanent employees who retire early or at the legal retirement age. The recorded provision represents the current value, based on actuarial studies conducted primarily by independent actuaries, of the future payment commitments of these companies with both retired and current employees. In accordance with prevailing legislation, this provision has been externalized (Note 20). From 2002, these companies are required to make any annual contributions to the externalized retirement funds necessary to adjust the potential commitments accrued at the end of each year. These adjustments do not have a significant impact on consolidated results.

Under the applicable collective labor agreement and based on voluntary agreements reached with its employees, the Riviana Group, the NWP Group and some European companies of the Ebro Puleva Group are obliged to pay various types of annual supplements and bonuses for length of service to certain employees. Where applicable, it is also required to pay retirement bonuses to its permanent employees who retire early or at the legal retirement age.

The recorded provision represents the current value, based on actuarial studies conducted primarily by independent actuaries, of the future payment commitments with both retired and current employees, less the present value of the financial assets in which the funds are invested. These funds are independently managed by a Management Committee made up of employees, managers and third parties.

In addition, some Group companies grant certain employees retirement bonuses voluntarily of an unspecified amount. The amount of these is insignificant and is recognized as an expense when payment is made. Other Group companies either do not have similar obligations or the amount is insignificant.

o) Other provisions

Other provisions are recognized when the Group has a present obligation (either legal or contractual) as a result of a past event, if it is probable that an outflow of cash will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Group records provisions at the end of the year (at present value) to meet the estimated amounts of probable or certain liabilities arising from ongoing litigation or outstanding obligations.

If an outflow of cash is considered possible but not probable, the consolidated financial statements do not reflect any provision for this concept; however, a description of the risk is included in the notes to the consolidated financial statements.

Restructuring provisions are only recognized when a detailed formal plan is adopted for this purpose (e.g. identifying the operations involved, the locations affected, the function and number of employees to be compensated upon termination, the payments required and the date the plan will take effect) and when it is reasonably assured that the restructuring will be carried out (e.g. the plan has commenced or its main features have been announced). These provisions are not estimated merely on their legal framework but also based on their underlying economic reality.

p) Financial liabilities– interest-bearing loans and borrowings

Interest-bearing loans and borrowings maturing in less than 12 months from the balance sheet date are classified as current liabilities, while those with longer maturity periods are classified as non-current liabilities.

All loans and borrowing are recognized at the original consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost. Interest on the loans and borrowings and the related costs are taken to the income statement based on financial criteria.

q) Income taxes

Income tax expense is recognized in the consolidated income statement except when the tax is directly related to equity, in which case the tax is recognized accordingly in this caption.

Deferred income tax is determined using the liability method. According to this method, deferred income tax assets and liabilities are measured based on the temporary differences between the tax bases of assets and liabilities and their carrying amounts at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities relating to changes in equity are taken directly to equity. Deferred tax assets and liabilities are recognized only to the extent that it is probable that they will arise and adjusted subsequently if it is not probable that sufficient profits will be available.

Deferred tax liabilities related to investments in subsidiaries and associated companies are not recognized if the parent company is able to control the timing of the reversal and it is not probable in the foreseeable future.

r) Financial instruments

The Group uses derivative financial instruments to hedge its risks associated with interest rate and foreign currency fluctuation. Such derivatives, whether classified as hedges or not, are initially recognized at fair value. Fair value is considered to be market value for listed instruments or determined using option pricing models or discounted cash flow analysis for unlisted instruments. For the purposes of hedge accounting, the following criteria have been used:

- ◁ Cash flow hedges: The effective portion of the net gains or losses arising from the remeasurement to fair value directly in retained earnings (equity) until the transaction is entered into or expected to take place, at which time it is transferred to the income statement. The ineffective portion is recognized directly in profit or loss.
- ◁ Hedges of a net investment in foreign operations: Net gains or losses relating to the effective portion following the remeasurement to fair value are recognized directly in "Translation differences" and they are recognized in the consolidated income statement when the hedged investment is sold. The ineffective portion is recognized directly in profit or loss.
- ◁ Measurement of financial instruments not designated as hedges or that do not meet the criteria for hedge accounting: Gains or losses relating to the remeasurement to fair value are recognized directly in profit or loss.

s) Recognition of revenues

Income and expenses are recorded following the accruals principle. Ordinary revenue is recognized in the year when the gross economic benefits related to the Group's ordinary activities flow to the Group, provided that any increase in equity is not related to the contributions by owners of this equity and the benefits can be measured reliably. Ordinary revenue is recognized at the fair value of the consideration received or receivable.

Revenue from the rendering of services is only recognized when it can be measured reliably and in accordance with the stage of completion of the service at the balance sheet date.

The Group does not include in ordinary revenues the gross economic benefits received by the Group when it acts as third-party agent or commission agent. In these cases, it only recognizes the ordinary revenue related to its business.

The exchange of assets or services that are not commercial are not regarded as a transaction that generates revenues.

The Group recognizes the net amount of purchase or sale contracts of non-financial assets settled in cash or another financial instruments. Contracts entered into or held with the aim of receiving or delivering these non-financial instruments are recognized in accordance with the terms of the purchase or sale contracts, or requirements of expected usage by the company.

Interest income is recognized on a time proportion basis of the outstanding principal and taking into account the effective yield.

t) Environmental Issues

Environmental expenses are those incurred in connection with environmental activities carried out, or which should be carried out, to manage the environmental effects of the Group's operations, as well as those relating to environmental commitments.

Assets incorporated in the Group's equity in the long term for the primary purpose of minimizing the environmental impact of the Group's activities or protecting or improving the environment, including the reduction or elimination of future contamination caused by the Group's operations, are recorded as investments. For accounting purposes, these assets are recorded using the same criteria applied to property, plant and equipment.

u) CO₂ emission rights

The Group's policy is to record CO₂ emission rights as "Non-amortizable intangible assets." The rights received free under the corresponding National CO₂ Emission Rights Assignment Plans are valued at the prevailing market price and deferred income for the same amount is recognized.

In 2008 a new five-year plan for the period from 2008 to 2012 began which assigned free emission rights equivalent to 2,565,392 tons, of which 1,635,167 tons correspond to the sugar business, which was discontinued in 2008.

In 2008 and 2007 the Group received free emission rights equivalent to 516,940 and 640,753 tons, respectively, as per the national assignment plan approved in Spain (330,895 and 439,427 tons, respectively, correspond to the sugar business, which was discontinued in 2008). These plans also establish the assignment of free emission rights in 2009 equivalent to 516,214 tons, of which 330,169 tons correspond to the sugar business discontinued in 2008.

The Company consumed 445,018 tons and 504,078 tons of emission rights in 2008 and 2007, respectively, of which 271,296 and 326,822 tons, respectively, correspond to the sugar business, which was discontinued in 2008.

These rights are initially recorded at the market value as "Intangible assets" and "Deferred income" on the date on which the rights are received and are taken to "Other operating income" on the consolidated income statement as the CO₂ emissions which the rights are to cover are released.

As of 2005, companies that emit CO₂ in their operating activities must submit CO₂ emission rights equivalent to their CO₂ emissions in the early months of the following year.

The obligation to submit CO₂ emission rights for the CO₂ emissions during the year is recorded in "Other current liabilities," while the corresponding cost is recorded in "Consumption of goods and other external charges" in the consolidated profit and loss account.

This obligation is valued at the same amount at which the CO₂ emissions rights submitted to cover CO₂ emissions are recorded under "Intangible assets" in the consolidated balance sheet.

If at the date of the consolidated balance sheet the Group does not have the CO₂ emission rights necessary to cover CO₂ emissions, the related cost and provision are recorded based on the Group's best estimate of the price that it would have to pay to acquire them. When a more adequate estimate does not exist, the estimated acquisition price of emission rights which the Group must acquire is the market price of these rights at the close of the consolidated financial statements.

At December 31, 2008 (2007) the provision included in the consolidated balance sheet for CO₂ emitted by the Group in 2008 (2007) amounted to 6,809 (49) thousand euros. Of this amount, 4,150 (10) thousand euros correspond to the sugar business, which was discontinued in 2008. The amount of 6,809 (49) thousand euros will be covered by the emission rights received from the corresponding emission assignment plans.

v) Treasury shares

The Entity's own equity instruments which are re-acquired (treasury shares) are deducted directly from equity. Gains and losses are not recognized on the consolidated income statement for purchases, sales, issue or cancellation of the Group's own equity instruments.

w) New IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 11 - Group and Treasury Share Transactions was applied as of January 1, 2008. Its adoption did not have a material impact on the financial position of the Company in the period of its application.

IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction was applied as of January 1, 2008. Its adoption did not have a material impact on the financial position of the Company in the period of its application.

Amendments to IAS 39 and IFRS 7: Reclassification of financial instruments was applied as of July 1, 2008. The effects of its adoption in the current period have not been significant.

At the date these consolidated financial statements were prepared, the interpretation of IFRIC 12: Service concession agreements, which came into effect for the year ended December 31, 2008, has been published but has not been adopted by the European Union. The application of this interpretation would not have had an impact on the 2008 consolidated financial statements.

On the other hand, the following IFRS and IFRIC interpretations as published were adopted effective for the year ended December 31, 2008:

STANDARDS AND AMENDMENTS		Mandatory application: financial years beginning on or after
Amendment to IAS 23	<i>IFRS improvements</i>	January 1, 2009 (*)
Amendment to IAS 1	<i>Presentation of Financial Statements – Revised presentation</i>	January 1, 2009
IFRS 3R	<i>Business combinations</i>	July 1, 2009
Amendment to IAS 27	<i>Consolidated and individual financial statements</i>	July 1, 2009
Amendment to IFRS 2	<i>Share-based payments – Vesting conditions and cancellations</i>	January 1, 2009
Amendment to IAS 32 and IAS 1	<i>Puttable financial instruments and obligations arising on liquidation</i>	January 1, 2009
Amendment to IFRS 1 and IAS 27	<i>Cost of an investment in a group company, associate or joint venture</i>	January 1, 2009
Amendment to IAS 39	<i>Eligible hedged items</i>	July 1, 2009
IFRS 8	<i>Operating segments</i>	January 1, 2009
IFRS 1R	<i>First-time adoption of IFRS</i>	January 1, 2009
<i>IFRS improvements</i>		January 1, 2009 (**)

(*) Financial costs related to qualified capitalized assets as of January 1, 2009.

(**) Improvements to IFRS 5 are applicable in financial years beginning on or after July 1, 2009.

INTERPRETATIONS		Mandatory application: financial years beginning on or after
IFRIC 13	<i>Customer loyalty programs</i>	July 1, 2008
IFRIC 15	<i>Agreements for the Construction of Real Estate</i>	January 1, 2009
IFRIC 16	<i>Hedge of a net investment in a foreign operation</i>	October 1, 2008
IFRIC 17	<i>Distributions of Non-cash Assets to Owners</i>	July 1, 2009
IFRIC 18	<i>Transfers of Assets from Customers</i>	July 1, 2009 (*)

(*) Applies to transfers carried out on or after July 1, 2009.

The Group is currently analyzing the impact of the adoption of the aforementioned standards, amendments and interpretations. Given that the number of modifications is significant, they may have some impact on the consolidated financial statements in the period of their initial application.

4. SUBSIDIARIES AND ASSOCIATES

Ebro Puleva, S.A.'s direct or indirect investments in Group subsidiaries and associates are the following:

SUBSIDIARIES AND ASSOCIATES	% Shareholding		Parent company	Registered address	Activity
	12-31-08	12-31-07			
Azucarera Ebro, S.L. (Group) (AE) (a)	100.0%	100.0%	EP	Madrid (Spain)	Production and sale of sugar
Dosbio 2010, S.L.	100.0%	100.0%	EP	Madrid (Spain)	Bioenergy
Fincas e Inversiones Ebro, S.A.	100.0%	100.0%	EP	Madrid (Spain)	Crop farming
Arotz Foods, S.A.	99.9%	99.9%	EP	Madrid (Spain)	Banana growing and canned vegetables
Puleva Food, S.L. (Group) (PF)	100.0%	100.0%	EP	Granada (Spain)	Production and sale of dairy products
Lactimilk, S.A. (Group) (LACT)	100.0%	100.0%	EP	La Coruña (Spain)	Production and sale of dairy products
Puleva Biotech, S.A. (Group) (PB) (c)	51.10%	62.11%	EP	Granada (Spain)	Development&marketing of new products
Jiloca Industrial, S.A.	100.0%	100.0%	EP	Teruel (Spain)	Production of organic fertilizer
Biocarburantes de C. y León, S.A. (b)	50.0%	50.0%	Dosbio	Sevilla (Spain)	Production bioethanol
Beira Terrace Ltda.	100.0%	100.0%	EP	Porto (Portugal)	Real estate
Riviana Foods Inc. (Group) (Riviana)	100.0%	100.0%	EP	Houston (Texas-USA)	Production and sale of rice
Panzani, SAS (Group) (Panzani)	100.0%	100.0%	EP	Lyon (France)	Production and sale of pasta and sauces
New World Pasta Comp. (Group) (NWP)	100.0%	100.0%	EP	Harrisburg, PA (USA)	Production and sale of pasta and sauces
Birkel Teigwaren GmbH (Birkel)	100.0%	100.0%	EP	Germany	Production and sale of pasta and sauces
Lince Insurance Ltd. (d)	100.0%	100.0%	EP	Dublin (Ireland)	Insurance
Agroteo, S.A. (a)	73.0%	73.0%	AE	Benavente (Spain)	Services for farmers
Azucarera Energías, S.L.	60.0%	60.0%	AE	Madrid (Spain)	Electricity cogeneration
Unión Azucarera, A.I.E. (a)	98.9%	98.9%	AE	Madrid (Spain)	Joint venture
Compañía de Melazas, S.A. (b) (a)	50.0%	50.0%	AE	Madrid (Spain)	Sale of molasses
Sucran France, SAS (a)	100.0%	100.0%	AE	Lyon (Francia)	Sale of sugar
Nueva Comercial Azucarera, S.A. (a)	87.5%	87.5%	AE	Madrid (Spain)	Sale of sugar
Puleva Networks, S.A.	100.0%	100.0%	PF	Granada (Spain)	IT development and services
Puleva Salud, S.A.	91.25%	91.25%	PF	Granada (Spain)	Internet
Grelva, S.L.	100.0%	100.0%	PF	Granada (Spain)	Electricity cogeneration
Yofres, S.A.	100.0%	100.0%	PF	Granada (Spain)	Sale of fermented dairy products
Miguel Sancho Puleva, S.A.	100.0%	100.0%	PF	Granada (Spain)	Idle
Edda, S.A.	100.0%	100.0%	PF	Granada (Spain)	Idle
Uniasa, S.A.	100.0%	100.0%	PF	Granada (Spain)	Idle
Formalac, S.L.	100.0%	100.0%	PF	Granada (Spain)	Idle
Nutrilac, S.L.	100.0%	100.0%	PF	Granada (Spain)	Idle
Fundación Puleva	100.0%	100.0%	PF	Granada (Spain)	Foundation
JJ. Software de Medicina, S.A. (b)	26.8%	26.8%	PF	Madrid (Spain)	Sale of software
Castillo Castelló, S.A.	80.0%	80.0%	LACT	Lérida (Spain)	Sale of dairy products
Eurodairy, S.L.	100.0%	100.0%	LACT	Barcelona (Spain)	Sale of dairy products
Innovalact El Castillo, S.A.	100.0%	100.0%	LACT	Lérida (Spain)	Sale of dairy products
El Castillo Madibic, S.L.	50.0%	50.0%	LACT	Barcelona (Spain)	Sale and production of dairy products
Herba Foods, S.L. (HF)	100.0%	100.0%	EP	Madrid (Spain)	Investment management
Herba Ricemills, S.L. (HR)	100.0%	100.0%	EP	Madrid (Spain)	Production and sale of rice
Herba Nutrición, S.L. (HN)	100.0%	100.0%	EP	Madrid (Spain)	Production and sale of rice
Fallera Nutrición, S.L.	100.0%	100.0%	HN	Valencia (Spain)	Production and sale of rice
S&B Herba Foods Ltda. (Group)	100.0%	100.0%	HF/R. Int.	London (UK)	Production and sale of rice
Herba Germany, GmbH	100.0%	100.0%	HF	Hamburg (Germany)	Patent holder
Riceland Magyarorszag	100.0%	100.0%	HF/EP	Budapest (Hungary)	Production and sale of rice
Danrice, A.S.	100.0%	100.0%	HF	Orbaek (Denmark)	Production and sale of rice
Boost Nutrition C. V. (Boost)	100.0%	100.0%	HF/N.C.	Merksem (Belgium)	Production and sale of rice
Euryza	100.0%	100.0%	Boost	Stuttgart (Germany)	Production and sale of rice
Mundi Riso, S.R.L.	100.0%	100.0%	HF	Vercelli (Italy)	Production and sale of rice
Herba Hellas, S.A.	75.0%	75.0%	HF	Thessalonica (Greece)	Farm land concessionaire
Mundi Riz, S.A.	100.0%	100.0%	HF	Larache (Morocco)	Production and sale of rice
Agromeruan	100.0%	100.0%	HF	Larache (Morocco)	Farm land concessionaire
Rivera del Arroz, S.A.	100.0%	100.0%	HF	Larache (Morocco)	Production and sale of rice
Mundi Vap	100.0%	100.0%	HF	Larache (Morocco)	Production and sale of rice
Katania Magreb (b)	50.0%	50.0%	HF	Larache (Morocco)	Production and sale of legume

SUBSIDIARIES AND ASSOCIATES	% Shareholding		Parent company	Registered address	Activity
	12-31-08	12-31-07			
Arrocerías Mundiarroz, S.A.	100.0%	100.0%	HF	Lisboa (Portugal)	Production and sale of rice
Josep Heap Properties, Ltda.	100.0%	100.0%	HF	Liverpool (UK)	Investment management&administration
Risella OY	100.0%	100.0%	HF	Helsinki (Finland)	Sale of rice
Bosto Poland, S.L.	100.0%	100.0%	HF	Warsaw (Poland)	Sale of rice
Herba Bangkok	100.0%	100.0%	HF	Bangkok (Thailand)	Production and sale of rice
Herba Egipto	100.0%	100.0%	HF	Egypt	Production and sale of rice
Herba de Puerto Rico	100.0%	100.0%	HF	Puerto Rico	Sale of rice
Herba Ricemills Rom, SRL	100.0%	100.0%	HF	Romania	Sale of rice
Herba Ucrania, LLC	100.0%	100.0%	HF	Kiev (Ukraine)	Sale of rice
Herba India	100.0%	0.0%	HF	New Delhi (India)	Production and sale of rice
Nuratri, S.L.	100.0%	100.0%	HR	Granada (Spain)	Idle
Nutramas, S.L.	100.0%	100.0%	HR	Granada (Spain)	Idle
Nutrial, S.L.	100.0%	100.0%	HR	Granada (Spain)	Idle
Pronatur, S.L.	100.0%	100.0%	HR	Granada (Spain)	Idle
Vitasan, S.L.	100.0%	100.0%	HR	Granada (Spain)	Idle
Herto, N.V.	0.0%	66.7%	HF/N.C.	Idegem (Belgium)	Production and sale of rice
Riviana International, Inc. (R. Int.)	100.0%	100.0%	Riviana	Houston (USA)	Investment management
Riviana of Puerto Rico, Inc.	100.0%	100.0%	R. Int.	San Juan (P. Rico)	Sale of rice
Ebro Puleva de Guatemala, S. A.	100.0%	100.0%	R. Int.	Guatemala	Production and sale of food
Ebro Puleva de Costa Rica, S. A.	100.0%	100.0%	R. Int.	San José (Costa Rica)	Production and sale of food
Rivland, Inc. (b)	50.0%	50.0%	Riviana	Houston (USA)	Electricity cogeneration
South La Fourche, Inc. (b)	50.0%	50.0%	Riviana	Houston (USA)	Electricity cogeneration
Jonesboro Gasifier, Inc.	100.0%	100.0%	Riviana	Houston (USA)	Electricity cogeneration
Jonesboro Power Island, Inc.	49.0%	49.0%	Riviana	Houston (USA)	Electricity cogeneration
Stuttgart Power Island, Inc.	51.0%	51.0%	Riviana	Houston (USA)	Electricity cogeneration
N&C Boost N. V. (N.C. Boost)	100.0%	100.0%	R. Int.	Amberes (Bélgica)	Investment management
Mahatma Foods, Ltd. Australia	100.0%	100.0%	Riviana	Australia	Idle
Lastarmco, Inc. (Louisiana)	100.0%	100.0%	Riviana	Lousiana (USA)	Idle
River Brand Rice Mills, Inc. (Texas)	100.0%	100.0%	Riviana	Texas (USA)	Idle
Arkansas State Rice Milling Co.	100.0%	100.0%	Riviana	Delaware (USA)	Idle
Louisiana State Rice Milling Co.	100.0%	100.0%	Riviana	Delaware (USA)	Idle
Lustucru Riz	99.8%	99.8%	Panzani	Lyon (France)	Being liquidated
Lustucru Frais	99.8%	99.8%	Panzani	Lyon (France)	Production and sale of fresh pasta
Ferico	99.9%	99.9%	Panzani	Lyon (France)	Production and sale of other pasta
Grands Moulins Maurel	99.8%	99.8%	Panzani	Lyon (France)	Production and sale of flour&semolina
Silo de la Madrague	100.0%	100.0%	Panzani	Lyon (France)	Production and sale of flour&semolina
Rizerie Franco Americaine et Col., S.A.	100.0%	100.0%	Panzani	Paris (France)	Production and sale of rice
Siepa	0.0%	98.1%	Panzani	Lyon (France)	Idle and being liquidated
Alp'imprim (d)	100.0%	100.0%	Panzani	Lyon (France)	Printing
Española de I+D, S.A.	60.0%	60.0%	Biotech	Valencia (Spain)	Development&marketing of new products
Bosto Panzani Benelux, S.A.	100.0%	0.0%	Boost/Pzni	Merksem (Belgium)	Sale of rice and pasta
Ronzoni Pty	100.0%	100.0%	NWP	Montreal (Canada)	Production and sale of pasta and sauces
Mowe Teigwaren Gmbh	100.0%	100.0%	Birkel	Waren (Germany)	Production and sale of pasta and sauces

(a) These companies comprise the sugar business that was discontinued in 2008 (Note 7).

(b) Companies consolidated using the equity method.

(c) The directors of the parent company consider Ebro Puleva, S.A.'s 51.10% direct control (vs. 62.11% in 2007) over Puleva Biotech, S.A. as part of the securities portfolio. Therefore, the full consolidation method has been applied to Puleva Biotech, S.A.

(d) Although it is a share in a subsidiary it is consolidated using the equity method. The effect of consolidating it using the full consolidation method would not be material (Note 13).

None of the subsidiaries or associates is listed on the stock exchange, except for Puleva Biotech, S.A., whose shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges. All of the shares comprising said company's share capital are listed. The shares were first listed on December 17, 2001 and the average listing in the last quarter of 2008 (2007) and at December 31, 2008 (2007) was 1.20 (2.35) and 0.89 (2.12), euros per share, respectively.

The financial statements of all companies included in the consolidation scope are those corresponding to December 31.

5. CORPORATE TRANSACTIONS PERFORMED DURING THE YEAR 2008 AND 2007 AND THEIR EFFECT ON THE BASIS FOR COMPARISON

5.1. Internal transactions in 2007

Non-monetary contribution of the shares of Bicarburos de Castilla y León, S.A. to Dosbio 2010, S.L. through the capital increase of Dosbio 2010, S.L., fully subscribed by Ebro Puleva, S.A. with the non-monetary contribution of its entire share (50% of share capital) in Biocarburantes de Castilla y León, S.A.. For tax purposes, this transaction was filed under the special tax scheme for non-monetary contributions in Chapter VIII, Title VII of the revised Spanish Corporation Tax Law, approved by Legislative Royal Decree 4/2004, dated March 5.

5.2. 2008 internal transactions

No other significant internal transactions took place in 2008.

5.3. External corporate transactions carried out in 2008 and 2007 which affect the basis of comparison – Changes in the consolidation scope

In 2007 there were changes to the consolidation scope in addition to those described in point 5.1 above, the most significant of which were the following:

COMPANIES ADDED IN 2007 TO THE CONSOLIDATION SCOPE			
Company affected	Subgroup	%	Comments
Birkel Teigwaren GmbH (German group)	Pasta	100%	Acquired by Ebro Puleva
Jiloca Industrial, S.A.	Other	40%	Acquired by Ebro Puleva
Herba Rumania	Herba	100%	Formation of the Company
Herba Ucrania	Herba	100%	Formation of the Company
Puleva Salud, S.A.	Dairy products	2.95%	Additional acquisition of this %

COMPANIES REMOVED IN 2007 FROM CONSOLIDATION SCOPE			
Company affected	Subgroup	%	Comments
Nueva Comercial Azucarera, S.A.	Sugar	12.5%	New shareholders
Sociadore, SAS	France	100%	Sale of share
Puleva Biotech, S.A.	Other	1.69%	Shares sold on the stock exchange

Based on the above chart, the transaction having the most significant impact on the comparability of the consolidated financial statements is the acquisition of the Birkel Group. The following chart shows the effects of its incorporation to the consolidation scope in 2007.

DATE OF INCLUSION 10-01-2007	
(Thousand of euros)	Purchase 100% of BIRKEL
Intangible assets	13,816
Property, plant and equipment	27,609
Investments in associates	0
Financial assets	6
Goodwill	0
Deferred tax assets	257
Other non-current assets	0
Inventories	7,325
Other current assets	18,941
Total assets	67,954
Equity	20,534
Equity attributable to minority interests	0
Provisions for pensions and other post-employment benefits	3,737
Other provisions	0
Non-current financial liabilities	18,449
Other non-current liabilities	0
Deferred tax liabilities	6,567
Current financial liabilities	1,207
Trade payables	15,575
Other current liabilities	1,885
Total Equity and Liabilities	67,954
Carrying amount of net assets acquired	5,210
Difference between carrying amount of net assets and their fair value	15,324
Goodwill	0
Total investment	20,534
Financed with Financial liabilities	20,534
Total investment	20,534
Net cash acquired from the subsidiary	(17,857)
Revenues (*)	21,235
Profit (loss) contributed (*)	(4,469)

(*) From the date of inclusion in the Group. Results and estimated income for all of 2007 would have been -10.5 million and 92 million euros, respectively.

In 2008 no changes took place between initial and final recognition.

In 2008 there were changes to the consolidation scope in addition to those described in point 5.2 above, the most significant of which were the following:

COMPANIES ADDED IN 2008 TO THE CONSOLIDATION SCOPE			
Company affected	Subgroup	%	Comments
Exxentia, Grupo Fitoterapéutico, S.A.	Other	100%	Acquired by Puleva Biotech
Bosto Panzani Benelux, S.A.	Herba	100%	Formation of the Company
Herba India	Herba	100%	Formation of the Company

COMPANIES REMOVED IN 2008 FROM CONSOLIDATION SCOPE			
Company affected	Subgroup	%	Comments
Azucarera Ebro, S.L. and subsidiaries comprising the sugar business	Sugar	100%	Prior agreement for its sale to be signed in the first months of 2009 (a)
Herto, N.V. (Belgium)	Herba	66.7%	Sale of share
SIEPA (France)	Pasta	100%	Sale of share
Puleva Biotech, S.A.	Other	11.01%	Sale of percentage of the holding

(a) The assets and liabilities of this segment (the sugar business) were classified as held-for-sale on the accompanying 2008 consolidated balance sheet, and its 2008 and 2007 income and expenses were reclassified and shown on the accompanying consolidated income statement for both years as net results from discontinued operations (Note 7).

Based on the above chart, the companies removed in 2008, except for the discontinued sugar business (Note 7), did not have a significant impact on the comparability with 2007, and what had the most significant impact on the consolidated annual accounts was the acquisition of the Exxentia Group. The following chart shows the effects of its incorporation to the consolidation scope in 2008.

PURCHASE OF 100% OF EXXENTIA	Date of inclusion 01-02-2008	
	Carrying amount	Fair value
(Thousand of euros)		
Intangible assets	156	3,826
Property, plant and equipment	4,676	8,181
Investments properties	357	573
Investment in associates	42	42
Financial assets	86	86
Deferred tax assets	88	88
Other non-current assets	0	0
Inventories	2,721	2,721
Other current assets	5,155	5,155
Total Assets	13,281	20,672
Deferred income	1,716	1,716
Non-current financial liabilities	74	74
Deferred tax liabilities	0	2,217
Current financial liabilities	4,931	4,931
Trade payables	2,447	2,447
Other current liabilities	943	943
Total Equity and Liabilities	10,111	12,328
Total net assets and liabilities	3,170	8,344
Goodwill		25,728
Total investment		34,072
Financed with Financial liabilities		33,738
Direct transaction costs paid		334
Total investment		34,072
Net cash acquired from the subsidiary		(4,442)
Revenues (*)		9,412
Profit (loss) contributed (*)		(1,080)

(*) From the date of inclusion in the Group. Results and estimated income for all of 2008 would have been the same amount as indicated above.

6. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

As described in Note 7, in 2008 the sugar business became a discontinued operation. Therefore, Note 7 includes a chart with a breakdown of the continuing businesses, except for the discontinued sugar business, which serves as a reconciliation of the data shown below related solely to continuing businesses.

The Ebro Puleva Group is divided into the following business lines and/or activities:

- ◁ Rice business.
- ◁ Pasta business.
- ◁ Dairy business.
- ◁ Sugar business (discontinued in 2008, see Note 7).
- ◁ Other business lines and/or activities.

These business lines and/or activities provide the basis for the Group's segment reporting. The financial information pertaining to segments is shown in the breakdown at the end of Note 6.

Rice business

Herba Group: This unit is specialized in activities pertaining to the rice business. We are the top ranked rice producer in Europe and one of the leading rice groups worldwide. Through our modern production facilities and sales networks, we do business in more than 60 countries.

Our trademark portfolio includes the most successful and widely recognized brand names on the market, making us a rice Group with a multi-brand strategy.

In addition, we are the largest supplier of rice for Europe's leading food companies:

- ◁ Beverages
- ◁ Industrial rice
- ◁ Baby foods: cereals, formula, etc.
- ◁ Pre-cooked foods: non-refrigerated, dehydrated and frozen food products
- ◁ Animal feed

Through the Herba Group, we are the leading producers of rice for both direct and industrial consumption in Spain (Herba Nutrición) and part of Europe (Herba Foods).

Riviana Group: This unit is specialized in activities pertaining to the rice business in the US through Riviana Inc., the largest rice company in the U.S.

Riviana is the leading seller of rice in 19 of the 20 largest consumer markets in the U.S. Through its robust distribution network, the company markets its products under several brands, including "Mahatma," the top selling brand of the last 10 years.

Pasta business

Panzani Group & Birkel Group: This unit is specialized in pasta and sauces. The French Panzani Group is the leader in France in pastas, rice, semolina and sauces. The German Group Birkel is the leader in the pasta sector of the German market.

It is the national leader in rice, through two brands: Lustucru, for conventional rice, and Taureau Ailé, for exotic rice. In sauces for pasta, Panzani has steadily increased its market share since 1997, growing faster than the rest of the industry. The fresh sauce and fresh pasta product lines combine to make a high added-value offer to consumers. It is a leading company in Belgium and the Czech Republic.

In semolina, Panzani is the country's number two player through its Regia and Ferrero brands. The German Group operates in the pasta sector with the brand names of Birkel and 3Glocken.

NWP Group (North America): New World Pasta is a leading company in the dry pasta sector in the United States and Canada with an extensive, solid and complementary portfolio of brand names with respective market shares of 28.5% and 40.9%.

The most representative brand names are Ronzoni, Skinner, Prince, American Beauty, San Giorgio and Creamette in the United States, and Catelli, Lancia and Ronzoni in Canada. Its manufacturing facilities are located in Montreal (Québec), Fresno (California), Saint Louis (Missouri) and Winchester (Virginia).

Dairy business

This unit is devoted to the dairy product business. We are one of Spain's leading producers of milk as well as other dairy products, including milk drinks, cream and butter.

Puleva's strategy is based on three pillars: R&D, as a differentiating factor in technology; positioning in the functional food market; and the promotion of brand awareness by linking Puleva to quality, health and well-being. Through Puleva Food, we are the undisputed market leaders in milk products with added nutrients and we have increased our market share in milk drinks.

Other business lines and/or activities

The other main business lines and/or activities are:

Puleva Biotech Exxentia, S.A.: This unit is devoted to biotechnology, i.e. the development and sale of new products based on natural substances having positive effects on consumer health. These products can improve the quality of life for the general population by reducing the incidence of certain illnesses.

R&D projects are thus pillars for creating value. The ultimate aim of our R&D projects is to make us the number one producer of natural products for the functional and pharmaceutical food market.

Property Management (GDP): This unit specializes in managing the Group's real estate assets not used in industrial operations (i.e. investment properties). It controls all of the Group's investment properties, analyzing their current status and reducing costs, disposing of buildings not used for industrial activities and taking the necessary managerial measures to ensure that buildings are in saleable condition prior to sale.

Criteria for distribution among business segments and/or activities

The restructuring and reorganization processes carried out by the Group in recent years have enabled us to streamline each of the principal business lines, facilitating management and decision-making, and improving financial control. Consequently, consolidated revenues, expenses, assets and liabilities are distributed among business segments based on the segments to which they actually correspond. It has not been necessary to establish criteria for distributing inter-segment revenues and expenses or assets and liabilities.

In this regard, although the structure of property, plant and equipment and fixed non-financial liabilities, and current assets and liabilities corresponds to the individual needs of each business or activity, it should be pointed out that the financial structure of the accompanying balance sheets by segments was prepared using internal financial management criteria based on Group criteria.

Inter-segment transactions

Although inter-segment transactions are not significant in terms of the total consolidated figures, transactions among the various business units have been included to determine each unit's revenues, expenses and results. These transactions are recognized at market prices applied to similar merchandise invoiced to the Group's external clients and have been eliminated on consolidation.

6.1. Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers by geographical segments are based on the location of the customer. The above descriptions of each of the Group's business segments have already partly indicated the geographical locations in which each segment operates.

The summary of the Group's businesses and/or activities by geographical areas is the following.

- ◁ Spain – the dairy and rice business of Herba.
- ◁ Rest of Europe – primarily the rice businesses of Herba, Panzani and Birkel.
- ◁ America – Riviana's business and NWP.
- ◁ Rest of the World – primarily the rice business of Herba plus part of Panzani.

The distribution of assets and revenues by geographical area of continuing operations is shown in the following table (no indication is given of the origin of production):

2007 – GEOGRAPHICAL AREA	Spain	Europe	America	Row	Total
Segment revenues	669,937	819,226	531,825	74,338	2,095,326
Inter-segment sales					(91,144)
Total revenues	669,937	819,226	531,825	74,338	2,004,182
Intangible assets	18,017	120,767	140,587	7,671	287,042
Property, plant and equipment	212,856	233,478	109,138	25,351	580,823
Other assets	381,536	849,187	443,137	66,924	1,740,784
Total continuing operations	612,409	1,203,432	692,862	99,946	2,608,649
Non-current assets held for sale	766,847	0	0	0	766,847
Total assets	1,379,256	1,203,432	692,862	99,946	3,375,496
Acquisitions of property, plant and equipment	29,716	23,295	14,235	8,016	75,262

2008 – GEOGRAPHICAL AREA	Spain	Europe	America	Row	Total
Segment revenues	670,145	1,083,397	675,492	58,212	2,487,246
Inter-segment sales	(27,700)	(60,992)	(30,718)	66	(119,344)
Total revenues	642,445	1,022,405	644,774	58,278	2,367,902
Intangible assets	23,045	123,308	153,901	41	300,295
Property, plant and equipment	207,311	195,120	132,401	22,528	557,360
Other assets	445,921	873,087	587,099	20,072	1,926,179
Total continuing operations	676,277	1,191,515	873,401	42,641	2,783,834
Non-current assets held for sale	639,078	0	0	0	639,078
Total assets	1,315,355	1,191,515	873,401	42,641	3,422,912
Acquisitions of property, plant and equipment	27,038	16,372	20,012	6,261	69,683

6.2. Business segments

The following tables present revenue and profit and certain asset and liability information from continuing operations (Note 7 on discontinued operations) regarding the Group's business segments for the years ended December 31, 2008 and 2007.

	INFORMATION ON OPERATING SEGMENTS – CONTINUING OPERATIONS											
EBRO PULEVA GROUP (Thousands of euros)	Consolidated Total		Rice business		Pasta business		Dairy business		EP Holding		Other business and consol. adjustments	
Balance sheet	12-31-08	12-31-07	12-31-08	12-31-07	12-31-08	12-31-07	12-31-08	12-31-07	12-31-08	12-31-07	12-31-08	12-31-07
Intangible assets	300,295	287,042	115,665	108,592	161,703	160,558	8,310	7,961	9,175	9,175	5,442	756
Property, plant and equipment	557,360	580,823	179,262	186,237	219,531	240,156	109,707	113,337	9,397	9,153	39,463	31,940
Investment properties	30,526	14,506	24,437	1,147	318	741	8,965	88	9,647	9,681	(12,841)	2,849
Financial assets	21,836	19,834	2,109	3,133	447	984	4,426	6,010	1,518,023	1,793,998	(1,503,169)	(1,784,291)
Investments in associates	13,293	15,899	28,589	27,125	421	3,776	4	0	0	1	(15,721)	(15,003)
Deferred tax assets	46,688	39,106	12,033	11,936	8,249	6,997	6,752	5,601	13,977	11,272	5,677	3,300
Goodwill	836,412	806,546	238,081	227,038	518,290	525,187	54,185	54,193	0	0	25,856	128
Other non-current assets	6	49	0	0	6	14	0	0	0	0	0	35
Receivables from Group companies	0	0	36,717	23,164	37,482	35,530	136,879	97,596	134,409	88,606	(345,487)	(244,896)
Other current assets	977,418	844,844	403,787	322,037	381,223	336,394	118,316	129,724	28,869	38,919	45,223	17,770
	2,783,834	2,608,649	1,040,680	910,409	1,327,670	1,310,337	447,544	414,510	1,723,497	1,960,805	(1,755,557)	(1,987,412)
Assets held for sale	639,078	766,847									639,078	766,847
Total assets	3,422,912	3,375,496									(1,116,479)	(1,220,565)
Equity	1,228,686	1,222,238	504,252	448,068	828,790	801,196	283,430	275,363	794,524	929,343	(1,182,310)	(1,231,732)
Deferred income	15,591	13,453	2,942	4,383	0	0	7,342	8,611	0	0	5,307	459
Provisions for pensions and other post-employment benefits	39,060	24,600	13,570	6,400	21,381	17,908	0	0	3,766	140	343	152
Other provisions	20,310	17,137	951	177	6,916	7,924	4,737	1,081	6,175	3,986	1,531	3,969
Current and non-current financial liabilities	1,096,982	1,025,849	254,449	231,530	119,460	127,139	64,680	20,224	649,056	646,156	9,337	800
Other non-financial payables	118	178	118	178	0	0	0	0	0	0	0	0
Deferred tax liabilities	136,199	134,383	39,492	35,102	52,494	57,929	809	1,076	40,775	40,276	2,629	0
Payables to Group companies	0	0	74,509	43,980	65,159	78,437	10,571	32,967	219,158	331,329	(369,397)	(486,713)
Other current liabilities	488,842	454,114	150,397	140,591	233,470	219,804	75,975	75,188	10,043	9,575	18,957	8,956
	3,025,788	2,891,952	1,040,680	910,409	1,327,670	1,310,337	447,544	414,510	1,723,497	1,960,805	(1,513,603)	(1,704,109)
Liabilities held for sale	397,124	483,544									397,124	483,544
Total equity and liabilities	3,422,912	3,375,496									(1,116,479)	(1,220,565)
Payments on investments in the year	69,683	75,262	26,012	24,257	20,144	24,921	14,425	19,447	625	1,270		
Capital employed	1,335,238	1,208,898	556,299	498,237	511,570	478,785	182,363	196,938	34,327	20,160		
ROCE	15.1	13.0	15.1	11.1	13.9	18.4	19.2	19.1	39.8	189.0		
Gearing	1.10	1.04										
Average number of employees	6,063	5,829	Continuing operations									
Per share data:												
Number of shares	153,865,392	153,865,392										
Market cap at December 31	1,507,881	1,929,472										
EPS	0.87	0.59										
Dividend per share	0.36	0.36										
Underlying carrying amount per share	7.99	7.79										

INFORMATION ON OPERATING SEGMENTS – CONTINUING OPERATIONS

EBRO PULEVA GROUP (Thousands of euros)	Consolidated Total		Rice business		Rice business	
Profit & loss	12-31-2008	12-31-2007	12-31-2008	12-31-2007	12-31-2008	12-31-2007
			(a)			
Sales to external customers	2,367,902	2,004,182	843,417	726,476	977,048	729,564
Inter-segment sales			47,552	31,906	16,649	15,651
Total revenues	2,367,902	2,004,182	890,969	758,382	993,697	745,215
Changes in inventories	18,140	27,061	16,057	7,067	(1,023)	3,855
Capitalized expenses of						
Company work on assets	2,549	2,477	15	24	183	21
Other operating revenues	39,371	39,803	9,622	5,951	4,087	14,820
Consumption of goods and other external charges	(1,423,864)	(1,156,655)	(555,013)	(429,595)	(573,715)	(398,429)
Employee benefits expense	(275,212)	(261,074)	(85,977)	(86,245)	(121,796)	(111,283)
Depreciation and amortization	(70,000)	(67,935)	(20,836)	(20,897)	(30,412)	(30,176)
Other operating expenses	(464,096)	(424,923)	(146,972)	(160,400)	(205,708)	(167,312)
Operating profit	194,790	162,936	107,865	74,287	65,313	56,711
Net finance revenue (cost)	(69,686)	(67,430)	(18,246)	(18,514)	(8,544)	(8,149)
Impairment of goodwill	(7,358)	(8,186)	(523)	0	(6,827)	(7,805)
Share of profit (loss) of associates	(14,292)	(4,469)	1,489	1,721	(3,589)	(2,500)
Profit before tax	103,454	82,851	90,585	57,494	46,353	38,257

INFORMATION ON OPERATING SEGMENTS – CONTINUING OPERATIONS *(following)*

EBRO PULEVA GROUP (Thousands of euros)	Dairy business		EP Holding		Other businesses and consol. adjustments	
Profit & loss	12-31-2008	12-31-2007	12-31-2008	12-31-2007	12-31-2008	12-31-2007
			(a)			
Sales to external customers	505,532	526,163	45	(162)	41,860	22,141
Inter-segment sales	532	1,326	27,598	54,039	(92,331)	(102,922)
Total revenues	506,064	527,489	27,643	53,877	(50,471)	(80,781)
Changes in inventories	2,439	16,647	0	0	667	(508)
Capitalized expenses of company work on assets	2,328	2,432	0	0	23	0
Other operating revenues	8,714	5,642	12,077	13,918	4,871	(528)
Consumption of goods and other external charges	(335,292)	(365,498)	0	0	40,156	36,867
Employee benefits expense	(48,298)	(49,016)	(8,991)	(7,604)	(10,150)	(6,926)
Depreciation and amortization	(15,142)	(15,492)	(344)	(265)	(3,266)	(1,105)
Other operating expenses	(89,241)	(85,825)	(18,336)	(25,511)	(3,839)	14,125
Operating profit	31,572	36,379	12,049	34,415	(22,009)	(38,856)
Net finance revenue (cost)	1,924	1,860	(45,406)	(46,376)	586	3,749
Impairment of goodwill	(8)	(381)	0	0	0	0
Share of profit (loss) of associates	0	0	0	0	(12,192)	(3,690)
Profit before tax	33,488	37,858	(33,357)	(11,961)	(33,615)	(38,797)

(a) Includes 3 months of operations by the Birkel Group in 2007 and 12 months in 2008.

7. DISCONTINUED OPERATIONS

In their ordinary general meeting held on June 9, 2008, the shareholders agreed, inter alia, on the following:

To authorize the Board of Directors to undertake studies and contacts related to exploring the possible sale or spin-off and stock market debut of the Ebro Puleva Group's sugar business as well as other related agro industrial businesses, granting broad discretion to the Board of Directors subsequent to the corresponding process to either carry out one of the aforementioned transactions within a period of twenty four months in the most favorable terms for the Company, or opt out of the transaction if market conditions are not favorable. This authorization to the Board includes, but is not limited to, the following:

- ◁ The choice of a sale or a spin-off depending on market conditions.
- ◁ The determination of the exact scope of the businesses, assets and liabilities, rights and obligations of the Ebro Puleva Group included in the transaction, which may include, in addition to the sugar business and related agro industrial businesses, other less significant agro industrial businesses that are not part of the Ebro Puleva Group's strategic core businesses.
- ◁ The terms of the purchase-sale agreement or the spin-off, which can be complete or partial.
- ◁ The possibility of opting out of the transaction if market conditions are not favorable.

This agreement by the shareholders in general meeting to consider a transaction of this nature was deemed suitable at a time when the feasibility and stability of the sugar business has been assured for the next few years after the CMO sugar reform was satisfactorily completed.

On December 15, 2008, Ebro Puleva, S.A., owner of 100% of Azucarera Ebro, S.L., and Associated British Foods (ABF), owner of 100% of British Sugar, signed an agreement for the purchase-sale of Azucarera Ebro, S.L.

The terms of the agreement are as follows:

- ◁ ABF will purchase the sugar business for 385 million euros, debt free. The deduction will be in the amount of debt at the transaction closing date.
- ◁ In addition, Ebro Puleva will earn approximately 141 million euros corresponding to other compensations, mainly from restructuring aid to the sugar sector related to the EU CMO sugar reform.
- ◁ The agreement also states that two group companies wholly owned by Ebro Puleva, S.A. have added to its real estate assets with over 200 hectares of land classified for various uses from Azucarera Ebro, S.L., valued at an estimated 42 million euros.

The sale is expected to take place in early 2009, subject to approval by the anti-trust authorities.

This sales transaction is expected to add value to the shareholders of Ebro Puleva and make it possible to carry out the sugar business in an individualized way for its medium and long-term future, without the limits of the circumstance of forming a part of a group of principally brand name businesses.

In accordance with the above and as required by prevailing accounting policies, the assets and liabilities of this segment (the sugar business) were classified as held-for-sale on the accompanying 2008 consolidated balance sheet, and its 2008 and 2007 income and expenses were reclassified and shown on the accompanying consolidated income statement for both years as net results from discontinued operations.

EBRO PULEVA GROUP (Thousands of euros)	Total		Continuing operations		Discontinued operations	
	12-31-2008	12-31-2007	12-31-2008	12-31-2007	12-31-2008	12-31-2007
Balance sheets						
Intangible assets	306,385	289,100	300,295	287,042	6,090	2,058
Property, plant and equipment	764,683	800,046	557,360	580,823	207,323	219,223
Investment properties	30,526	14,506	30,526	14,506	0	0
Financial assets	150,587	186,015	21,836	19,834	128,751	166,181
Investments in associates	13,422	16,067	13,293	15,899	129	168
Deferred tax assets	76,776	73,107	46,688	39,106	30,088	34,001
Goodwill	836,412	806,546	836,412	806,546	0	0
Other non-current assets	6	49	6	49	0	0
Other current assets	1,244,115	1,190,060	977,418	844,844	266,697	345,216
	3,422,912	3,375,496	2,783,834	2,608,649	639,078	766,847
Assets held for sale	0		639,078	766,847	(639,078)	(766,847)
Total assets	3,422,912	3,375,496	3,422,912	3,375,496	0	0
Equity	1,228,686	1,222,238	1,228,686	1,222,238		
Deferred income	17,391	14,299	15,591	13,453	1,800	846
Provisions for pensions and other employment benefits	49,787	35,386	39,060	24,600	10,727	10,786
Other provisions	121,069	189,094	20,310	17,137	100,759	171,957
Current and non-current financial liabilities	1,190,201	1,088,796	1,096,982	1,025,849	93,219	62,947
Other non-financial payables	118	178	118	178	0	0
Deferred tax liabilities	138,477	140,031	136,199	134,383	2,278	5,648
Other current liabilities	677,183	685,474	488,842	454,114	188,341	231,360
	3,422,912	3,375,496	3,025,788	2,891,952	397,124	483,544
Liabilities held for sale	0		397,124	483,544	(397,124)	(483,544)
Total liabilities	3,422,912	3,375,496	3,422,912	3,375,496	0	0
Total investments	112,061	92,090	69,683	75,262	42,378	16,828

EBRO PULEVA GROUP (Thousands of euros)	Total		Continuing operations		Discontinued operations	
	12-31-2008	12-31-2007	12-31-2008	12-31-2007	12-31-2008	12-31-2007
Income statement						
Sales to external customers	2,916,685	2,642,275	2,367,902	2,004,182	548,783	638,093
Inter-segment sales			0	0		
Total revenues	2,916,685	2,642,275	2,367,902	2,004,182	548,783	638,093
Changes in inventories	(43,478)	(44,609)	18,140	27,061	(61,618)	(71,670)
Capitalized expenses of Company work on assets	6,516	4,141	2,549	2,477	3,967	1,664
Other operating revenues	96,810	57,280	39,371	39,803	57,439	17,477
Consumption of goods and other external charges	(1,754,370)	(1,525,508)	(1,423,864)	(1,156,655)	(330,506)	(368,853)
Employee benefits expense	(332,443)	(320,586)	(275,212)	(261,074)	(57,231)	(59,512)
Depreciation and amortization	(97,070)	(99,000)	(70,000)	(67,935)	(27,070)	(31,065)
Other operating expenses	(541,210)	(507,251)	(464,096)	(424,923)	(77,114)	(82,328)
Operating profit	251,440	206,742	194,790	162,936	56,650	43,806
Net finance revenue (cost)	(46,587)	(69,888)	(69,686)	(67,430)	23,099	(2,458)
Impairment of goodwill	(7,358)	(8,186)	(7,358)	(8,186)	0	0
Share of profit (loss) of associates	(14,275)	(4,413)	(14,292)	(4,469)	17	56
Consolidated profit before tax	183,220	124,255	103,454	82,851	79,766	41,404
Income taxes	(51,350)	(31,782)	(29,549)	(20,629)	(21,801)	(11,153)
Consolidated profit for the year	131,870	92,473	73,905	62,222	57,965	30,251

As mentioned above, the criteria for classifying the sugar business as discontinued operations were met on December 15, 2008. Therefore, during almost all of 2008, the business was considered a continuing operation. Consequently, the disclosures in the notes to the financial statements include, when significant and relevant, references or comments that refer specifically to the sugar business discontinued at year end 2008 in regard to its performance over the year and significant income and expenses and therefore, to avoid duplicating that information, it has not been included in this Note 7.

However, a summary of the most significant items composing some of the headings of the previous charts from the *discontinued business* is shown below.

SUGAR BUSINESS, DISCONTINUED IN 2008 (Thousands of euros)	2008	2007
Balance sheet – Financial assets		
Indemnities pending receipt, CMO sugar reform (Note 12)	126,703	165,838
Other loans to third parties	2,048	343
	128,751	166,181
Balance – Other provisions under liabilities		
For litigation and lawsuits (Note 21)	(58,846)	(118,041)
Sugar business restructuring (CMO) (Note 21)	(36,299)	(53,617)
CO ₂ emission rights	(4,150)	(10)
Other risks	(1,464)	(289)
	(100,759)	(171,957)

SUGAR BUSINESS, DISCONTINUED IN 2008 (Thousands of euros)	2008	2007
Results – Other operating income		
Reversal of provision for litigation (Note 21)	49,475	0
Net gains on disposal of property, plant and equipment	990	6,555
Income for CO ₂ emission rights and grants	4,345	5,389
Ancillary income	2,629	5,533
	57,439	17,477
Results – Other operating expenses		
External services	(58,394)	(66,052)
CO ₂ emission rights expenses	(4,150)	(2,513)
Taxes (other than income tax)	(1,653)	(2,240)
Losses on the disposal of property, plant and equipment	(4,840)	0
Sugar business restructuring (CMO) (Note 21)	(2,342)	(11,428)
Restructuring fee for unproduced quota	(5,674)	0
	(61)	(95)
	(77,114)	(82,328)

8. OTHER REVENUES AND EXPENSES

8.1. Other operating revenues (continuing operations)

	2008	2007
Government grants (operating and capital grants)	6,637	7,598
Income from CO ₂ emission rights	2,582	471
Ancillary income	7,951	8,466
Net gains on disposal of property, plant and equipment	837	855
Proceeds on disposal of investment properties	0	912
Proceeds on sale of investments in companies	13,077	7,656
Reversal of provisions	4,372	4,900
Other revenues	3,915	8,945
Commitments with employees: premiums and release of provisions	34	1,618
Insurance settlements	0	1,202
Recovery of amounts paid in respect of tax assessments	0	1,587
Income from litigation (recovery of provisions)	2,780	3,912
Other minor revenues	1,101	626
	39,371	39,803

"Other operating revenues" for 2008 include the following less recurring items:

- ◁ 13,077 thousand euros profit from the sale of a package of shares in Puleva Biotech, S.A., Herto N.V. (Belgium) and SIEPA, S.A. (France) (Note 5).
- ◁ Recoveries of impairment provisions for intangible assets and other liability provisions for claims amounting to 7,152 thousand euros.

8.2. Other operating revenues (continuing operations)

	2008	2007
External services	(321,382)	(303,172)
Advertising costs	(85,913)	(81,169)
Research and development costs	(8,211)	(7,441)
CO ₂ emission rights expenses	(2,582)	(471)
Taxes (other than income tax)	(14,708)	(13,456)
Losses on the disposal of property, plant and equipment	(17,261)	(6,561)
Other expenses and provisions	(14,039)	(12,653)
Provisions for litigation and court cases	(6,021)	(3,243)
Tax assessments paid	0	(2,141)
Industrial restructuring of other businesses	(5,916)	(3,056)
Other minor expenses	(2,102)	(4,213)
	(464,096)	(424,923)

"Other operating expenses" for 2008 include the following less recurring items:

- ◁ 7,580 thousand euros in losses for the disposal or sale of several PP&E items as well as software.
- ◁ 7,500 thousand euro impairment allowance for PP&E as a result of the cancelation of the project for a biodiesel factory in Jédula (Cádiz).
- ◁ 2,188 thousand euro impairment allowance for PP&E related to the factory in Houston, Texas (USA) as a result of investments in the new future factory in Memphis, Tennessee (USA).
- ◁ 6,021 thousand euro provision to cover certain contingencies related to ongoing litigation.
- ◁ 5,916 thousand euros in various employee restructuring plans.

8.3. Finance revenue and costs (continuing operations)

	2008	2007
Finance costs		
Payables to third parties	(70,589)	(72,256)
Losses on disposal of financial assets and liabilities	(1)	(16)
Impairment of financial assets	(3,095)	(2,248)
Expenses-losses on financial derivative instruments	(2,243)	(114)
Exchange losses	(8,304)	(9,470)
	(84,232)	(84,104)
Finance revenue		
Income from investments	3,478	6,969
Gains on disposal of financial assets and liabilities	34	26
Reversal of write-downs of financial assets	546	1,179
Income-profit on financial derivative instruments	4,568	14
Exchange-rate gains	5,920	8,486
	14,546	16,674
Net finance cost	(69,686)	(67,430)

8.4. Employee benefits expense (continuing operations)

	2008	2007
Wages and salaries	(210,735)	(199,334)
Other welfare charges	(17,455)	(17,818)
Social security costs, et. al.	(42,619)	(39,995)
Termination benefits	(320)	(147)
Post-employment benefits other than pensions	(4,567)	(3,780)
	(275,212)	(261,074)

The average and year-end number of employees of Group companies in 2008 and 2007 (taking into account changes in the consolidation scope) is as follows:

AVERAGE AND YEAR-END NUMBER OF EMPLOYEES					
AVERAGE 2007	Men		Women		Total
	Permanent	Temporary	Permanent	Temporary	
Management	173	0	54	0	227
Middle management	398	8	176	8	590
Administrative staff	540	30	445	25	1,040
Auxiliary staff	93	10	62	9	174
Sales	698	14	169	11	892
Other personnel	1,964	609	503	65	3,141
	3,866	671	1,409	118	6,064
Sugar business (Discontinued)	855	156	95	56	1,162
Total	4,721	827	1,504	174	7,226
AVERAGE 2008					
Management	150	0	44	0	194
Middle management	458	9	183	15	665
Administrative staff	502	19	433	22	976
Auxiliary staff	526	6	245	11	788
Sales	228	8	81	5	322
Other personnel	1,759	551	505	69	2,884
	3,623	593	1,491	122	5,829
Sugar business (Discontinued)	815	107	93	39	1,054
Total	4,438	700	1,584	161	6,883

YEAR-END NUMBER OF EMPLOYEES					
NUMBER AT YEAR END 2007	Men		Women		Total
	Permanent	Temporary	Permanent	Temporary	
Management	172	0	58	0	230
Middle management	393	14	179	7	593
Administrative staff	523	35	455	22	1,035
Auxiliary staff	93	10	61	9	173
Sales	592	12	167	10	781
Other personnel	1,955	440	494	89	2,978
	3,728	511	1,414	137	5,790
Sugar business (Discontinued)	838	254	92	106	1,290
Total	4,566	765	1,506	243	7,080
NUMBER AT YEAR END 2008					
Management	140	0	42	0	182
Middle management	435	6	178	15	634
Administrative staff	474	17	420	22	933
Auxiliary staff	526	6	166	8	706
Sales	213	6	76	3	298
Other personnel	1,824	375	439	56	2,694
	3,612	410	1,321	104	5,447
Sugar business (Discontinued)	776	239	88	98	1,201
Total	4,388	649	1,409	202	6,648

9. INTANGIBLE ASSETS

The breakdown of movements in intangible assets and accumulated amortization at December 31, 2008 and 2007 is the following (thousands of euros):

NET AMOUNTS	Development expenses	Patents and licenses	Software	CO ₂ emission rights	Intangible assets in progress	Total
Balance at December 31, 2006	3,574	268,861	8,522	9,290	518	290,765
Balance at December 31, 2007	2,772	271,411	12,669	95	2,153	289,100
Balance at December 31, 2008	4,070	284,847	8,061	2,799	518	300,295

GROSS AMOUNTS	Development expenses	Patents and licenses	Software	CO ₂ emission rights	Intangible assets in progress	Total
Balance at December 31, 2006	8,346	281,867	30,252	9,290	518	330,273
Business combinations	23	13,428	365			13,816
Increases	51	172	6,932	1,992	1,635	10,782
Decreases	(2,328)	(109)	(1,398)	(11,187)		(15,022)
Translation differences	(1)	(15,675)	(661)			(16,337)
Transfers	78	(6)	1,169			1,241
Balance at December 31, 2007	6,169	279,677	36,659	95	2,153	324,753
Business combinations		3,809	17			3,826
Sales of businesses		(427)	(149)			(576)
Increases	3,372	684	1,577	7,777	(1,543)	11,867
Decreases	(767)		(3,801)	(18)		(4,586)
Translation differences		6,691	170			6,861
Assets held for sale (Note 7)		(188)	(5,720)	(5,052)	(92)	(11,052)
Transfers			(30)	16		(14)
Balance at December 31, 2008	8,774	290,246	28,723	2,818	518	331,079

ACCUMULATED AMORTIZATION AND IMPAIRMENT	Development expenses	Patents and licenses	Software	CO ₂ emission rights	Intangible assets in progress	Total
Balance at December 31, 2006	(4,772)	(13,006)	(21,730)	0	0	(39,508)
Business combinations						0
Increases in the year	(846)	(242)	(3,909)			(4,997)
Decreases in the year	2,309	4,958	1,775			9,042
Translation differences		24	268			292
Transfers	(88)		(394)			(482)
Balance at December 31, 2007	(3,397)	(8,266)	(23,990)	0	0	(35,653)
Business combinations						0
Sales of businesses			141			141
Increases in the year	(1,722)	(461)	(4,250)	(3)		(6,436)
Decreases in the year	163	3,500	2,522			6,185
Translation differences		75	(59)			16
Assets held for sale (Note 7)			4,962			4,962
Transfers	252	(247)	12	(16)		1
Balance at December 31, 2008	(4,704)	(5,399)	(20,662)	(19)	0	(30,784)

The patents and licenses included in intangible assets have either been acquired directly or through business combinations. Virtually all these intangibles were considered to have an indefinite life and the cost model was used for their measurement. In 2008 and 2007, impairment tests (performed by independent experts) were performed on the main intangible assets, with the values allocated to the following cash-generating units:

- ◁ 4,000 (4,000) thousand euros of licenses to the Risella (Finland) cash-generating unit as part of the Rice business – Herba segment.
- ◁ 20,043 (16,532) thousand euros of licenses to the cash-generating unit of the Rice business – Herba segment.
- ◁ 87,277 (82,515) thousand euros in brand names to the cash-generating unit of the Riviana US Rice business.
- ◁ 83,182 (83,607) thousand euros of licenses to the cash-generating unit of the Pasta Business – Panzani segment.
- ◁ 9,150 (9,150) thousand euros of licenses to the Puleva Infantil cash-generating unit as part of the Dairy business segment.
- ◁ 63,485 (61,497) thousand euros in brand names to the cash-generating unit of the NWP US Pasta business segment.
- ◁ 13,407 (18,816) thousand euros in brand names to the cash-generating unit of the Birkel European Pasta business segment.
- ◁ 3,809 thousand euros of the value of brands and other intangible assets similar to the CGU of Puleva Biotech.

The recoverable amount of these licenses or the cash-generating unit to which they are allocated has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period. The discount rates applied to cash flow projections ranged from 8.32 to 9.68% according to the area for each license or cash-generating unit and cash flows beyond the 5-year period are extrapolated using a growth rate equal to the long-term average growth rate for the corresponding unit, which generally ranges from 0.0% to 2.0% depending on the business.

With regard to the assessment of value in use of the brand, Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the brand to materially exceed its recoverable amount.

Movements in the year

In 2007 the brand names of the German Birkel Group were incorporated, acquired effective October 1, 2007. In 2007 a large investment was made in software to adapt the U.S. subsidiaries' computers to the systems that the Group normally uses.

In 2008 the brand names of the Exxentia Group were incorporated (acquired by Puleva Biotech, S.A.), effective on January 1, 2008. In 2008 as well, a large investment effort was made in software to adapt the U.S. subsidiaries' computers to the systems that the Group normally uses, and investments were stepped up in developing new products, especially in the dairy business.

With regard to decreases, in 2007, with the exception of decreases in CO₂ emission rights, the only significant decreases are fully amortized development costs and in 2008, the software that was replaced.

Consequently, at December 31, 2008, the caption under "Intangible assets" relating to brand names includes principally:

- ◁ The brand names acquired in 2003 and 2004 (Reis Fit, Puleva Infantil and Risella).
- ◁ The brand names of the Riviana Group incorporated in 2004 (primarily this group's principal brand names).
- ◁ The brand names of the Panzani Group incorporated in 2005 (the four principal brand names).
- ◁ Those of the NWP Group incorporated in 2006 (the eight primary brand names).
- ◁ The US Minute Rice rice brands, acquired in October 2006.
- ◁ The two brands in the German Birkel Group acquired in 2007.
- ◁ The brands and similar intangible assets of Exxentia Group acquired in 2008.

The charges and, where applicable, credits to the 2008 (2007) consolidated income statement for these intangible assets were as follows: 6,436 (4,996) thousand euros amortization allowance, zero (zero) thousand euros in amortization, zero (zero) thousand euros in losses due to disposals in ongoing projects, 1,883 in losses on these assets and a credit for 3,500 (4,900) thousand euros for the reversal of an impairment provision for same given how well the products performed on the market. It should be noted that the aforementioned amount for 2008 (2007) amortization includes 327 (1) thousand euros corresponding to the assets of the sugar businesses which were sold off, the related income and expenses of which were reclassified to "Discontinued operations" (Note 7).

10. PROPERTY, PLANT AND EQUIPMENT

The breakdown of the movement and accumulated depreciation of property, plant and equipment at December 31, 2008 and 2007 are the following (thousands of euros):

NET AMOUNTS	Land	Buildings	Plant and machinery	Other installat. tools and furniture	Other plant and equipment	Work in progress	Total
Balance at December 31, 2006	101,223	242,408	547,284	19,260	9,329	19,018	938,522
Balance at December 31, 2007	99,331	203,717	444,207	21,826	6,956	24,009	800,046
Balance at December 31, 2008	75,362	126,394	298,791	18,380	7,494	30,939	557,360

GROSS AMOUNTS	Land	Buildings	Plant and machinery	Other installat. tools and furniture	Other plant and equipment	Work in progress	Total
Balance at December 31, 2006	101,223	386,314	1,330,300	46,315	29,162	19,340	1,912,654
Business combinations	2,231	5,144	19,015	1,219	0	0	27,609
Additions in the year	1,372	10,201	61,035	3,484	1,480	5,311	82,883
Disposals	(1,139)	(9,637)	(31,202)	(1,378)	(1,607)	0	(44,963)
Translation differences	(1,456)	(4,161)	(11,957)	(143)	(157)	(320)	(18,194)
Transfers	(2,900)	(361)	(75)	986	(988)	0	(3,338)
Balance at December 31, 2007	99,331	387,500	1,367,116	50,483	27,890	24,331	1,956,651
Business combinations	331	276	6,082	136	355	1,001	8,181
Sales of businesses	(2,713)	(14,013)	(31,376)	(2,954)	0	(172)	(51,228)
Additions	546	10,886	49,009	2,354	3,604	40,844	107,243
Disposals	1,780	(58,130)	(308,840)	(614)	(617)	0	(366,421)
Translation differences	296	32	2,144	(26)	(271)	511	2,686
Assets held for sale (Note 7)	(10,502)	(88,855)	(356,479)	(3,726)	(8,953)	(27,754)	(496,269)
Transfers	(13,707)	(3,803)	(16)	0	31	0	(17,495)
Balance at December 31, 2008	75,362	233,893	727,640	45,653	22,039	38,761	1,143,348

ACCUMULATED DEPRECIATION AND IMPAIRMENT	Land	Buildings	Plant and machinery	Other installat. tools and furniture	Other plant and equipment	Work in progress	Total
Balance at December 31, 2006	0	(143,906)	(783,016)	(27,055)	(19,833)	(322)	(974,132)
Business combinations	0	0	0	0	0	0	0
Additions	0	(46,001)	(165,345)	(3,770)	(2,565)	0	(217,681)
Disposals	0	5,180	23,853	1,249	1,141	0	31,423
Translation differences	0	667	3,339	72	60	0	4,138
Transfers	0	277	(1,740)	847	263	0	(353)
Balance at December 31, 2007	0	(183,783)	(922,909)	(28,657)	(20,934)	(322)	(1,156,605)
Business combinations	0	0	0	0	0	0	0
Sales of businesses	0	5,308	20,606	2,759	0		28,673
Additions	0	(12,228)	(83,200)	(3,935)	(2,212)	(7,500)	(109,075)
Disposals	0	54,828	306,187	827	438	0	362,280
Translation differences	0	28	(436)	36	113	0	(259)
Assets held for sale (Note 7)	0	28,328	250,837	1,721	8,060		288,946
Transfers	0	20	66	(24)	(10)	0	52
Balance at December 31, 2008	0	(107,499)	(428,849)	(27,273)	(14,545)	(7,822)	(585,988)

The Group has a policy of taking out all the insurance policies considered necessary to cover any risks that may affect its property, plant and equipment.

Movements in the year

"Work in progress" and "Other plant and equipment" include amounts relating to projects aimed at manufacturing new products, as well as improving the overall quality of industrial processes and environmental conditions. Here most notably, in 2008, a significant portion of investments are for the new sugar refinery in Guadalete (Spain), the new rice factory in Memphis (USA) and the rice treatment at the factory in Egypt. The acquisition of the Exxentia Group in 2008 added 8,181 thousand euros to these assets.

Disposals in 2007 are due to the sale of assets in the sugar business, the dairy factory in Leon, the Fericó pasta factory in France, and other minor disinvestments. Decreases in 2008 are due to the following:

- ◁ The sale of PP&E through the sales of the Herto (Belgium) and Siepa (France) companies and the GMM soft wheat operation. These operations are part of the rice and pasta businesses but do not add up to form a significant portion of them.
- ◁ The disposals of these assets as a result of the closing of the sugar factories in Peñafiel, Guadalcacín and Rinconada, in relation to the CMO sugar reform, and other lesser disposals at other work places that are fully depreciated and no longer in use.

Transfers for the net amount of 15,355 thousand euros relate mainly to the land where the sugar factories are located that were in relation to the CMO sugar reform (mentioned in the preceding paragraph), which have been classified as "Investment properties". The remaining transfers amounting to 2,088 thousand euros correspond to an addition in 2008 to the impairment provision allocated at year end 2007, for the closed sugar factories, as a readjustment of the provision made at year end 2007 (Note 21).

Grants have been received from public bodies in 2008 and in previous years related to investments made in various group companies. The amounts of these grants are given in Note 19.

Depreciation and/or impairment recognized in the 2008 (2007) income statement for these assets were 90,552 (93,956) thousand euros in accumulated depreciation and 18,523 (123,725) thousand euros in impairment. From the amounts mentioned related to depreciation and impairment, certain deductions must be made: for 2008, 26,743 and 8,728 thousand euros, respectively, and for 2007, 31,064 and 122,618 thousand euros, respectively, related to the portion of the sugar business assets whose income and expenses were reclassified to "Discontinued operations" (Note 7).

Of the impairment allowance in 2008 (2007), 8,728 (122,618) thousand euros correspond the effect of restructuring the sugar business (Note 21). The rest of the impairment allowance in 2008 relates mainly to impairment amounting to 7,500 thousand euros

in PP&E as a result of the cancelation of the project to build a biodiesel factory in Jédula (Cádiz) and 2,118 thousand euros in impairment of assets at the plant in Houston (USA), given that it will be moved in the future to the new factory in Memphis (USA).

Losses in Property, plant and equipment in 2008 were also due to the disposal or sale of same amounting to 5,276 thousand euros.

Irrespective of the above, there are no items of property, plant and equipment of significant value that are not used in operations.

11. INVESTMENT PROPERTIES

The breakdown of movements in "Investment properties" for the consolidated Group at December 2008 and 2007 and the accumulated depreciation and impairment for each year are the following (thousands of euros):

NET AMOUNTS	Land	Buildings	Total
Balance at December 31, 2006	3,043	9,383	12,426
Balance at December 31, 2007	5,659	8,847	14,506
Balance at December 31, 2008	19,101	11,425	30,526

	GROSS AMOUNTS			ACCUMULATED DEPRECIATION AND IMPAIRMENT		
	Land	Buildings	Total	Land	Buildings	Total
Balance at December 31, 2006	3,043	14,187	17,230	0	(4,804)	(4,804)
Business combinations			0			0
Additions	43	374	417		(192)	(192)
Disposals	(320)	(840)	(1,160)		166	166
Translation differences		(82)	(82)			0
Transfers	2,893	(847)	2,046		885	885
Balance at December 31, 2007	5,659	12,792	18,451	0	(3,945)	(3,945)
Business combinations	122	451	573			0
Additions	111	617	728	(421)	(82)	(503)
Disposals	(103)	(89)	(192)		218	218
Translation differences		(204)	(204)		6	6
Transfers	13,733	3,777	17,510		(2,116)	(2,116)
Balance at December 31, 2008	19,522	17,344	36,866	(421)	(5,919)	(6,340)

Investment properties are stated at cost. For informational purposes, the fair value of the main investment properties amounts to between 70 and 100 million euros. The fair values of most of the investment properties have been determined based on valuations performed by independent experts during the last four years. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with International Valuation Standards.

The depreciation allowance in 2008 (2007) amounts to 82 (48) thousand euros and the impairment allowance is 421 (144) thousand euros.

The decreases correspond to sales of buildings to third parties. Transfers relate mainly to the land where the sugar factories are located that were in relation to the CMO sugar reform (mentioned above in Note 10), which have been classified as "Investment properties".

There are no restrictions on the realizability of investment property or on the collection/remittance of rental income or proceeds from their disposal or use by other means, except for the following:

One of the sale contracts, which was signed at the end of 2006 and which generated a capital gain of 28 million euros before taxes, was contingent upon the signing of an urban agreement with the Town Hall of Alagón (Zaragoza). In January 2007, the Company provided bank guarantees amounting to 6,000 thousand euros to ensure the first payment made by the buyers of that land. As described below, given that the amended urban planning agreement was published in November 2008, the guarantee is no longer in force, although it has not been recovered from the buyer.

In regard to this sale agreement, once the amended urban agreement with the Town Hall of Alagón (Zaragoza) was published in November 2008, given that the buyer did not attend the ratification by public deed of the agreement to pay the outstanding amount of 24,000 thousand euros, in January 2009, a lawsuit was filed against the buyers demanding compliance with the signing of the agreement and payment of the amounts payable. The Company's directors expect the lawsuit to be settled and the total sale amount to be paid in 2009.

12. FINANCIAL ASSETS

The breakdown of this balance sheet heading at December 31, 2008 and 2007 is the following (in thousands of euros):

	12-31-2008	12-31-2007
Assets held for trading:		
Other financial assets	299	89
	299	89
Investments held to maturity:		
Guarantees and deposits	2,206	3,668
Bank loans and credit facilities:		
Loans and receivables from associates	12,117	6,610
Loans and receivables from third parties	135,965	175,648
	148,082	182,258
Reclassification to Non-current assets held for sale (Note 7)	(128,751)	
Total financial assets	21,836	186,015

Loans and receivables from associates

At December 31, 2008 (2007) a participative loan granted in 2004 to the associated company Biocarburantes de Castilla y León, S.A. remained outstanding, as well as an additional loan granted in 2008 for 9,000 thousand euros. These loans amount to a total of 12,117 (2,946) thousand euros, which includes 861 (690) thousand euros in capitalized interest as the main principal of the loan. No maturity date has been established for these loans. The 2004 loan bears interest at Euribor plus 2 points and the 2008 loan bears Euribor plus 0.65 points.

The remainder of the balance for 2007 corresponded to loans granted to the companies of the Panzani Group, the majority of which are being liquidated. These loans were granted at an interest rate linked to Euribor and were settled in 2008.

Loans and receivables from third parties

The balance of loans and receivables from third parties at December 31, 2008 (2007) mainly comprises:

- ◁ 77,574 (5,451) thousand euros from the Puleva Food and Herba groups (finance loans made to livestock raisers and farmers) and other companies for lesser amounts.
- ◁ Non-current loans of zero (1,142) thousand euros, for the sale of land belonging to the parent company (guaranteed by a mortgage on the land sold), collected in 2008.

Under "Discontinued operations" (Note 7) the balance at December 31, 2008 (2007) of "Loans and borrowing facilities for third parties" is mainly composed of the following:

- ◁ 1,967 (7,831) thousand euros in restructuring aid for the sugar sector (2005 CMO) granted in 2006 as a result of the shutdown of the Ciudad Real sugar plant and the termination of the production quota formerly assigned to said plant.
- ◁ 124,736 (156,315) thousand euros from the indemnity allowance for the termination of the additional production quota, presented at the end of 2007, for restructuring the sugar sector in keeping with the 2007 modification (Note 21). The indemnity amounted to a total of 161,210 thousand euros (revalued net amount). The rest was collected at the end of 2008.

Of these balances, 135,470 (175,136) thousand euros are denominated in euros, 495 (509) thousand euros in US dollars.

These loans mature as of 2009, with 7,052 thousand euros in 2009, 93,981 thousand in 2010, 34,285 thousand in 2011 and 107 thousand in 2012. The remaining 540 thousand euros mature as of 2013.

Guarantees and deposits

The most significant balance in this heading, 871 (2,431) thousand euros, 1,212 (3,578) thousand US dollars, relates to a deposit made through a trust company to third parties to guarantee compliance with contractual clauses to cover guarantees given to the buyer in the process of selling the Costa Rican subsidiary's rice business in 2006. This type of guarantee is common in transactions of this nature and covers potential contingencies that could materialize with respect to the business sold when the cause of such contingencies arises prior to the sale or within the first three years as of the date of the sale (up to August 10, 2009). 60% of this deposit was released in August of 2007 and 30% in August of 2008 (these amounts have already been redeemed), and the remainder in August of 2009. The parent company does not expect that any difficulties will arise with respect to the recovery of this deposit.

13. INVESTMENTS IN ASSOCIATES

The movements in this heading in 2008 and 2007 (in thousands of euros) are the following:

ASSOCIATE	Balance 12-31-06	Increases (acquisitions)	Decreases (disposals)	Dividends paid	Profit (loss) for the year	Translation differences	Other movements	Balance 12-31-07
Biocarburantes de Castilla y León, S.A.	14,244				(4,963)			9,281
Lince Insurance, Ltd.	2,321				1,273			3,594
Associates of Riviana Foods Inc.	2,674			(1,797)	1,721	(277)		2,321
Associates of Azucarera	210				56		(94)	172
Associates of Herba	26	65				(2)		89
Associates of Panzani being liquidated	4,209	2,740	(3,839)		(2,500)			610
	23,684	2,805	(3,839)	(1,797)	(4,413)	(279)	(94)	16,067

ASSOCIATE	Balance 12-31-07	Increases (acquisitions)	Decreases (disposals)	Dividends paid	Profit (loss) for the year	Translation differences	Other movements	Balance 12-31-08
Biocarburantes de Castilla y León, S.A.	9,281	8,500			(12,685)			5,096
Lince Insurance, Ltd.	3,594				493			4,087
Associates of Riviana Foods Inc.	2,321			(682)	1,496	157		3,292
Associates of Azucarera	172				17		(60)	129
Associates of Dosbio 2010, S.L.	0	306						306
Associates of Exxentia, S.A.	0	42					(4)	38
Associates of Herba	89				(7)	1		83
Associates of Panzani being liquidated	610	3,589			(3,589)		(219)	391
	16,067	12,437	0	(682)	(14,275)	158	(283)	13,422

Reclassification to Non-current assets held for sale (Note 7)

(129)

13,293

Except for Biocarburantes de Castilla y León, S.A. (Notes 12, 26 and 27.2 for additional information on this company), none of these companies has significant financial liabilities and/or guarantees of significant amounts granted by the Ebro Puleva Group.

The Group owns 100% of Lince Insurance, Ltd. (the company that manages our insurance policies on property, plant and equipment), but consolidates it under the equity method as its full consolidation would not have a significant impact on the Group's accounts. In any event, the main assets and liabilities of this company are the following:

LINCE INSURANCE, LTD.	12-31-2008	12-31-2007
Current assets	280	354
Liquid assets	4,937	4,789
Provisions (insurance)	(1,021)	(1,477)
Current liabilities	(109)	(72)
Net assets	4,087	3,594
Total revenues	1,764	1,880
Profit (loss) for the year	493	1,273

14. GOODWILL

The movement in this heading in 2008 and 2007 is the following (in thousands of euros):

SEGMENT	Cash-generating unit	Balance 12-31-06	Increases (acquisitions)	Decreases (disposals)	Decreases (impairment)	Translation differences	Balance 12-31-07
Rice Herba	Danrice (Denmark)	14,524					14,524
Rice Herba	Vogan (England)	1,800				(362)	1,438
Rice Herba	Riceland (Hungary)	2,126					2,126
Rice Herba	Steve & Brotherton (England)	611					611
Rice Herba	Mundiriz (Morocco)	2,971				(359)	2,612
Dairy	Puleva Food	53,754					53,754
Dairy	Lactimilk, S.L.	818			(381)		437
América Riviana	Riviana Group	90,331				(9,518)	80,813
América Riviana	Minute Rice	139,625				(14,711)	124,914
Francia Panzani	Panzani Group	417,449					417,449
Pasta America	NWP Group	125,028			(7,805)	(9,484)	107,739
Resto	Jiloca, S.A.	0	129				129
		849,037	129	0	(8,186)	(34,434)	806,546

SEGMENT	Cash-generating unit	Balance 12-31-07	Increases (acquisitions)	Decreases (disposals)	Decreases (impairment)	Translation differences	Balance 12-31-08
Rice Herba	Danrice (Denmark)	14,524					14,524
Rice Herba	Vogan (England)	1,438				(331)	1,107
Rice Herba	Riceland (Hungary)	2,126					2,126
Rice Herba	Steve & Brotherton (England)	611					611
Rice Herba	Mundiriz (Morocco)	2,612			(523)	25	2,114
Dairy	Puleva Food	53,754					53,754
Dairy	Lactimilk, S.L.	437			(8)		429
América Riviana	Riviana Group	80,813				4,663	85,476
América Riviana	Minute Rice	124,914				7,209	132,123
Francia Panzani	Panzani Group	417,449					417,449
Pasta America	NWP Group	107,739			(6,827)	(70)	100,842
Others	Jiloca, S.A.	129					129
Others	Exxentia Group	0	25,728				25,728
		806,546	25,728	0	(7,358)	11,496	836,412

In 2007, no business combinations took place that generated goodwill, except for the purchase of an additional 40% in the subsidiary Jiloca, S.A.. In 2008, the Exxentia Group was acquired (Note 5).

The goodwill was acquired through business combinations or the purchase of intangible assets. At December 31, 2008 and 2007, impairment tests had been performed on the main assets, with the values allocated to the cash-generating units shown in the preceding table. The recoverable amount of the cash-generating unit to which the goodwill is allocated has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period.

The discount rates applied to cash flow projections ranged from 6.7 to 8.5% according to the area in which each license or cash-generating unit is operated and cash flows beyond the 5-year period are extrapolated using a growth rate equal to the long-term average growth rate for the corresponding unit, which, in general is between 1% and 2.5%, depending on the unit.

15. INVENTORIES

The breakdown of this heading at December 31, 2008 and 2007 is the following (in thousands of euros):

ITEM	12-31-2008	12-31-2007
Commercial	13,924	15,468
Raw materials	123,627	103,402
Consumables and spare parts	13,349	13,824
Containers	19,294	16,267
Work in Progress	63,748	50,541
Finished goods	284,740	286,808
By-products and waste	17,833	13,233
Advance payments to suppliers	14,076	10,238
Total gross inventories	550,591	509,781
Write-down of inventories	(8,588)	(3,830)
Total net inventories	542,003	505,951
Reclassification to Non-current assets held for sale (Note 7)	(184,472)	
	357,531	

Of the balance of "Advance payments to suppliers" in the balance sheet at December 31, 2008 (2007), 10,536 (7,006) thousand euros corresponds to payment made to rice growers. At year end, the Group had firm commitments to purchase 22,936 (14,413) thousand euros of paddy rice. In addition, the Riviana Group had commitments to sell products amounting to 20,873 (26,730) thousand euros.

In 2008, 5,071 thousand euros were allocated to the inventory provision and 313 thousand euros were applied. In 2007, there were no significant movements in these provisions.

16. TRADE AND OTHER RECEIVABLES

The breakdown of this heading at December 31, 2008 and 2007 is the following (in thousands of euros):

ITEM	12-31-2008	12-31-2007
Trade receivables	466,794	467,490
Receivable from associates	288	324
Other receivables	37,196	39,496
Provisions	(14,960)	(13,551)
	489,318	493,759
Reclassification to Non-current assets held for sale (Note 7)	(65,814)	
Total	423,504	

For terms and conditions applied to related party receivables, refer to Note 27. Trade receivables are non-interest bearing and are generally on 30-90 days' terms. A breakdown of the age of trade receivable balances at December 31, 2008 is as follows:

AGE OF RECEIVABLE	Amount
Less than 6 months	456,060
Between 6 and 12 months	4,267
Between 12 and 18 months	2,763
Between 18 and 24 months	571
Over 24 months	3,133
	466,794

17. CASH AND SHORT-TERM DEPOSITS

The breakdown of this heading at December 31, 2008 and 2007 is the following (in thousands of euros):

CONCEPT	12-31-2008	12-31-2007
Cash at banks and in hand	105,469	49,194
Short-term deposits and equivalents	16,921	45,405
	122,390	94,599
Reclassification to Non-current assets held for sale (Note 7)	(4,806)	
Total	117,584	

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents at December 31, 2008 (2007) is 122,390 (94,599) thousand euros.

Group companies have invested their surplus cash in repos and similar instruments during the year to increase profitability. All these investments are denominated in euros except a small portion in US dollars. The average annual return on these investments in the year was around 3.0% (3.5%).

18. SHARE CAPITAL AND RESERVES, EARNINGS PER SHARE AND DIVIDENDS

Consolidated statement of changes in equity for the years ended December 31, 2008 and 2007

EQUITY ATTRIBUTED TO SHAREHOLDERS OF THE PARENT COMPANY											
	Total equity	Minority-interests	Total	Share capital	Share premium	No available		Available reserves		Translation differences	Treasury shares
						Revaluation reserve	Legal reserve	Retained earnings	Profit for the year		
Balance at December 31, 2006	1,212,442	24,480	1,187,962	92,319	34,333	3,169	18,464	891,104	180,363	(31,787)	(3)
Distribution of prior year profit	0	0	0	0	0	0	0	180,363	(180,363)	0	0
Dividends paid	(56,918)	(1,527)	(55,391)	0	0	0	0	(55,391)	0	0	0
Acquisition/sale of treasury shares (net)	(10,737)	0	(10,737)	0	0	0	0	0	0	0	(10,737)
Gain (loss) on sale of treasury shares	(101)	0	(101)	0	0	0	0	(101)	0	0	0
Tax effect of preceding movements	33	0	33	0	0	0	0	33	0	0	0
Changes in consolidation scope	(505)	(505)	0	0	0	0	0	0	0	0	0
Other movements	152	0	152	0	0	0	0	152	0	0	0
Total distribution of profit and transactions with shareholders	(68,076)	(2,032)	(66,044)	0	0	0	0	125,056	(180,363)	0	(10,737)
Profit (loss) for the year (P & L)	92,473	1,896	90,577	0	0	0	0	0	90,577	0	0
Movement in translation differences	(14,526)	(351)	(14,175)	0	0	0	0	0	0	(14,175)	0
Fair value of financial instruments											
1. Unrealized gains	57	0	57	0	0	0	0	57	0	0	0
2. Realized gains	(132)	0	(132)	0	0	0	0	(132)	0	0	0
Total income and expense for the year	77,872	1,545	76,327	0	0	0	0	(75)	90,577	(14,175)	0
Balance at December 31, 2007	1,222,238	23,993	1,198,245	92,319	34,333	3,169	18,464	1,016,085	90,577	(45,962)	(10,740)
Distribution of prior year profit	0	0	0	0	0	0	0	90,577	(90,577)	0	0
Dividends paid	(57,008)	(1,617)	(55,391)	0	0	0	0	(55,391)	0	0	0
Acquisition/sale of treasury shares (net)	(51,291)	0	(51,291)	0	0	0	0	0	0	0	(51,291)
Gain (loss) on sale of treasury shares	9	0	9	0	0	0	0	9	0	0	0
Changes in consolidation scope	169	169	0	0	0	0	0	0	0	0	0
Other movements	1,571	0	1,571	0	0	0	0	1,571	0	0	0
Total distribution of profit and transactions with shareholders	(106,550)	(1,448)	(105,102)	0	0	0	0	36,766	(90,577)	0	(51,291)
Profit (loss) for the year (P & L)	131,870	1,233	130,637	0	0	0	0	0	130,637	0	0
Movement in translation differences	(9,439)	1,777	(11,216)	0	0	0	0	0	0	(11,216)	0
Translation differences reversed to the income statement	(328)	0	(328)	0	0	0	0	0	0	(328)	0
Fair value of financial instruments											
1. Unrealized gains	(102)	0	(102)	0	0	0	0	(102)	0	0	0
2. Realized gains	0	0	0	0	0	0	0	0	0	0	0
Changes in actuarial gains and losses	(14,260)	0	(14,260)	0	0	0	0	(14,260)	0	0	0
Tax effect of losses and gains in pensions funds	5,257	0	5,257	0	0	0	0	5,257	0	0	0
Total income and expense for the year	112,998	3,010	109,988	0	0	0	0	(9,105)	130,637	(11,544)	0
Balance at December 31, 2008	1,228,686	25,555	1,203,131	92,319	34,333	3,169	18,464	1,043,746	130,637	(57,506)	(62,031)

18.1. Shareholders' equity

Issued capital

At December 31, 2008 and 2007 share capital consisted of 153,865,392 bearer shares with a nominal value of 0.60 euros each, fully subscribed and paid and listed on Spanish stock exchanges.

According to data (the most recent data available), the total direct and indirect equity investment in Ebro Puleva, S.A. of companies owning more than 5% of Ebro Puleva S.A.'s share capital at December 31, 2008 (2007) are: Instituto Hispánico del Arroz, S.A. 15.344% (15.259%), 8.620% (8.535%) directly and 6.724% (6.724%) indirectly through Hispafoods Invest, S.L. Alimentos y Aceites, S.A., 8.446% (8.446%), Casa Grande de Cartagena, S.L. 6.158% (6.158%), Caja de Ahorros de Salamanca y Soria, 6.01% (6.01%), Caja España Group, 5.037% (5.037%), Bestinver Gestion, S.A., S.G.I.I.C., 4.057% (5.930%) and Corporación Económica DAMM, S.A. 5.011% (5.011%).

Share Premium

With regard to the share premium, the revised text of Spanish Corporation Law expressly states that the Company may use this account to increase share capital, and does not stipulate any specific restriction with regard to how it is to be used.

Restricted reserves

Companies that obtain profits during the year are obliged to transfer 10% of the net profit for the year to the legal reserve, until said reserve is equivalent to 20% of the capital. Except in the event of dissolution, this reserve may not be distributed, but may be used to offset losses, provided that there are no other reserves available for this purpose, and to increase capital in the amount by which it exceeds 10% of the increased capital.

With regard to restrictions on the reserves of subsidiaries, there are legal reserves of Spanish subsidiaries at December 31, 2008 (2007) amounting to 25.3 (24.8) million euros, to which the regulation described in the above paragraph for the parent company is applicable. The portion of these reserves resulting from the consolidation process is included in the reserves of consolidated companies.

Equity includes 38,531 (38,531) thousand euros corresponding to Herba Foods S.L. The distribution of profits depends on the corresponding income tax. For this purpose, the Group considers tax incurred once the distribution has been agreed. The Group does not envisage such distribution in the short or medium term.

In addition and as a result of revaluations of assets recorded by Sociedad General Azucarera de España, S.A. and by Puleva, S.A. by virtue of Royal Decree Law 7/96, dated June 7, "Revaluation reserves" were recorded amounting to 22,606 thousand euros (19,437 thousand euros of which are included in "Reserves in fully-consolidated companies").

This balance may be applied, tax free, to eliminate book losses, from previous years or the current period, or to offset any that may arise in the future and for capital increases. As from April 1, 2007 it may be transferred to freely distributable reserves, provided that the capital gain has been realized. The capital gain will be deemed realized in the part corresponding to the amortization made or when the restated assets have been transferred or written off the accounting records. If the balance of this account were to be used otherwise than as established in Royal Decree-Law 7/1996, it would become taxable.

Translation differences – Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effects of hedging net investments in foreign operations.

The breakdown by company of translation differences at December 31, 2008 and 2007 is the following (in thousands of euros):

	12-31-2008	12-31-2007
Companies of the Rice business segment	(9,859)	(3,133)
Riviana Group	(25,136)	(24,088)
NWP Group	(22,511)	(18,741)
Total	(57,506)	(45,962)

Treasury shares

In 2007, the Company purchased and sold shares as authorized for 18 months by the shareholders in their general meeting held on April 18, 2007. These transactions were communicated to the National Securities Market Commission as required by prevailing regulations. In 2007 it bought 1,141,851 and sold 420,427 of its own shares. The Company ended 2007 with 721,655 treasury shares, representing 0.469% of share capital. At that time the Company had not yet decided on the final use of these shares.

The Company also bought and sold treasury shares in 2008, as authorized by the shareholders in their general meetings held on April 18, 2007 and Jun 9, 2008. These transactions were communicated to the National Securities Market Commission as required by prevailing regulations. In the year it bought 4,483,601 and sold 126,521 of its own shares.

The Company ended 2008 with 5,078,735 treasury shares, representing 3.301% of share capital. At year end 2008, except for the potential delivery of a portion of these treasury shares in the extraordinary in-kind dividend described in Note 18.3, the Company has not yet decided on the final use of these shares.

18.2. Earnings per share

Earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the average number of ordinary shares outstanding in the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after deducting interest on the convertible non-cumulative redeemable preference shares –Ebro Puleva, S.A. did not have such shares at December 31, 2008 and 2007-) by the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential financial instruments into ordinary shares. Ebro Puleva, S.A., did not have such financial instruments at December 31, 2008 and 2007.

The following reflects the income and share data used in the basic and diluted earnings per share computation:

	12-31-2008	12-31-2007
Net profit attributable to ordinary equity holders of the parent from continuing operations	72,672	60,326
Loss attributable to ordinary equity holders of the parent from discontinued operations	57,965	30,251
Net profit attributable to ordinary equity holders of the parent	130,637	90,577
Interest on convertible non-cumulative redeemable preference shares	0	0
Net profit attributable to ordinary equity holders of the parent from adjusted for effect of convertible preference shares	130,637	90,577

	2008	2007
	Thousand	Thousand
Weighted average number of ordinary shares for earnings per share (*)	150,023	153,576
Effect of dilution:		
Share options	0	0
Redeemable preference shares	0	0
Weighted average number of ordinary shares adjusted for the effect of dilution	150,023	153,576

(*) Taking into account the average number of ordinary shares during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

18.3. Dividends

	2008	2007
Declared and paid during the year (thousand euros)		
Equity dividends on ordinary shares:		
Final dividend for 2007: 36 cents (2006: 36 cents)	55,391	55,391
First dividend for 2008: 0 cents (2007: 0 cents)	0	0
	55,391	55,391
Proposed for approval at General Shareholders' Meeting (not recognized as a liability as at December 31)		
Equity dividends on ordinary shares:		
Final ordinary dividend for 2008 (see comments below): 36 cents (2007: 36 cents)	55,391	55,391

On March 25, 2009, Ebro Puleva, S.A.'s Board of Directors proposed that the following distribution of 2008 profit be submitted to the shareholders in general meeting for approval:

- a) Consolidated profit for 2008 for the Ebro Puleva Group has allowed the Board to put before the General Meeting a proposal to pay an ordinary cash dividend against unrestricted reserves in the amount of 55,391 thousand euros, equivalent to 36 cents per share to be paid in quarterly installments of 9 cents each on April 2, July 2, October 2 and December 22, 2009.
- b) In addition, subject to a favorable outcome of the sale of the sugar business (Azucarera Ebro, S.L. and some of its subsidiaries) and in view of expected returns on the sale (as described in Note 7) an extraordinary dividend is proposed consisting of:
 - b.1) An extraordinary cash dividend against unrestricted reserves in the amount of 55,391 thousand euros, equivalent to 36 cents per share to be paid in 2009 in three installments of 12 cents each to coincide with the three final payments of the ordinary dividend (July 2, October 2 and December 22, 2009).
 - b.2) An extraordinary in-kind dividend consisting of treasury shares to meet the existing share premium (34,334 thousand euros) with an approximate exchange ratio, in view of an estimated listed price of 9 euros per share, of 1 new share for every 40 existing shares, for a total of approximately 3.8 millions shares (about 2.5% of share capital). The exchange ratio will be specified at the Board of Directors Meeting held just before prior to the General Shareholders' Meeting, once the listed share price from the trading session the day before is known. Shareholders will receive this extraordinary in-kind dividend in the first days of May 2009.

19. DEFERRED INCOME

This heading mainly includes government grants and the deliveries received of emission's right of CO₂. The breakdown of the movement in 2008 and 2007 is the following:

	Government grants		Other deferred income		Total	
	12-31-2008	12-31-2007	12-31-2008	12-31-2007	12-31-2008	12-31-2007
At January 1	14,137	16,044	162	1,182	14,299	17,226
Increases from business combinations	1,716				1,716	0
Cancelación subvenciones	(2,201)	(2,200)			(2,201)	(2,200)
Grants cancelled	7,624	2,004			7,624	2,004
Increase from CO ₂ emission rights			7,736	1,995	7,736	1,995
Other increases/decreases			213	(372)	213	(372)
Transfers to other accounts	(28)	(310)	0	301	(28)	(9)
To income statement, continuing operations	(4,953)	(602)	(2,670)	(431)	(7,623)	(1,033)
To income statement, discontinued operations	(195)	(799)	(4,150)	(2,513)	(4,345)	(3,312)
At December 31	16,100	14,137	1,291	162	17,391	14,299
Reclassification to Non-current assets held for sale (Note 7)	(899)		(901)		(1,800)	
	15,201		390		15,591	

The balance at December 31, 2008 and 2007 corresponds to official government grants awarded to various group companies for certain investment projects in property, plant and equipment (to date, these companies have met all the requirements for receiving those grants) and the value assigned to the CO₂ emissions rights received from state CO₂ emission rights assignment plans and other less significant items.

In 2008, the Industrial Technological Development Center (ITDC) gave a grant to the Consortium composed of 16 companies and headed by Puleva Biotech, S.A. to develop a CENIT research project on weight control and obesity prevention. This project has an estimated duration of four years (2008-2011).

The breakdown of the balance of grants by maturities is the following:

CAPITAL GRANTS	Pending release to the income statement			
	< 1 year	2-5 years	> 5 years	Total
Composition of final balance by maturity	3,887	9,785	2,428	16,100

20. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The movements in this heading in the Group during the year were the following (in thousands of euros):

	12-31-2008			12-31-2007
	Cont. Oper.	Discont. Op.	Total	Total
Balances at January 1	24,600	10,786	35,386	37,376
Translation differences	(526)	0	(526)	(1,278)
Business combinations	0	0	0	3,737
Application and payments	(6,634)	(1,984)	(8,618)	(9,410)
Transfers to other headings	2,768	0	2,768	(1,750)
Overprovision taken to the income statement	(543)	0	(543)	(1,618)
Provision for actuarial changes	14,260	0	14,260	0
Allocation to finance revenue	52	379	431	1,204
Allocation to profit	4,567	1,546	6,113	5,978
Allocation to other operating expenses	516	0	516	1,147
Balance at December 31	39,060	10,727	49,787	35,386

The breakdown by company is the following (in thousands of euros):

	12-31-2008	12-31-2007
Herba Group companies	5,294	5,797
Riviana Group companies	8,276	603
Panzani Group companies	8,477	8,979
New World Pasta Group (NWP)	9,529	5,239
Birkel Group	3,375	3,690
Dosbio 2010, S.L.	171	152
BPB (Belgium)	172	0
Ebro Puleva, S.A. (EP)	3,766	140
Total continuing operations	39,060	24,600
Discontinued operations (Azucarera Ebro, S.L. See Note 7)	10,727	10,786
Total	49,787	35,386

The summary of the types of commitments by company and by segment is the following:

	Defined contribution pension plan commitments	Defined benefit plan commitments	Other defined benefit plan commitments	Retirement bonuses	Seniority bonuses	Dismissal or retirement benefits
Azucarera Ebro, S.L.	Yes (a)			Yes (b)	Yes (b)	
Ebro Puleva, S.A.	Yes (a)				Yes (b)	
Dosbio 2010, S.A.					Yes (b)	
Puleva Group Food				Yes (a)		
Riviana Group USA		Yes (c)	Yes (c)			
NWP Group (USA and Canada)		Yes (c)	Yes (c)			
Panzani Group (France)				Yes (b)	Yes (b)	
Boost (Herba) (Belgium)	Yes (d) 2007	Yes (d) 2006				Yes (b)
BPB (Belgium)						Yes (b)
Mundiriso (Herba) (Italy)						Yes (b)
Euryza (Herba) (Germany)		Yes (b)				
S&B Group (Herba) (UK)	Yes (e)	Yes (c) (e)				
Birkel Group (Germany)		Yes (b)		Yes (b)		

(a) Externalized commitments covered by an insurance policy (the company is liable for the CPI increase). These commitments were originally defined benefit plans; however, following externalization they meet the minimum requirements for being considered defined contribution plans.

(b) These commitments have not been externalized. They are provided for and managed internally.

(c) These commitments are managed externally. The related investments are managed by the Directors' Committee, which is independent of Company management.

(d) These become defined contribution plan commitments as of 2007.

(e) As of 2007, all active personnel have defined contribution plan commitments, whereas retired employees have defined benefit commitments.

Below is a description of the most significant commitments in terms of their relative importance and/or those which envelope specific circumstances that must be disclosed.

20.1. Ebro Puleva, S.A. and Azucarera Ebro, S.L. (business discontinued in 2008)

As explained in Note 3.o), some employees of Ebro Puleva, S.A. and Azucarera Ebro, S.L. are eligible for various pension supplements previously established in internal pension funds of each company until 2002.

In accordance with prevailing legislation, these companies met their obligation to externalize their pension commitments prior to November 16, 2002, including those in the event of the death of an employee while in active service.

Azucarera Ebro S.L., a wholly owned subsidiary of Ebro Puleva, S.A., signed a master agreement with an insurance company regulating the technical, economic and legal terms and conditions to be applied to the policies in which the pension commitments acquired in respect of employees from Azucarera Ebro Agrícolas, S.A. were instrumented in 2002, and a 10-year finance loan was arranged with the insurance company (Note 22) at an interest rate of 6.7%, equal to that guaranteed for the first 40 years for the mathematical reserves made on the basis of the premiums of said finance loan.

Upon externalizing insurance policies, each year the relevant adjustments are made to the possible commitments that arise between the previous year and December 31 of the current year including any additional payments accrued due to salaries that differ from those used to calculate the technical bases described in the 2001 financial statements for active employees, and the corresponding premiums paid. As a result of this potential adjustment, the corresponding premiums are paid to the insurance company to ensure that commitments with employees are adequately covered. The premium for 2008 (2007), paid and recognized as a personnel expense, was 1,401 (2,050) thousand euros.

Due to the abovementioned externalization of insurance policies, the provisions that had been recorded for the former internal funds were eliminated from liabilities. The amounts outstanding on the financing plan arranged with the insurance company are shown on the balance sheet as financial debt (Note 22).

The combined balance at December 31, 2008 (2007) of Azucarera Ebro, S.L. of 10,727 (10,786) thousand euros corresponds exclusively to the provision against potential employee commitments that are not legally required to be externalized: long-service bonuses of 8,040 (7,819) thousand euros and compensation for some current employees of the Company for waiving lifelong life insurance policies of 2,687 (3,107) thousand euros. Costs for the year 2008 (2007) were 524 (469) thousand euros. These provisions have been recognized based on actuarial calculations made by independent experts and are internal provisions which are not linked to specific assets.

The balance at December 31, 2008 (2007) of Ebro Puleva, S.A. of 3,766 (140) thousand euros corresponds to the provision against potential employee commitments that are not legally required to be externalized: long-service bonuses of 168 (140) thousand euros and the incentive program for its management team (Note 27.6) of 3,598 (1,550 in 2007, classified as current) thousand euros, with a related expense in 2008 of 1,300 thousand euros. Other group companies have registered the rest of the provision up to the amount mentioned in Note 27.6.

20.2 Puleva Food Group

The collective labor agreement applicable to the work places in Granada, Jérez de la Frontera and Seville, belonging to the former Puleva, S.A., contemplates commitments corresponding to early retirement payments to employees who have worked for the company for more than 10 years and request early retirement (up to a maximum of seven employees a year).

In accordance with prevailing legislation, these companies externalized these commitments prior to November 16, 2002. As a result of externalizing these commitments, the former internal funds have been eliminated from liabilities. The premium paid less return premiums received in 2008 (2007) amounted to net income of 100 (768) thousand euros.

20.3 Panzani Group companies

Panzani group companies have certain commitments with employees, mainly retirement bonuses and long services bonuses. Provisions for the retirement bonuses were recorded based on actuarial calculations made by independent experts (7,463 (7,894) thousand euros at December 31, 2008 (2007)) and for the long services bonuses by internal actuarial estimates (1,014 (1,085) thousand euros at December 31, 2008 (2007)). Costs for the year 2008 (2007) were 895 (363) thousand euros. These are internal provisions which are not linked to specific assets.

20.4 Herba Group companies

The collective labor agreement applicable to two of the foreign companies of this group includes early retirement commitments. The corresponding provisions have been recorded based on internal actuarial calculations. The provisions at year end 2008 (2007) amounted to 543 (531) thousand euros. Costs for the year 2008 (2007) were 88 (77) thousand euros.

In addition, several Herba Group subsidiaries (S&B Herba of England, Boost of Germany, Herto of Belgium –which was sold in 2008–, Danrice of Denmark and Herba of Puerto Rico) have defined contribution plan commitments for some of their employees, based on an annual contribution calculated as a percentage of their salaries. Costs for the year 2008 (2007) were 642 (479) thousand euros.

Pursuant to the collective labor agreement applicable to the rice sector, Herba Ricemills, S.L. externalized its pension commitments with the employees through an insurance policy.

20.5. Birkel Group (Germany)

In addition to the next paragraph defined contribution plan commitments, the Birkel Group companies have commitments with employees primarily for retirement payments (343 (421) thousand euro allocation at year end 2008 (2007)). This allowance has been allocated based on actuarial calculations made internally. These are internal provisions which are not linked to specific assets.

20.6. Defined benefit pension plans and other defined benefit obligations

The breakdown by company was the following:

DEFINED BENEFIT (Thousand euros)	12-31-2008			12-31-2007		
	Pension commitments	Other commitments	Total	Pension commitments	Other commitments	Total
Riviana Group (USA)	9,371	(1,095)	8,276	805	(202)	603
NWP Group (USA and Canada)	8,565	964	9,529	3,990	1,249	5,239
Boost (Herba) (Germany)	185		185	279		279
Euryza (Herba) (Germany)	2,932		2,932	3,091		3,091
S&B Group (Herba)(UK)	1,460		1,460	1,896		1,896
Birkel Group (Germany)	3,032		3,032	3,269		3,269
	25,545	(131)	25,414	13,330	1,047	14,377

The movements pertaining to the commitments in 2008 shown above, broken down by geographical location, were the following:

	Riviana Group		NWP Group		Europeans	
(Thousands of euros)	12-31-2008	12-31-2007	12-31-2008	12-31-2007	12-31-2008	12-31-2007
Provisions for pensions and other post-employment benefits						
Opening balance	25,493	30,550	25,580	26,549	17,964	19,234
Business combinations					0	4,648
Allocations recorded in the year	3,254	3,602	2,055	2,100	959	1,011
Actuarial changes	(376)	631	870	248	(1,072)	(2,170)
Payments made in the year	(3,295)	(6,198)	(1,866)	(1,966)	(561)	(4,625)
Staff restructuring	12	0	(220)	0	(94)	0
Estimation of unrecognized losses	0	0	190	(107)	(327)	0
Exchange differences	1,459	(3,092)	(849)	(1,244)	(2,281)	(134)
Balance at December 31	26,547	25,493	25,760	25,580	14,588	17,964
Provisions for pensions – invested assets						
Value at beginning of period	(24,890)	(28,657)	(20,340)	(20,452)	(10,870)	(12,274)
Business combinations					0	(1,400)
Return on investments during the year	6,876	(2,502)	3,568	(515)	1,241	(1,427)
Contributions by the Company	(2,333)	(2,897)	(1,727)	(1,895)	(99)	(159)
Payments made in the year	3,295	6,197	1,603	1,721	329	4,315
Exchange differences	(1,219)	2,969	665	800	2,087	75
Balance at December 31	(18,271)	(24,890)	(16,231)	(20,341)	(7,312)	(10,870)
Net balance at December 31	8,276	603	9,529	5,239	7,276	7,094
Net actuarial gains (losses)	0	0	0	0	333	1,441
Net balance at December 31	8,276	603	9,529	5,239	7,609	8,535

	Riviana Group		NWP Group		Europeans	
NET ANNUAL COST PER COMPONENT	12-31-2008	12-31-2007	12-31-2008	12-31-2007	12-31-2008	12-31-2007
Annual service cost	1,684	1,903	618	523	63	188
Interest cost	1,545	1,668	1,437	1,658	738	800
Return on assets	(1,782)	(2,092)	(1,488)	(1,507)	(744)	(749)
Personnel restructuring	0	0	0	0	0	0
Estimation of unrecognized losses	(85)	(31)	25	1,174	(116)	(1,533)
	1,362	1,448	592	1,848	(59)	(1,294)
Actuarial changes recognized directly in consolidated equity (loss) profit	(8,623)	0	(5,637)	0	0	0

ACTUARIAL ASSUMPTIONS	12-31-2008	12-31-2007	12-31-2008	12-31-2007	12-31-2008	12-31-2007
Discount rate	6.25%	6.00%	5.40%	5.75%	5.50%	5.50%
Wage increases	3.50%	4.00%	0.00%	3.50%	3.00%	3.50%
Rate of return on assets	8.00%	8.25%	7.43%	8.00%	6.25%	7.00%

The commitments correspond primarily to pension plans for the majority of Riviana Group and NWP Group employees and for certain employees of European subsidiaries. In the S&B Group, these commitments are only for retired employees (given that commitments with active employees were transferred to a defined contribution pension plan as of January 1, 2006). In the Riviana Group, as of February 2006, no new employees were included in this defined benefit plan.

In the Riviana Group and NWP Group, "Other commitments" refer to coverage for health care, medication and life insurance, which are only for some of the employees.

In addition, the Riviana Group has a defined contribution pension plan for all its US employees. The Company contributes a lump sum equal to the percentage of employee contributions. The total amount of the expense for this plan in the current year amounted to 876 (450) thousand euros.

21. OTHER PROVISIONS

The movements in this heading in 2008 and 2007 are the following (in thousands of euros):

OTHER PROVISIONS	12-31-2008			12-31-2007
Movements in other provisions	Cont. Op.	Disc. Op.	Total	Total
Opening balance	17,137	171,957	189,094	159,850
Translation differences	20	0	20	(30)
Business combinations	0	0	0	0
Transfers	1,520	2,659	4,179	5,769
Applied and payments	(7,862)	(16,178)	(24,040)	(27,381)
Allocations to results: CMO sugar reform expense	0	2,578	2,578	49,291
Decrease in allocation: CMO sugar reform expense	0	(6,385)	(6,385)	(4,166)
Allowances charged to the income statement	9,585	4,066	13,651	9,652
CO ₂ allowances charged to the income statement	2,648	4,150	6,798	0
Provisions against profit (loss) for tax effect	(2,738)	(62,088)	(64,826)	(3,891)
Balance at December 31	20,310	100,759	121,069	189,094

The breakdown of these provisions by item, company or segment is the following (in thousands of euros):

Summary of provisions by concept	12-31-2008			12-31-2007		
	Total	Cont.	Discont.	Total	Cont.	Discont.
Litigation and lawsuits	74,445	15,599	58,846	133,456	15,415	118,041
Modernization and Optimization Plan	37,407	1,108	36,299	54,695	1,078	53,617
CO ₂ emission rights	6,803	2,653	4,150	10	0	10
Contingences of subsidiaries	633	633	0	210	210	0
Sundry contingencies of an insignificant amount	1,781	317	1,464	723	434	289
	121,069	20,310	100,759	189,094	17,137	171,957

	12-31-2008	12-31-2007
Ebro Puleva, S.A.	6,175	3,986
Panzani Group	6,613	7,509
Azucarera Energías, S.A.	3,248	2,257
Puleva Food Group	2,966	1,081
Arotz Foods, S.A.	54	1,712
Arroz Herba group companies	951	177
Grupo NWP	303	415
Total continuing operations	20,310	17,137
Discontinued operations (Azucarera Ebro, S.L. See Note 7)	100,759	171,957
Total	121,069	189,094

21.1. Azucarera Ebro, S.L. (Sugar Business)

This business was discontinued in 2008 (see Note 7). The final balance at December 31, 2007 of this subsidiary included principally the provisions for litigations arising from ongoing judicial proceedings and other claims filed against the company, as well as the estimated cost of measures implemented in 2006 and 2007 relating to the Modernization and Optimization of Industrial Competitiveness Plan as a result of the new European regulation for the sector (new CMO sugar reform).

The amounts applied for 2008 and 2007 correspond primarily to dismissal indemnities for employees who left the company and other expenses related to the Modernization and Optimization of Industrial Competitiveness Plan referred to above as well as allocations for deliveries of CO₂ emission rights.

The 2007 financial statements include all the basic and most significant information related to the consequences and effects of the CMO sugar reform. Given that this business was discontinued in 2008 (see Note 7), and that there no significant changes have occurred in the new EU Regulations, except for the following, it is not necessary to reiterate that information.

In 2008, the most significant events in the sugar business that have effected the provisions recognized are as follows:

- ◁ In late May 2008, the Supreme Court of Administrative Appeals issued several rulings related to appeals made by Azucarera Ebro, S.L. (through Ebro Puleva, S.A.) against several rulings by the National Court of Justice that had confirmed a set of tax assessments made by the Department of Customs and Special Taxes related to several shipments of alcohol to Portugal made by the company between 1996 and 1998.
- ◁ In addition, between November and December 2008, the Supreme Court of Administrative Appeals issued several rulings related to appeals made by Azucarera Ebro, S.L. (through Ebro Puleva, S.A.) against several rulings by the National Court of Justice related to tax payments relating to alcohol tax derived from stock counts for various years.

Given that the financial statement at December 31, 2007 included a provision for this concept of the revalued amount of approximately 62,088 thousand euros, these rulings by the Supreme Court, which cannot be appealed, meant the provision was reversed in 2008 and recognized under "Other operating income" and a decrease in "Finance costs" for 49,475 and 12,613 thousand euros respectively.

The provision for the Modernization and Restructuring Plan corresponds entirely to 36,299 thousand euros (2007: 53,617 thousand euros) as a result of the CMO sugar reform. The most significant developments of this matter in 2008 are as follows:

- ◁ The EU set consumption quotas for sugar in the first half of 2008, which in our case confirmed the proposals filed at the end of March 2008. Taking into account the agreement signed with ACOR in the first days of March 2008, which meant an additional quota reduction for Azucarera Ebro, S.L.U. of 8,703.1 tons, the total quota relinquished amounted to 363,241 tons.
- ◁ The main consequences of this reform, which were accounted for in the 2007 financial statements, have continued without significant changes at year end 2008. However, the revaluations in files at the closing of each affected factory centre in addition to the current circumstances of forecasts for potential investments to replace the sugar business form a context of permanent although minor adjustments to the provisions that form the accounting basis of this reform. In this regard, the most significant readjustments in 2008 had a negative effect of 2,342 thousand euros in operating expenses (Note 7), as shown in the following summary:
 - a) Additional compensation receivable from the EU for the additional relinquished quota of 8,703.1 tons, amounting to 4,895 thousand euros.
 - b) Readjustment with a positive effect of the provisions for restructuring (employees, dismantling, etc.) for a net total of 3,726 thousand euros.
 - c) Additional 2,236 thousand euro provision for impairment of property, plant and equipment related to three closed factories, plus 8,727 thousand euros in impairment of other assets related to those factories.
- ◁ Finally, in 2008, payments were made against the CMO sugar reform provisions for 16,170 thousand euros for revaluations of the financial effect amounting to 2,578 thousand euros and a decrease in provisions of 3,726 thousand euros related to the contents of point b) above.

21.2 Other companies

The majority of their provisions are basically to cover potential liabilities related to litigation and other minor contingencies.

The provision for litigation and lawsuits corresponds to provisions recognized for litigation arising from ongoing lawsuits and other claims in which no significant changes have occurred with respect to December 31, 2007, for continuing operations.

21.3 Summary of ongoing litigation and lawsuits

Of the balance of "Other provisions" at December 31, 2008 (2007), 74,445 (133,456) thousand euros correspond to provisions recorded for litigation related to ongoing lawsuits and other claims. The parent company's directors estimate that rulings on these will not generate significant additional liabilities. The breakdown of the maximum potential litigation risk is the following (in thousands of euros):

	12-31-2008	12-31-2007
Tax assessments signed in disagreement	76,897	135,689
Legal risks	7,313	11,540
Other legal risks	847	2,309
	85,057	149,538

The following is a summary of the most significant claims:

1. Internal movements of sugar among plants:

- 1.1. Azucarera Ebro, S.L. is being held vicariously liable in a civil liability suit currently being heard by the National Court of Justice in respect of crimes of fraud committed against the European Union. 34,879 thousand euros plus late payment interest have been provisioned for this concept. On February 2, 2005, the National Court of Justice ruled against the Company in judicial proceedings relating to alleged fictitious transactions between factories during the 1996-1999 sugar campaigns. Although the Company considered that this decision was not in keeping with the law and filed an appeal with the Supreme Court, the accounts closed at December 31, 2004 included a provision for the full amount that the Company would have to pay in the event the aforementioned sentence were confirmed.

In a sentence handed down on December 15, 2006, the Supreme Court accepted the appeal on the grounds of errors of form, thereby revoking the sentence of the National Court of Justice and ordering said court to issue a new sentence to comply with certain requisites. Consequently, although the sentence rendered by the National Court of Justice was annulled, the aforementioned provision must be maintained until a new sentence has been issued. For accounting purposes, the likelihood that this contingent liability will materialize is deemed probable.

- 1.2. In addition, the Company appealed regulatory fines relating to C sugar corresponding to the 1999/2000 sugar campaign and the fee for offsetting storage expenses for 1996/1997 to 1999/2000, the accumulated amount of which total 10,953 thousand euros. A provision has been recorded for this concept. These assessments were confirmed by a ruling by the National Court of Justice on December 22, 2008. An appeal against this ruling has been filed with the Supreme Court. For accounting purposes, the likelihood that this contingent liability will materialize is deemed probable.
- 1.3. The fines relating to the proceedings described in 1.2 amount to 6,731 thousand euros. No amounts have been provided for this concept since it is considered that the fines are not legal. For accounting purposes, the likelihood that the fines will materialize is considered possible.
- 1.4. In addition, a corporation tax assessment signed in disagreement relating to transfer of sugar between plants was raised for the increase in taxable income due to the alleged sugar sales in 1999. According to the assessment, the tax payable for this concept amounted to 3,611 thousand euros. An appeal has been presented to the Central Economic-Administrative Tribunal (TEAC). The Company has not recorded any provision for this concept. For accounting purposes, the likelihood that this contingency will materialize is considered possible.
- 1.5. The amount of the fine imposed related to the assessment mentioned in point 1.4 above is 2,076 thousand euros. The claim is still subject to administrative appeals. No provision has been recorded for this concept. For accounting purposes, the likelihood that this contingent liability will materialize is deemed possible.

2. Tax payments related to alcohol tax on supplies delivered to two customers (Administrative appeal number 394/06). The accumulated amount of this payment, which has been provided for, is 1,813 thousand euros. For accounting purposes, the likelihood that this contingent liability will materialize is deemed probable.
3. A judicial claim amounting to 2,645 thousand euros relating to past life pension supplements plus the right to receive a monthly life supplement which would require an estimated additional provision of 10,988 thousand euros. The claim has been dismissed and the sentence has been appealed. No provision has been recorded for this concept. For accounting purposes, the likelihood that this contingent liability will materialize is deemed possible.
4. A judicial claim from several sugar customers related to supposed damages arising from the price coalition during 1995 and 1996 declared by the Restrictive Practices Court in the ruling of April 15, 1999. Amount: 4,105,209.02 euros. For accounting purposes, the likelihood that this contingent liability will materialize is deemed possible.
5. A claim for overpayment brought by the group to the tax authorities. Amount: 6,415,350.24 euros, for the sugar production quota related to the 2002/03 and 2005/06 campaigns. This claim is based on rulings by the ECJ that annulled the regulations that set rates for the collection of this agricultural levy. For accounting purposes, the likelihood that this contingent liability will materialize is deemed possible.
6. Administrative appeals that partially challenge production quotas related to the 2007/08 and 2008/09 campaigns. Accumulated amount: 4,130,819.91 euros. The objective is to trade based on effective production instead of per assigned quota. For accounting purposes, the likelihood that this contingent liability will materialize is deemed possible.

22. INTEREST-BEARING LOANS AND BORROWINGS

The breakdown of this heading is the following (in thousands of euros):

FINANCIAL LIABILITIES	At 12-31-2008		At 12-31-2007	
	Non-current	Current	Non-current	Current
Non-current bank loans	715,495	71,034	699,105	104,455
Current bank loans		392,120		268,381
Payables for externalization of post-employment benefit commitments	285	4,995	5,106	6,663
Other financial liabilities	4,141	1,126	2,650	2,356
Payables to Group companies	900	0	0	0
Guarantees and deposits received (financial)	105		80	
	720,926	469,275	706,941	381,855
Reclassification to Non-current assets held for sale (Note 7)	(2,376)	(90,843)		
Total financial liabilities	718,550	378,432		

Non-current payables for the externalization of post-employment benefits commitments at December 31, 2008 (2007), related to the sugar business discontinued in 2008 (Note 7), amount to 285 (5,106) thousand euros and current payables to 5,106 (6,663) thousand euros, corresponding to the outstanding balance of the financing plan agreed between Azucarera Ebro, S.L. and insurance company Banco Vitalicio for the externalization of these commitments (Note 20.1). The financing plan accrues annual interest of 6.7% and was established for a period of 10 years, with equal annual installments. The last installment is due July 17, 2010.

The breakdown of bank loans and borrowings by segment or company and maturity is the following (in thousands of euros):

BREAKDOWN BY SEGMENT OR COMPANY OF BANK LOANS AND BORROWINGS	12-31-2007	12-31-2008	2010	2011	2012	2013	Subsequent years
Ebro Puleva, S.A.	568,132	522,303	70,942	52,539	105,078	105,078	188,666
America business - Riviana Group	116,975	159,076	35,350	35,350	35,350	35,350	17,676
Rice business – Herba	2,151	0					
Dairy business	11,556	33,613	25,804	6,317	1,492		
Pasta business – Panzani	134	99	35	35	29		
Birkel Group	123	0					
Jiloca, S.A.	34	21	12	9			
Sugar business (Discontinued in 2008)	0	383	383				
Non-current bank loans and borrowings	699,105	715,495	132,526	94,250	141,949	140,428	206,342
Ebro Puleva, S.A.	77,997	125,824					
Pasta business – Panzani	125,798	117,478					
Rice business – Herba	78,236	95,023					
Sugar business (Discontinued in 2008)	48,597	85,049					
America business - Riviana Group	34,158	561					
Dairy business	7,897	29,080					
Birkel Group	123	1,423					
Other companies	30	8,716					
Current bank loans and borrowings	372,836	463,154					
Total bank loans and borrowings	1,071,941	1,178,649					
Reclassification to Non-current assets held for sale (Note 7)		(85,432)					
		1,093,217					

The breakdown of this heading by currency in which the loans are denominated is the following:

CURRENCY	12-31-2008	12-31-2007
Euros	558,174	478,140
US dollars	613,327	577,475
Pound sterling	183	15,521
Moroccan dirhams	6,053	0
Thb	912	805
DKK	0	0
Total	1,178,649	1,071,941

Non-current bank loans and borrowings by Puleva, S.A. went to fund the investments in Riviana Inc (2004) and Panzani SAS (2005) and New World Pasta Company (2006). These loans are guaranteed by the subsidiaries Azucarera Ebro, S.L., Puleva Foods, S.L., Herba Food, S.L., Herba Ricemills, S.L. and Panzani SAS and correspond to:

- ◁ A 287.9 million euro syndicated loan arranged in November 2004 and renewed in May 2005, and again in November 2006, which, at December 31, 2008, had a balance of 142 million euros pending repayment. The principal will be repaid in eight half-yearly installments of 35.5 million euros from May 2007. The annual interest applicable to the loan is linked to 1-, 3-, 6- and 12-month Euribor plus a market spread.
- ◁ A 440 million euro syndicated loan arranged in May 2005 and renewed in November 2006, the principal of which will be repaid in six half-yearly installments of 73.33 million dollars from October 2011. The annual interest applicable to the loan is linked to 1-, 3-, 6- of 12-month Euribor plus a market spread.
- ◁ A 190 million US dollar bilateral loan arranged in November 2006, the principal of which will be repaid in 4 quarterly installments of 47.5 million dollars as of October 2015. The annual interest rate was one-, three-, six-, or twelve-month LIBOR plus a market spread.

In addition, included under Non-current loans, is the loan obtained by the Riviana Group in May 2007, which replaced the "bridging loan" granted to the Group in October 2006 amounting to 246 million US dollars for the acquisition of the Minute Rice brand name at Libor plus a market spread. This loan has a five-year amortization period to be paid in 10 half-yearly installments as of November 2007. It is guaranteed by the other American subsidiary, NWP Inc.

As for the remainder at December 31, 2008 (2007), Group companies have credit facilities at banks secured by personal guarantees with a total limit of 660 (630) million euros. The amount drawn down was 384 (263) million euros. Panzani Group credit facilities, up to a limit of 142 (129) million euros, are secured by accounts receivable.

There are also commercial discount lines, non-recourse factoring agreements, and other bank guarantees for the following amounts (in thousands of euros):

FINANCING ARRANGED	Amount drawn down	Amount available	Total limit
Discounted bills	4,682	2,123	6,805
Bank guarantees	135,407	109,632	245,039
Factoring agreements	46,234	0	46,234
Consolidated total	186,323	111,755	298,078

The average annual interest rate on long-term loans in 2008 (2007) was 5.58% (4.35%) for loans to the Puleva Food Group.

The average annual interest rate on short-term loans was three-month Euribor plus 0.42 for Ebro Puleva, S.A., an average of 5.13% for the Rice Group, 4.74% for Azucarera Ebro, S.L., 5.58% for the Dairy Products Group and 4.31% for Panzani Group.

Over the term of the non-current loans of Ebro Puleva, S.A., as well as the loan related to the Riviana Group, a series of ratios must be met calculated based on the consolidated financial statements of the Ebro Puleva Group or the aggregate Riviana/NWPC, respectively. In the event of failure to meet the ratios, finance costs will be increased and, on a case-by-case basis, the loan can be called ahead of maturity. At December 31, 2008, all the ratios have been met.

23. OTHER NON-FINANCIAL PAYABLES

This caption corresponds to various debts for immaterial amounts.

24. TRADE AND OTHER PAYABLES

The breakdown of this heading is the following (in thousands of euros):

	12-31-2008	12-31-2007
Trade payables	521,947	510,333
Other payables	36,960	42,722
Employee benefits payable	40,624	41,836
Guarantees and deposits received	327	27
	599,858	594,918
Reclassification to Non-current assets held for sale (Note 7)	(155,372)	
Total	444,486	

Trade receivables are non-interest bearing and are generally on 60-90 days' terms. Other payables are also non-interest bearing, with average maturity of six months. These mainly correspond to payables on purchases of property, plant and equipment, payables for customer discounts and bonuses and liabilities for commercial media and marketing.

25. TAX SITUATION

The breakdown by of tax receivables and payables at December 31, 2008 and 2007 is the following (in thousands of euros):

	Receivable		Payable	
	12-31-2008	12-31-2007	12-31-2008	12-31-2007
VAT and income tax withholding payable to the Treasury	51,373	49,939	6,772	11,130
Corporate income tax	2,087	10,956		
Social security costs	5	5	1,910	2,687
Grants pending receipt	6,626	1,361		
Other public bodies	1,778	1,165	8,181	63,288
Total public bodies	61,869	63,426	16,863	77,105
Corporate income tax	1,508	10,677	16,017	7,990

Balances at December 31, 2007 included the sugar business that was discontinued in 2008 (Note 7). The most significant matter related to the comparison between these balances in 2008 and 2007 is that under "Other payables to public administrations" in 2007, the "Restructuring fee" is included that, in view of the CMO sugar reform, was implemented at year end 2005 to replace the "production quota" and new payment periods were established. Consequently, the majority of the aforementioned fee is paid in the following year, but in 2008, this balance was reclassified to non-current liabilities held for sale.

Within the consolidated Group, some companies file consolidated tax statements in accordance with local laws or tax standards. These include virtually all the Spanish companies (Spanish tax group), the companies of the America rice and food business – Riviana and those of the pasta business – Panzani.

In addition, the tax rates vary across countries. Rates in order of importance are: 30% in Spain in 2008 (35% in 2006 and previous years and 32.5% in 2007), 34.93% in France, 37.5% in the US, 30% in Germany and 30-31% in Central America. The effect of tax rates above or below 30% is recognized in the specific heading "Effect of applying differing tax rates".

The breakdown of consolidated Group tax for the year ended December 31, 2008 and 2007 is the following (in thousands of euros):

	12-31-2008		12-31-2007	
	Accounting	Taxable	Accounting	Taxable
Profit (loss) before tax from continuing operations	103,454	103,454	82,851	82,851
Profit (loss) before tax from discontinued operations (Note 7)	79,766	79,766	41,404	41,404
Reclassification to expense for goodwill impairment	6,827	6,827	7,805	7,805
Profit (loss) before tax recognized in equity (Note 20.6)	(14,260)	(14,260)	(101)	(101)
Exchange rate hedge recorded in translation differences	(24,723)	(24,723)	50,400	50,400
	151,064	151,064	182,359	182,359
Permanent differences from Group companies	(19,027)	(19,027)	(6,919)	(6,919)
Permanent differences from consolidation adjustments and tax rates	7,177	7,177	(6,679)	(6,679)
Carryforward losses arising during the year	8,520	8,520	458	458
Application of individual loss carryforwards	(75)	(75)	(662)	(662)
Adjusted accounting profit (loss)	147,659	147,659	168,557	168,557
Temporary differences from Group companies		(1,792)		(120,547)
Temporary differences from consolidation adjustments		27,730		(3,042)
Carryforward losses arising during the year		1,042		4,378
Application of loss carryforwards from subsidiaries		(24,459)		0
Adjusted tax results	147,659	150,180	168,557	49,346
Effect of applying differing tax rates	10,769	10,769	4,486	4,486
Taxable profit (loss) of the tax group	158,428	160,949	173,043	53,832
Tax expense in 2008 at 30% rate (32.5% in 2007)	47,528	48,285	56,239	17,495
Deductions applied	(2,743)	(5,144)	(4,294)	(4,368)
Tax payable	44,785	43,141	51,945	13,127
Write-off of prior year's tax	200		5,401	
Write-off of deferred taxes	0		(1,167)	
Tax inspections corresponding to the Spanish tax group	518		(245)	
Reclassification to expense for goodwill impairment	(6,827)		(7,805)	
Regularization of corporation income tax payable for prior year & tax rate differences		(205)		(2,792)
Total expense	38,676	42,936	48,129	10,335
Tax expense from continuing operations	29,549		20,629	
Tax expense from discontinued operations	21,801		11,153	
Income tax expense recognized in equity	(5,257)		(33)	
Income tax expense recorded in translation differences	(7,417)		16,380	
	38,676		48,129	

CONSOLIDATED INCOME STATEMENT	12-31-2008	12-31-2007
Current income tax (continuing operations)	17,296	4,965
Current income tax (discontinued operations)	25,845	8,162
Deferred income tax	6,901	38,818
Reclassification to expense for goodwill impairment	(6,827)	(7,805)
Deferred tax expense in equity	(5,257)	0
Adjustments in respect of current income tax of previous year	200	5,401
Adjustments of deferred tax liabilities net of change in tax rates	0	(1,167)
Tax assessments corresponding to the Spanish tax group	518	(245)
	38,676	48,129

INCOME TAX RECOGNIZED DIRECTLY IN EQUITY	12-31-2008	12-31-2007
Proceeds on sale of treasury shares		(33)
Change in actuarial gains and losses	(5,257)	0
	(5,257)	(33)

"Exchange rate hedge recorded in translation differences" corresponds to the effect of exchange rate differences recorded directly in translation differences arising from the hedge of a loan in dollars relating to investments in Riviana and NWPC (Note 28).

The total tax expense less withholdings and prepayments made in the year leave a total income tax payable to the treasury.

Temporary differences for 2008 (2007) correspond to:

- ◁ Net increase of 24,723 (2007: decrease of 50,400) thousand euros due to exchange losses (gains in 2007) from hedges on loans in US dollars.
- ◁ Increase of 14,260 (zero) thousand euros due to the effects of actuarial changes in pension commitments recognized directly in equity.
- ◁ Decrease of 11,591 (24,015) thousand euros for the NWP temporary differences, as described below in this Note.
- ◁ Decrease of 20,780 (20,780) thousand euros for the amortization for tax purposes of goodwill generated in the acquisition of foreign companies.
- ◁ Increase of 7,500 (7,500) thousand euros for the reversal in 2008 from the second of the four years that they are eligible to take the deduction made in 2006 due to the investment in NWP.
- ◁ Decrease of 15,904 (32,852) thousand euros, primarily for amortization for tax purposes of brand names and transactions by various companies arising and/or applied for tax purposes for reversed and/or allocated provisions in the year, for allocations and/or reversals to/from provisions for assets and other cancelled risks and financial investments which may or may not qualify for deduction in this year.

The temporary differences generated by consolidation adjustments in 2008 relate mainly to the elimination of profit on the intergroup sale of investment properties and the elimination of provisions for investments among group companies.

Permanent differences correspond principally to the monetary adjustment of investment property sold in the year, to unreversed tax expenses, the application, for tax purposes, of investment losses, and the reversal of certain provisions that did not have a tax effect when they were allocated in prior years. Lastly, permanent differences from consolidation adjustments related primarily to the elimination of provisions between companies of subgroups that belong to the same tax group, and also in 2008, to the elimination of intergroup results from companies consolidated using the equity method and to the effects of the disposal of assets acquired in prior years in business combinations.

Deductions from tax payable correspond principally to investments in environmental activities, the development of new products and reinvestment of profits in the sale of investment property.

The amount that must be reinvested to be eligible for deductions for reinvestment is 16.2 million euros in 2008. This amount was previously reinvested by the Spanish tax group in 2008 (11.2; 76.3; 87; 65; 25 and 33.6 million euros, respectively, since 2002, amounts which were already reinvested by the tax group during those years). In addition, the Company has met all other requirements necessary to take these deductions.

The movement in deferred tax assets and liabilities for the years ended December 31, 2008 and 2007 is the following (in thousands of euros):

	12-31-2008		12-31-2007	
	Assets	Liabilities	Assets	Assets
Balance at January 1	73,107	140,031	80,578	102,763
Transfer of balances with public administrations	6,082	0	0	0
Exchange differences	(54)	1,146	(526)	(2,571)
Changes in consolidation Scope	88	2,217	257	6,557
Disposals related to the sale of companies	(13)	(1,492)	0	0
Accrued / Applied during the year	(2,180)	(2,642)	(7,253)	24,218
Adjustments due to changes in tax rates	0	0	(144)	(1,311)
Other prior year adjustments	(254)	(783)	195	10,375
Balance at December 31	76,776	138,477	73,107	140,031
Reclassification to Non-current assets held for sale (Note 7)	(30,088)	(2,278)		
Total	46,688	136,199		

Corrections in 2007 are primarily attributed to the 9,187 thousand euros of increased tax liability as a result of the deduction for the foreign investment of the acquisition of NWP (see previous paragraph related to temporary differences).

The breakdown of deferred tax assets and liabilities into the most significant headings at December 31, 2008 is as follows:

	12-31-2008	
	DEFERRED TAX ASSETS AND LIABILITIES	
	Assets	Liabilities
Property, plant and equipment	5,410	60,861
Investment properties	7,245	62
Goodwill	10,321	29,707
Other intangible assets	6,145	30,394
Inventories	464	2,235
Trade receivables and accruals on assets	0	195
Pensions and similar commitments	32,344	(2,545)
Other non-current provisions	13,789	1,186
Payables and accruals on liabilities	9,488	3,531
Tax credits relating to deductions	394	0
Tax credits for loss carryforwards	33,941	0
Accrued tax benefits	0	4,500
Provisions and capital gains related to tax group investments	1,129	17,305
	120,670	147,431
Provision for deferred taxes	(43,894)	(8,954)
Total	76,776	138,477
Reclassified to non-current assets and liabilities held for sale (Note 7)	(30,088)	(2,278)
Total	46,688	136,199

These provisions correspond entirely to NWPC in the net amount of 34,940 thousand euros. In 2008 (2007), the subsidiary NWPC (USA) applied tax credits for loss carryforwards and other concepts amounting to 8,963 and 11,591 (2007: zero and 24,015) thousand euros respectively and therefore its current tax was 3,029 (zero) thousand euros. After applying these carryforwards, the maximum amount of tax carryforwards from prior years pending application could be 31 million euros, which were fully provided for in the acquisition balance sheet for this company given: Uncertainty regarding the future recoverability of these tax credits related to their availability given certain legal limitations in their local regulations and as they are pending authorization by the tax authorities in that country. Finally, in accordance with IAS 12, tax expense related to this subsidiary in 2008 (2007) was reclassified as impairment of goodwill amounting to 6,827 (7,805) thousand euros (Note 14). En relación con bases imponibles negativas pendientes de compensación de las sociedades del Grupo, al 31 de diciembre de 2008 (2007) existen, aparte de las ya comentadas de NWPC, unos 6 (19) millones de euros de base, a recuperar durante los próximos 15 años. Durante 2008 se han aplicado bases imponibles negativas de 2007 del Grupo Fiscal Español por importe de 15 millones de euros.

At December 31, 2008 (2007) the loss carryforwards pending application of group companies, except the aforementioned related to NWPC, amounted to 6 (19) million euros, and can be applied over a period of 15 years. In 2008 15 million euros of the Spanish tax group's loss carryforwards from 2007 were applied.

In addition, the Ebro Puleva Tax Group is open to inspection of all taxes to which it is liable since 2004. The remaining Group companies are open to inspection of the taxes and for the years stipulated by local tax laws and have not been inspected previously, the majority since 2005.

26. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain motor vehicles and items of machinery. These leases have an average life of between 3 and 5 years, with no renewal option included in the contracts. There are no restrictions placed on the Group by entering into these leases. Future minimum rentals payable under non-cancelable operating leases as at December 31, 2008 are as follows:

	12-31-2008	12-31-2007
Within one year	10,705	10,947
After one year but not more than five years	13,838	14,573
More than five years	2,259	3,250
Total	26,802	28,770

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. These leases have an average life of between 3 and 5 years, with no renewal option included in the contracts. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future minimum rentals receivable under non-cancelable operating leases as at December 31, 2008 are as follows:

	12-31-2008	12-31-2007
Within one year	612	168
After one year but not more than five years	639	617
More than five years	0	25
Total	1,251	810

Capital commitments

At December 31, 2008 (2007) the Group has commitments of 40,000 (30,000) thousand euros relating to the acquisition or replacement of machinery (not including the discontinued sugar business).

Inventory commitments

See details in Note 15.

Legal claims

See details in Note 21.3.

Guarantees

At year end 2008, the Group had the following bank guarantees:

	12-31-2008	12-31-2007
From banks: For claims before tax courts and public bodies for deferral of tax liabilities (Note 21.3)	76,098	126,056
From banks: Before the F.E.G.A. customs and third parties to guarantee completion of normal trade transactions	52,691	45,839
Other bank guarantees	6,618	24,786
Before banks to guarantee completion of transactions of associates and non-Group companies	60,907	62,969
Total	196,314	259,650

The most significant guarantee given to banks to cover the transactions of associates corresponds to the guarantee given by Ebro Puleva, S.A. on behalf of associate Biocarburantes de Castilla y León, S.A. for the syndicated loan signed by the latter with several financial institutions in November 2004 and renewed in 2007. This loan was intended to finance said company's biofuel factory project as well as for borrowing facilities to finance working capital. The total amount of the syndicated loan pending repayment and the drawn-down borrowing facilities to finance working capital at December 31, 2008 net of the available cash

balance was 121 million euros, 50% of which is guaranteed by the shareholders of Biocarburantes de Castilla y León, S.A. Consequently, the maximum amount guaranteed by Ebro Puleva, S.A. is 60.5 (62.5 in 2007) million euros.

With respect to "Other bank guarantees," to ensure compliance with contractual guarantees, a bank guarantee was arranged amounting to 5,160 thousand US dollars (3,918 thousand euros) which was reduced to 860 thousand US dollars (618 thousand euros) in 2008 to cover guarantees given to a buyer in the sale of the Guatemalan subsidiaries business. This type of guarantee covers potential contingencies that could materialize with respect to the business sold when the cause of such contingencies arises prior to the sale or within first three years as of the date of the sale (up to August 10, 2009). In addition, there are guarantees for 6 million euros for the Alagón land transaction (Note 11).

Finally, Panzani Group credit facilities, up to a limit of 142 (129) million euros, are guaranteed by accounts receivable.

27. RELATED PARTY DISCLOSURES

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables except that indicated in Note 26 related to Biocarburantes de Castilla y León, S.A.

For the year ended December 31, 2008, the Group has not made any provision for doubtful debts relating to amounts owned by related parties (2007: zero). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

27.1. Related party disclosures – transactions with majority shareholders (or related parties) of Ebro Puleva, S.A., excluding directors.

Note 18.1 lists the companies with significant shares in Ebro Puleva, S.A. (parent company of the Ebro Puleva Group).

The summary of transactions, excluding dividends, of any Ebro Puleva Group company with these majority shareholders (except for those directors which are shown in Note 27.2), is the following:

MAJORITY SHAREHOLDERS' NAME OR COMPANY NAME	Group companies	Type of transaction	2008 Amount (Thousands of euros)	2007 Amount (Thousands of euros)
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Sale of goods (finished or other)	510	411
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Purchase of goods (finished or other)	7,294	4,820
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Purchase of material goods intangible or other assets	1	4
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Services received	280	211
Instituto Hispánico del Arroz, S.A. (Hernández Barrera Servicios)	Herba Ricemills, S.L.U.	Services received	233	224
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Services rendered	–	3
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Leases to Herba Ricemills	86	65
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Leases to Herba Ricemills	–	10
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Other income Civil liability insurance	–	6
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Ricemills, S.L.U.	Sale of goods (finished or other)	529	406
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Ricemills, S.L.U.	Purchase of goods (finished or other)	540	427
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Ricemills, S.L.U.	Services rendered	–	3
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Herba Ricemills, S.L.U.	Sale of goods (finished or other))	520	435
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Herba Ricemills, S.L.U.	Purchase of goods (finished or other)	540	452

MAJORITY SHAREHOLDERS' NAME OR COMPANY NAME	Group companies	Type of transaction	2008 Amount (Thousands of euros)	2007 Amount (Thousands of euros)
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Herba Ricemills, S.L.U.	Other income Civil liability insurance	–	4
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Herba Ricemills, S.L.U.	Sale of goods (finished or other)	610	424
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Herba Ricemills, S.L.U.	Purchase of goods (finished or other)	624	437
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	Herba Ricemills, S.L.U.	Sale of goods (finished or other)	513	401
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	Herba Ricemills, S.L.U.	Purchase of goods (finished or other)	527	414
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	Herba Ricemills, S.L.U.	Sale of goods (finished or other)	530	446
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	Herba Ricemills, S.L.U.	Purchase of goods (finished or other)	544	458
Instituto Hispánico del Arroz, S.A. (Prorrio, S.A.)	Herba Ricemills, S.L.U.	Sale of goods (finished or other)	–	157
Instituto Hispánico del Arroz, S.A. (Prorrio, S.A.)	Herba Ricemills, S.L.U.	Purchase of goods (finished or other)	–	163
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Herba Ricemills, S.L.U.	Sale of goods (finished or other)	626	439
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Herba Ricemills, S.L.U.	Purchase of goods (finished or other)	638	452
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Herba Ricemills, S.L.U.	Other income Civil liability insurance	–	6
Instituto Hispánico del Arroz, S.A.	Herba Nutrición S.A.U.	Sale of goods (finished or other)	1	–
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Nutrición S.A.U.	Sale of goods (finished or other)	1	–
Instituto Hispánico del Arroz, S.A.	Herba Foods, S.L.U.	Services received	50	50
Sociedad Anónima DAMM Cerbedam, S.L.	Lactimilk, S.A.	Sale of goods (finished or other)	–	5
Sociedad Anónima DAMM (Cerbedam, S.L.)	Puleva Food, S.L.U.	Sale of goods (finished or other)	49	56
Sociedad Anónima DAMM (Cerbeleva, S.L.)	Puleva Food, S.L.U.	Sale of goods (finished or other))	55	60
Sociedad Anónima DAMM (Distridam, S.L.)	Puleva Food, S.L.U.	Sale of goods (finished or other)	535	285
Sociedad Anónima DAMM (Font Salem, S.L.)	Azucarera Ebro, S.L.U.	Sale of goods (finished or other)	–	1,289
Sociedad Anónima, DAMM (Font Salem, S.L.)	Nueva Comercial Azucarera, S.A.	Sale of goods (finished or other)	4,078	2,499
Sociedad Anónima, DAMM (Estrella de Levante)	Herba Ricemills, S.L.U.	Sale of goods (finished or other)	393	216
Sociedad Anónima, DAMM	Herba Ricemills, S.L.U.	Sale of goods (finished or other)	2,266	2,091
Sociedad Anónima, DAMM (Plataforma Continental, S.L.)	Herba Ricemills, S.L.U.	Sale of goods (finished or other)	244	82

27.2. Related party disclosures – transactions with directors and executives (or related parties) of Ebro Puleva, S.A.

The summary of transactions, excluding dividends, with directors and executives of Ebro Puleva, S.A. is the following:

DIRECTOR OR EXECUTIVE'S NAME OR COMPANY NAME	Group companies	Type of transaction	2008 Amount (Thousands of euros)	2007 Amount (Thousands of euros)
Caja de Ahorros de Salamanca y Soria	Biocarburantes de Castilla y León, S.A.	Guarantees	Drawable amount: 6,000 Amount drawn: 6,000	Drawable amount: 6,000 Amount drawn: 6,000
Caja de Ahorros de Salamanca y Soria	Agroteo, S.A.	Other transactions (advances beet harvest)	Drawable amount: 0 Amount drawn: 1,713	Drawable amount: 0 Amount drawn: 869
Caja de Ahorros de Salamanca y Soria	Ebro Puleva, S.A.	Financing agreements: loans Borrower	Drawable amount: 55,792 Amount drawn: 55,792	Drawable amount: 52,746 Amount drawn: 52,746
Caja de Ahorros de Salamanca y Soria	Azucarera Ebro, S.L.U.	Guarantees	Drawable amount: 13,823 Amount drawn: 1,918	Drawable amount: 13,823 Amount drawn: 7,620
Caja de Ahorros de Salamanca y Soria	Azucarera Ebro, S.L.U.	Financing agreements: loans Borrower	Drawable amount: 31,000 Amount drawn: 8,736	Drawable amount: 31,000 Amount drawn: 1,116
Caja de Ahorros de Salamanca y Soria	Biocarburantes de Castilla y León, S.A.	Financing agreements: loans Borrower	Drawable amount: 10,855 Amount drawn: 10,855	Drawable amount: 12,335 Amount drawn: 12,327
Caja de Ahorros de Salamanca y Soria	Biocarburantes de Castilla y León, S.A.	Financing agreements: other Borrower	Drawable amount: 10,000 Amount drawn: 8,441	Drawable amount: 10,000 Amount drawn: 936
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Biocarburantes de Castilla y León, S.A.	Financing agreements: loans Borrower	Drawable amount: 20,375 Amount drawn: 20,375	Drawable amount: 23,153 Amount drawn: 23,153
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Biocarburantes de Castilla y León, S.A.	Financing agreements: loans Borrower	Drawable amount: 5,000 Amount drawn: 229	–
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Agroteo, S.A.	Financing agreements: loans Borrower	Drawable amount: 99 Amount drawn: 99	Drawable amount: 127 Amount drawn: 127
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Ebro Puleva, S.A.	Financing agreements: loans Borrower	Drawable amount: 27,927 Amount drawn: 27,927	Drawable amount: 26,371 Amount drawn: 26,371
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Ebro Puleva, S.A.	Financing agreements: loans Borrower	Drawable amount: 6,000 Amount drawn: 3,880	Drawable amount: 6,000 Amount drawn: 32
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Azucarera Ebro, S.L.U.	Financing agreements: loans Borrower	Drawable amount: 46,000 Amount drawn: 26,164	Drawable amount: 46,000 Amount drawn: 20,500
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Azucarera Ebro, S.L.U.	Financing agreements: loans Borrower	–	Drawable amount: 0 Amount drawn: 20,000
Juan Domingo Ortega Martínez (Quesos Forlasa, S.A.)	Puleva Food, S.L.U.	Sale of goods (finished or other)	–	569

27.3 Other related party disclosures – transactions with shareholders and directors/executives: dividends received from Ebro Puleva, S.A.

The following dividends were distributed in 2008 in accordance with Ebro Puleva, S.A.'s general dividend policy described in Note 18:

Dividends 2008

- ◁ Dividends paid to majority shareholders (in thousands of euros): 14,677
- ◁ Dividends paid to directors and executives (in thousands of euros): 11,594

Dividends 2007

- ◁ Dividends paid to majority shareholders (in thousands of euros): 14,079
- ◁ Dividends paid to directors and executives (in thousands of euros): 11,592

27.4. Transactions related to other companies in the Ebro Puleva Group which are not eliminated in the preparation of consolidated financial statements and are not part of the companies' ordinary business

Note 4 provides the list of subsidiaries and associates that make up the Ebro Puleva Group.

The transactions with non-consolidated Group companies and associates carried out during the year are not significant, except for those described in Notes 12 and 26 relating to loans and guarantees granted by Ebro Puleva, S.A. to Biocarburantes de Castilla y León, S.A.

The summary of transactions with associates is the following (in thousands of euros):

GROUP COMPANY NAME	Type of transaction	2008 Amount (Thousands of euros)	2007 Amount (Thousands of euros)
Biocarburantes de Castilla y León, S.A.	Financing agreements: Subordinated loans	12,117	2,946
Biocarburantes de Castilla y León, S.A.	Guarantees	54,966	62,500

27.5. Related party disclosures – transactions between the Ebro Puleva Group companies and Puleva Biotech Group

This caption describes the relevant transactions involving the transfer of resources during 2008 between the Biotech Group and the following wholly owned associates of its majority shareholder, Ebro Puleva, S.A.

Since Puleva Biotech, S.A. does not have all of the same shareholders as the parent company Ebro Puleva, S.A., which is likewise a listed company, a potential conflict of interests could eventually arise. Consequently, the contractual conditions by which the economic relationships between Ebro Puleva and Puleva Biotech Group companies are governed must be strictly arms length to ensure that no situation may arise that would be detrimental to the minority shareholders of either party, which do not take part in the decision-making process since they are not on the Boards of Directors of the contracting companies.

In 2008, Puleva Biotech, S.A. and Española de I+D, S.A. have signed a contract or executed several contracts with the Ebro Puleva Group companies referred to above.

1. R+D+I service contract between Puleva Food, S.L. and Puleva Biotech, S.A.

In 2008, Puleva Biotech, S.A. continued to provide R+D+I services to Puleva Food, S.L. under the terms of separate contracts signed by the parties for each project. These contracts are part of the framework contract signed in 2001, for carrying out these services. The majority of these contracts are extensions of others subscribed in 2004. The projects include the following categories:

- ◁ Clinical and nutritional analysis.
- ◁ Development of new packaging technologies.
- ◁ New product development.
- ◁ Quality assurance and food safety.
- ◁ Product reformulation and ingredient approval.

In addition, in 2008 Puleva Food, S.L. acquired a volume of 218,168 kilograms of functional fats (omega3) EPA and DHA manufactured in the industrial plant operated by Puleva Biotech, S.A. in Granada.

The net amount invoiced to Puleva Food, S.L. for products sold and services rendered by Puleva Biotech in 2008 amounted to 5,370 thousand euros.

In addition, Puleva Food, S.L. is the supplier of certain goods and services of Puleva Biotech, i.e. the rental of offices and warehouses in the normal course of business, certain supplies for manufacturing installations, etc.

2. Contract between Herba Ricemills, S.L. and Puleva Biotech, S.A.

In 2003, Puleva Biotech, S.A. and Herba Ricemills, S.L.U. signed several agreements governing R&D services rendered by Puleva Biotech, S.A. to Herba Ricemills, S.L. These services related to Herba Ricemills' activities.

Those agreements were settled given that in 2007, Herba Ricemills, S.L. (hereinafter Herba) decided to restructure their R+D activities, including the teams from Puleva Biotech, S.A., Española de I+D, S.A. and Herba in a business combination, to carry out an R&D&I project called "Research and Technological Development in the Cereal and Derivatives Sector: Scientific and Technological Fundamentals and the new improved range of starchy products" (Cereals Project). For that purpose, on February 22, 2007, a joint venture ("acuerdo de consorcio") was signed in which Herba, as the company leading the Project, assumed all expenses and investments made by the collaborating companies in carrying out the Project, plus the corresponding profit margin. In 2008, that agreement continued to govern contractual relations between the companies.

This joint venture was established subject to receiving economic aid requested from the Corporación Tecnológica de Andalucía (CTA), and that aid was granted by CTA in a decision issued on May 8, 2007. Herba will pay 50% of the contribution to CTA made by Puleva Biotech.

In 2008 Puleva Biotech, S.A. invoiced Herba Ricemills, S.L. for 680 thousand euros for expenses incurred in the Cereals Project which included an agreed-upon 10% industrial margin and 125 thousand euros corresponding to half of the contribution to CTA that Puleva Biotech, S.A. had made in 2008.

3. Contract between Herba Ricemills, S.L. and Española de I+D, S.A.

In keeping with the Consortium Agreement for the R&D&I project presented to the Corporación Tecnológica de Andalucía and the Agencia de Innovación y Desarrollo de Andalucía signed on February 22, 2007, and the Addenda to that consortium agreement for the R&D&I project approved by the Corporación Tecnológica de Andalucía, "Exploitation Conditions", signed on September 24, 2007, Española de I+D, S.A. has been contributing to the Project, in accordance with the scientific, technical and staff specifications of the agreement, research and development work, means, and services included in the framework of the activity which is its corporate purpose.

Herba Ricemills, S.L.U., as the leading company in the consortium and the coordinator of the Cereals Project, pays all costs incurred in carrying out and developing the project within the framework set forth as budget incentives by the CTA in its resolution dated May 8, 2007.

In 2008, the value of services provided to Herba Ricemills, S.L. by Española de I+D was 850 thousand euros.

4. Other

Exxentia, Grupo Fitoterapéutico, S.A. sold extracts to Puleva Food, S.L.U. amounting to 271 thousand euros in 2008.

In 2008 Puleva Biotech group companies invoiced four thousand euros in product sales to S&B Herba Foods and two thousand euros for services rendered to Panzani, SAS.

There are current account contracts with Puleva Food, S.L. and Ebro Puleva, S.A. Any balances from cash loans or borrowings between these companies and Puleva Biotech, S.A. by virtue of the aforementioned contracts earn interest at market rates. In 2008, the 298 thousand euro net balance of finance costs and income was favorable to Puleva Food, S.L.U.

The net amount invoiced for sale of goods and services rendered by the subsidiaries of Puleva Biotech, S.A. to Puleva Food, S.L.U. in 2008 was 5,642 thousand euros. The net amount invoiced for sale of goods and services rendered by the subsidiaries of Puleva Biotech, S.A. to subsidiaries wholly owned by Ebro Puleva, S.A. in 2008 was 7,177 thousand euros.

The volume of invoicing for goods and services of the above-mentioned companies comprises 38% of net turnover for Puleva Biotech, S.A Group.

27.6. Related parties – Key management personnel

Directors' compensation: The breakdown of total compensation paid to the directors of Ebro Puleva, S.A. in all the companies of the Group during 2008 and 2007 totaled 4,680 and 4,675 thousand euros respectively, as per the following breakdown (in thousands of euros):

BOARD OF DIRECTORS' REMUNERATION AND OTHER BENEFITS	2008	2007
Retribution items		
Expenses	267	279
By-law stipulated profit-sharing	2,055	2,055
Total external board members	2,322	2,334
Wages, salaries and professional fees	2,358	2,341
Termination benefits	0	0
Total executive directors	2,358	2,341
Total compensation	4,680	4,675
Other benefits		
Life and retirement insurance	156	151

The current bylaws of the Company establish a share of 2.5% in the net profit for the year, provided that the legal reserve has been covered and the necessary amount has been set aside to pay the shareholders a dividend of 4% of the share capital.

The General Director, Mr. Jaime Carbó Fernández, and the General Secretary Mr. Miguel Angel Pérez Álvarez have likewise forgone their entitlement to the safeguard clauses originally established in their respective contracts, which consisted of a net termination benefit, equal to two years' gross annual remuneration. The Board of Directors resolved to replace this termination benefit with the indemnity contemplated in cases of dismissal or change in control equal or similar to what he would have normally received under prevailing employment legislation in Spain.

In 2006, the Chairman, Mr. Antonio Hernández Callejas, notified the Board of Directors that he would irrevocably forgo his entitlement to the safeguard clause originally included in his contract, which consisted of a net termination benefit, equal to two years' gross annual remuneration

The General Director, Mr. Jaime Carbó Fernández, and the General Secretary Mr. Miguel Angel Pérez Álvarez have likewise forgone their entitlement to the safeguard clauses originally established in their respective contracts, which consisted of a net termination benefit, equal to two years' gross annual remuneration. The Board of Directors resolved to replace this termination benefit with the indemnity contemplated in cases of dismissal or change in control equal or similar to what he would have normally received under prevailing employment legislation in Spain.

Mr. Eugenio Ruiz-Gálvez Priego, Chief Executive of Azucarera Ebro, (subsidiary of the parent company Ebro Puleva, of which he is also a Board member), has foregone his entitlement to the safeguard clause originally included in his contract, which consisted of a termination benefit of two years' gross annual remuneration. The Board of Directors resolved to replace this termination benefit with the indemnity contemplated in cases of dismissal or change in control equal to all forms of remuneration pending collection up to the age of 65, which will decrease in amount and cease to be paid when he reaches said age, at which time he may remain employed by the company if both parties so desire. Un miembro del Consejo de Administración que desempeña puesto ejecutivo es beneficiario de un seguro complementario de vida y jubilación por un importe anual en miles de euros de 156 en 2008 (151 en 2007), conforme a lo previsto en los Estatutos Sociales.

One Board member who has executive duties within the Company are beneficiaries of a supplementary life and retirement insurance policy, amounting to 156 in 2008 (151 in 2007) thousand euros annually, in accordance with the Company's bylaws.

The Company has not granted any loans or advances to Board members or furnished any guarantees or sureties on their behalf.

Article 127 ter, paragraph 4, TRLSA. In accordance with article 127 ter, paragraph 4, of the Revised Text of the Spanish Corporation Law, this note of the Notes to the Consolidated Financial statements includes the information that the directors, in compliance with their duty of loyalty, have communicated to the Company with respect to the shares and positions they hold in companies whose activity is identical, similar or complementary to that of Ebro Puleva, S.A., irrespective of whether said companies belong to the Ebro Puleva Group:

- ◁ Antonio Hernández Callejas:
 - Direct 16.666% shareholding in Instituto Hispánico del Arroz, S.A. He does not hold any position.
 - Indirect 3.62% shareholding in Casarone Agroindustrial, S.A. He does not hold any position.
- ◁ Mr. Félix Hernández Callejas:
 - Direct 16.666% shareholding in Instituto Hispánico del Arroz, S.A. He does not hold any position.
 - Indirect 3.620% shareholding in Casarone Agroindustrial. He does not hold any position
 - Direct 0.002% shareholding in Rivera del Arroz, S.A. He is a Board member.
 - Direct 0.0002% shareholding in Mundi Riz, S.A. He is a Board member.
- ◁ Blanca Hernández Rodríguez:
 - Direct 16.666% shareholding in Instituto Hispánico del Arroz, S.A. She does not hold any position.
 - Indirect 3.020% shareholding in Casarone Agroindustrial, S.A. She does not hold any position.

Mr. Antonio Hernández Callejas, Mr. Félix Hernández Callejas and Ms. Blanca Hernández Rodríguez hold indirect shareholdings in Ebro Puleva, S.A. through a shareholding of 15.344% in the company held by Instituto Hispánico del Arroz, S.A., directly and through Hispafoods Invest, S.L.

- ◁ Caja de Ahorros de Salamanca y Soria:
 - 40% shareholding in Barrancarnes Industrial. Member of the Board of Directors.
 - 40% shareholding in Jamones Burgaleses, S.A. Member of the Board of Directors.

- 41.290% shareholding in Leonesa Astur de Piensos, S.A. Member of the Board of Directors.
- 27.0101% shareholding in Divaq Diproteg, S.A. Member of the Board of Directors.
- 50% shareholding in Marcos Soterrano, S.A. It does not hold any position.
- 26.469% shareholding in Qualia Lácteos, S.L. It does not hold any position.

◁ Caja España de Inversiones y Monte de Piedad:

- 100% shareholding in Campo de Inversiones, S.A. Member of the Board of Directors.

◁ Juan Domingo Ortega Martínez:

- Indirect 60.69% shareholding in Quesos Forlasa, S.A. He is a representative of Forlasa Alimentación, S.L., which is the Chief Executive of the former.
- He directly owns 60.84% of Forlasa Alimentación, S.L. He holds the position of Chief Executive.
- He indirectly owns 59.85% of Forlactaria Operadores Lecheros, S.A. He holds the position of Chairman of the Board of Directors.

The following chart depicts the positions held by the directors in other Ebro Puleva Group companies in which none of them hold a direct share:

NAME OF BOARD MEMBER	EBRO PULEVA GROUP COMPANY	POSITION
Mr. José Barreiro Seoane	Dosbio 2010, S.L.U.	Board member
Mr. Jaime Carbó Fernández	Panzani, S.A.S.	Board member
Mr. Jaime Carbó Fernández	Dosbio 2010, S.L.U.	Board member
Mr. Jaime Carbó Fernández	Riviana Foods, Inc.	Board member
Mr. Jaime Carbó Fernández	Ebro America, inc.	Board member
Mr. Jaime Carbó Fernández	El Castillo Debic Food Service, S.L.	Board member
Mr. Jaime Carbó Fernández	New World Pasta Company	Board member
Mr. Jaime Carbó Fernández	N&C Boost, N.V.	Board member
Mr. Jaime Carbó Fernández	Boost Nutrition, C.V.	Board member
Mr. Jaime Carbó Fernández	Herba Germany GMBH	Joint and several director
Mr. Fernando Castelló Clemente	Castillo Castelló, S.A.	Chairman
Mr. Fernando Castelló Clemente	El Castillo Debic Food Service, S.L.	Chairman
Mr. Fernando Castelló Clemente	Lactimilk, S.A.	Chairman
Mr. Antonio Hernández Callejas	Panzani, S.A.S.	Board member
Mr. Antonio Hernández Callejas	New World Pasta Company	Board member
Mr. Antonio Hernández Callejas	Riviana Foods, Inc.	Board member
Mr. Antonio Hernández Callejas	Dosbio 2010, S.L.U.	Chairman
Mr. Antonio Hernández Callejas	Puleva Biotech, S.A.	Board member
Mr. Antonio Hernández Callejas	Azucarera Ebro, S.L.U.	Chairman
Mr. Antonio Hernández Callejas	Ebro America, Inc.	Chairman
Mr. Antonio Hernández Callejas	N&C Boost, N.V.	Board member
Mr. Antonio Hernández Callejas	Boost Nutrition, C.V.	Board member
Mr. Antonio Hernández Callejas	Danrice, A/S	Board member
Mr. Antonio Hernández Callejas	Josehp Heap&Sons Limited	Board member
Mr. Antonio Hernández Callejas	S&Herba Foods Limited	Board member
Mr. Antonio Hernández Callejas	Anglo Australian Rice Limited	Board member
Mr. Antonio Hernández Callejas	Vogan & Co Limited	Board member
Mr. Antonio Hernández Callejas	A W Mellish Limited	Joint and several director
Mr. Antonio Hernández Callejas	Josehp Heap Property Limited	Joint and several director
Mr. Antonio Hernández Callejas	Heap Comet Limited	Joint and several director
Mr. Antonio Hernández Callejas	Herba Germany GMBH	Joint and several director
Mr. Antonio Hernández Callejas	Arrozeiras Mudiarriz, S.A.	Chairman
Mr. Félix Hernández Callejas	Herba Ricemills, S.L.U	Chief Executive Officer

NAME OF BOARD MEMBER	EBRO PULEVA GROUP COMPANY	POSITION
Mr. Félix Hernández Callejas	Herba Foods, S.L.U.	Joint and several director
Mr. Félix Hernández Callejas	Herba Nutrición, S.L.U.	Joint and several director
Mr. Félix Hernández Callejas	Fallera Nutrición, S.L.U.	Joint and several director
Mr. Félix Hernández Callejas	Nuratri, S.L.U.	Joint and several director
Mr. Félix Hernández Callejas	Nutrial, S.L.U.	Joint and several director
Mr. Félix Hernández Callejas	Nutramas, S.L.U.	Joint and several director
Mr. Félix Hernández Callejas	Pronatur, S.L.U.	Joint and several director
Mr. Félix Hernández Callejas	Vitasan, S.L.U.	Joint and several director
Mr. Félix Hernández Callejas	Risella, Oy	Board member
Mr. Félix Hernández Callejas	S&B Herba Foods, Ltd.	Board member
Mr. Félix Hernández Callejas	Anglo Australian Rice, Ltd.	Board member
Mr. Félix Hernández Callejas	Joseph Heap&Sons, Ltd.	Board member
Mr. Félix Hernández Callejas	Vogan&Co, Ltd	Board member
Mr. Félix Hernández Callejas	Danrice A/S	Board member
Mr. Félix Hernández Callejas	Herba Egypt Ricemills, Co.	Board member
Mr. Félix Hernández Callejas	Arrozeiras Mundiarroz, S.A.	Board member
Mr. Félix Hernández Callejas	Riviana Foods, Inc.	Board member
Mr. Félix Hernández Callejas	Herba de Puerto Rico, LLC	Board member
Mr. Félix Hernández Callejas	Herto, N.V.	Chairman
Mr. Félix Hernández Callejas	Boost Nutrition, C.V.	Board member
Mr. Félix Hernández Callejas	Rivera del Arroz, S.A.	Board member
Mr. Félix Hernández Callejas	Mundi Riz, S.A.	Board member
Mr. Félix Hernández Callejas	Herba Rice India, PVT, LTD	Joint and several director
Mr. Félix Hernández Callejas	Herba Hellas, S.A.	Adjuster
Mr. Félix Hernández Callejas	Puleva Biotech, S.A.	Board member
Mr. Félix Hernández Callejas	Española de I+D, S.A.	Board member
Mr. Juan Domingo Ortega Martínez	Dosbio 2010, S.L.U.	Board member
Mr. Eugenio Ruiz-Gálvez Priego	Azucarera Ebro, S.L.	Chief Executive Officer
Mr. Eugenio Ruiz-Gálvez Priego	Compañía de Melazas, S.A.	Vice-chairman
Mr. Eugenio Ruiz-Gálvez Priego	Nueva Comercial Azucarera, S.A	Chairman

Irrespective of the above, no director has informed the Company that he holds any shareholdings or positions in companies with activities identical, similar or complementary to those of Ebro Puleva, S.A. and its Group companies.

In 2008 and 2007 the directors of Ebro Puleva, S.A. have not carried out any transactions with Ebro Puleva Group companies other than those pertaining to said companies' normal course of businesses or that have not been conducted at arm's length.

Directors' compensation. The management of Ebro Puleva, S.A. at year end 2008 (2007) totaled 7 (7) members, who received total compensation in 2008 (2007) of 1,360 (1,276) thousand euros, of which 1,360 (1,276) thousand euros were in wages and salaries and 0 (0) thousand euros in indemnities.

The contracts of certain directors include safeguard clauses in the event of dismissal decided by the company or for changes in control which provide for termination benefits ranging from one to three years' annual remuneration. For the remaining cases, indemnities for improper dismissals would be applied as per prevailing employment legislation in Spain.

In addition, in 2006 the Selection and Compensation Committee approved an incentive program for its management team which would enable members to receive a cash amount based on the achievement of the objectives set forth in the Group's Strategic Plan for the period from 2007 to 2009. The Ebro Puleva Group's key management, including Executive Board members, are entitled to benefit from the plan.

The incentive would consist of an amount based on the average annual remuneration received for the period from 2007 to 2009 of each beneficiary, to which a percentage would be applied depending on the degree to which objectives were achieved. Payment of the incentive, which would be made in 2010 (once the previous year's financial statements have been approved by the shareholders), is contingent upon the beneficiaries remaining with the Group until December 31, 2009, as well as meeting EBITDA, EVA and other qualitative objectives established in the Group's Strategic Plan.

In keeping with objectives attained as set forth in the Selection and Compensation Committee's Medium-term Incentives Plan, which was approved by the Ebro Puleva Board of Directors, €2,564,894 (€1,549,856) were allocated in the 2008 consolidated financial statements under "Other provisions" of non-current liabilities (Note 20.1). In accordance with the General Conditions of the Incentive Plan, the abovementioned amount is a provisional estimate recorded for accounting purposes which does not grant the right to collect said amount. That amount, except for cases of death or disability, may be collected only by persons employed by the Company in 2010 when the Ebro Puleva General Shareholders' Meeting approves the 2009 financial statements.

This program is not contingent upon the value of Ebro Puleva shares nor does it entitle the beneficiaries to receive shares or any other such benefits.

Lastly, the parent company has a civil liability insurance policy for directors and managers of Ebro Puleva, S.A. covering all subsidiaries, with a limit on claims per year of 45 million euros, a premium of 84,410 and coverage hasta April 30, 2009. This policy is currently being renewed.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND FINANCIAL INSTRUMENTS

The Ebro Puleva Group carries out several actions that enable it to identify, measure, manage and minimize the risks of its main businesses.

The main objective of its risk management policy is to guarantee the value of its assets and the continuing growth of the company. The ultimate aim of its capital management policy is to guarantee a financial structure based on compliance with rules and regulations existing in the countries where the Group operates. The Group's capital management policy also seeks to obtain stable credit ratings and maximize shareholder value. The accompanying consolidated management report includes information on financial leverage.

Risk-related actions extend to the key variables for business management, such as the income statement, debt levels, and investment and to its strategy, enabling the Group to make crucial decisions in order to achieve the objectives indicated above.

The Group was the first in its industry to develop and encourage R&D, environmental and food quality and internal audit. It has committees for environmental and food quality, commercial or counterparty risk, occupational hazard prevention and R&D. These committees are responsible for preventing and mitigating risks.

Beyond general risks affecting any business, there are certain specific risks related to the Group's type of business and how it carries out its business. The main risks and risk-control systems are as follows:

Industry risks

1. Legal/regulatory risk

The Group is subject to a series of legal regulations of various states and international bodies. These regulations establish from production quotas to intervention prices or customs protection. Because of this regulatory risk, the Group's policy entails stable expansion to become more diversified geographically and by product.

There is also a risk that it will not be able to appropriately protect its brands and intellectual property. To handle this risk, the Company thoroughly monitors its brands and intellectual property, protecting their use before the competent bodies and/or applying for patents where necessary.

2. Environmental and food quality risk

The Group has designed, developed and put into place an environmental management system (EMS) that is UNE-EN-ISO 14001:2004 standard compliant. It has also defined a quality and food safety management system that complies with the UNE-EN-ISO 9001:2000 standard, certified at most of its production centers in Europe, the US and Canada. In 2008, the pre-cooked meals plants of San Juan de Aznalfarache and Jerez obtained ISO 9001:2000 certification.

The Group also has a food quality and safety system in place that meets the requirements of the UNE-EN-ISO 17025 standard, endorsed by ENAC for the Spanish subsidiaries. Many of the subsidiaries are Certified Organic Producers. In food safety, the Group has reported no incidents and is still drawing up an HACCP (Hazard Analysis and Critical Control Point) system that meets the requirements of both Spanish and European Union legislation. IFS (International Food Security) certificates have been issued for the majority of the Group's handling processes. Certain initiatives are also underway at the Group aimed at reducing atmospheric gas and waste emissions, improving water quality and reducing sewage waste, and enhancing energy and hydric efficiency, as well as programs to recycle physical waste, such as paper, aluminum and other materials. Also worthy of mention are the GMP (Good Manufacturing Practices program) or the HAACP (Hazard Analysis and Critical Control) programs in place at our American subsidiaries.

The Company provides appropriate and continuing education on food safety, and work safety and hygiene regulations. Similarly, quality controls are performed by the Group's own and third-party laboratories on its products and production materials.

Finally, the Group has taken out insurance policies to cover the potential risks related to food safety.

3. Supply risk

Ebro Puleva's business relies on the supply of raw materials such as rice, durum and milk. There is a risk that it will not procure sufficient raw material of the quality that meets the Company's standards at an appropriate price. As a result of this risk, the Company has adopted a two-pronged strategy:

- a) to diversify its supply sources, setting up operations in the main producing markets where this business affords a competitive advantage; and
- b) to enter into long-term sourcing or cooperation agreements with producers considered relevant for the business.

4. Customer concentration risk and credit risk

While the end customer of the Company's products are individual consumers, sales are made to a small number of customers, including large retail chains. The risks arising from this are twofold: 1) the potential loss of product references and 2) potential credit problems of direct customers.

The Group's policy rests on differentiating its products through innovation and its customer-based focus, backed by leading brands that enable it to find its own niche in distribution lines and among other industrial customers. In addition, with respect to credit risk the Group's policy has always been conservative. It has risk committees that regularly assess the situation, open positions and the automatic alerts placed in the systems, which have historically led to low default rates. The commercial and collection management departments also work together, and based on the credit ratings assigned by the credit insurance companies that operate with the Group, there are insurance policies that ultimately provide guarantees.

The Group is not exposed to significant concentration of credit risk.

5. Excess capacity risk

The consumer goods sector is exposed to potential excesses in installed capacity, which become particularly evident during the low points in business cycles. The best way to address this type of risk is through a strategy of ongoing product innovation and differentiation, earmarking 3.6% of revenue for advertising spend and investing heavily in R&D&I. The Group also endeavors to adapt and upgrade the structure of production, abandoning assets that are not considered efficient enough (e.g. the Herto or the León plant previously) and investing in new plants (Memphis) or production lines.

Risks specific to the Ebro Puleva Group

1. Risks related to productive assets

The Company's main assets have limited exposure to natural disasters, such as earthquakes or floods. In addition, all Group companies have insurance policies for all their assets, investments, and inventories.

2. Country risk

The company conducts business in some countries considered developing countries. Accordingly, certain investments are exposed to the typical risks of these countries, such as potential political changes that could affect market conditions, restrictions to capital movements, nationalization of assets or currency devaluation. Ebro Puleva has limited operations in these countries, mostly in the form of the positions to optimize supply (basically rice). Because of these potential contingencies, the Company has elected to diversify risks via operations in Europe, North and South America, Asia (Thailand and India) and Africa (Morocco and Egypt).

3. Risk related to the Group's growth strategy

In line with its strategy of becoming the leader in "Meal Solutions", the Group could make certain acquisitions. These acquisitions could have negative implications if the Group fails to fully integrate the companies, brands and processes acquired. Ebro Puleva has a series of procedures for minimizing acquisition risk. The main ones are:

- ◁ Due diligence with renowned firms
- ◁ Negotiation of the final price based on a risk analysis
- ◁ Application for guarantees until litigation is resolved or the liability is clarified
- ◁ Deferred payment or bank guarantee in case of potential contingencies

In addition, certain investment alternatives (e.g. internal growth) pose a risk if the expected level of success is not achieved. As a result of these risks, a risk analysis is performed for all investment projects before any decisions are made to assess their economic and strategic viability. Investment decisions are made by the appropriate body based on a series of predefined limits. The main projects (i.e. over 2 million euros) require approval by the Board of Directors.

4. Foreign currency risk

Ebro Puleva, S.A. hedges transactions that could be subject to foreign currency risks either via financial derivatives or natural hedges through loan financing with cash flows generated in the same currency (see section on Financial Risks below).

5. Technological risk

The Group, through its biotech and R&D subsidiaries Puleva Biotech, Española de I+D and Crecepal (Panzani subgroup), supports its main business lines by facilitating product and process development and innovation so they can leverage the commercial launch on the food market of new functional foods, such as Omega 3, and become a benchmark in biotechnology and innovation.

In line with the Group's philosophy, Puleva Biotech recently acquired Exxentia (see Note 5), which should help it expand and conduct new research projects, as well as broaden its existing product offering.

6. Labor risks

This relates to both attracting human resources and limiting labor risks. Accordingly, the company encourages both personal incentive and remuneration schemes for its main managers linked to results and the improvement in working conditions.

There is a series of protocols to prevent potential claims, including evacuation plans, first aid, etc. There are also specific programs designed to enhance the work environment and maximize protection levels, such as training courses for Group companies and the purchase of material and installations so employees can work properly.

Financial risk management and financial instruments

The Group's principal financial instruments comprise bank loans and overdrafts, forward purchase contracts, and cash and short-term deposits. The Group has various other financial assets and liabilities, such as trade receivables and trade payables. The Group enters into derivative transactions, including principally forward currency contracts and occasionally interest-rates options, swaps and combinations of the two. The purpose is to hedge the interest rate and foreign currency risks arising from the Group's operations and its sources of finance.

The accounting policies followed to measure these financial instruments are described in Note 3.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk, risk of changes in the fair value of equity instruments and credit risk, as indicated previously (see point 5 of this note).

The board reviews and agrees policies for managing each of these risks, as summarized below.

Cash flow interest rate risk

The Group's exposure to the risk for changes in market interest rates relates primarily to its long-term debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to minimize its exposure to this risk and therefore it closely monitors fluctuations in interest rates with the help of external experts. When necessary, the Group enters into interest rate swaps. These swaps are designated to hedge underlying debt obligations.

The French subsidiary, Panzani, has entered into two combined interest rate options: a cap with knock-out call and a floor with knock-in put, with notional amounts of 15 and 35 million euros, respectively.

A sensitivity analysis performed on the main financial instruments on the Group balance sheet exposed to interest rate variation risk with impact on Group results showed variations on the income statement of 8.9 million euros with interest rate variations equivalent to 75 basic points.

The principal assumptions used in performing the sensitivity analysis are as follows:

- ◁ Only financial instruments subject to material variations with interest rate surges and drops were included.
- ◁ Hedges were excluded, as pure hedges are not subject to variation.
- ◁ The interest rate was considered as the sole variable, all other variables in the model remaining constant.

The sensitivity analysis performed on financial instruments exposed to interest rate risk are shown in the chart below, which reflects this impact on the income statement. An increase in interest rates would led to higher financial expense; a drop, in a lower one.

	(0.75%)	(0.50%)	(0.25%)	0.00%	0.25%	0.50%	0.75%
Expense	(8,919)	(5,946)	(2,973)	0	2,973	5,946	8,919

Foreign currency risk

The ultimate goal of the risk management policy is to offset (at least partially) the potential declines in the value of assets denominated in foreign currency (i.e. other than the euro) by savings on the falls in value of the liabilities in these currencies.

As a result of significant investment operations in the United States, the Group's balance sheet may be affected significantly by movements in the USD/EUR exchange rate.

The Group seeks to mitigate the effect of its structural currency exposure by borrowing in US dollars. 100% of its investment in the US is hedged in this manner.

Included under other loans at December 31, 2008 (2007) is the 630 (630) million US dollar loan (Note 22) designated as a hedge of net investments in US subsidiaries and used to hedge the Group's foreign currency risk arising from these investments. Gains or losses on the translation of this loan to euros are recognized in equity to offset any gain or loss on the translation of the net investments in the subsidiaries.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Group requires all its operating units to use forward currency contracts to eliminate the currency exposures on large transactions. The forward currency contracts must be in the same currency as the hedged item.

It is the Group's policy not to enter into forward contracts until a firm commitment is in place and to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

Certain companies of the Herba Rice Group, (Herba, S&B Herba and Euryza) and the Panzini subgroup in France have forward foreign exchange contracts (exchange insurance) to cover the risk of exchange rate fluctuations in customer receivables. These contracts have been arranged to limit foreign currency risk, but have not been classified as hedges. At December 31, 2008 there were contracts open for the following notional values:

CURRENCY	Notional (Thousand)
US \$	28,108
CAD \$	440
Euro	8,582
GBP	2,201

The sensitivity analysis performed on the financial instruments on the Group balance sheet exposed to changes in exchange rates was based on the following hypotheses:

- ◁ Only financial instruments subject to material variations with modifications in exchange rates were included.
- ◁ Liabilities were excluded given that they are a pure hedge for the purpose of the investment.
- ◁ The exchange rate was considered as the sole variable, all other variables in the model remaining constant.

Sensitivity of financial instruments (unhedged foreign currency positions) to exchange rate changes, effect on the income statement.

Liabilities. Increase in exchange rate leads to higher expenses							US\$/Euro
	(15.00%)	(10.00%)	(5.00%)	0.00%	5.00%	10.00%	15.00%
	(108)	(72)	(36)	0	36	72	108

Assets. Increase in exchange rate leads to income							GBP/Euro
	(15.00%)	(10.00%)	(5.00%)	0.00%	5.00%	10.00%	15.00%
	(371)	(248)	(124)	0	124	248	371

Notional derivatives, sensitivity Currency revaluations with a positive effect mean greater expense (or lower income at year end) Due to lowering of fair value of instrument

US Dólar							Revaluation Euro/\$
	(15.00%)	(10.00%)	(5.00%)	0.00%	5.00%	10.00%	15.00%
Expenses in thousand euros	(1,208)	(842)	(441)	0	441	842	1,208

							Revaluation \$/THD
	(15.00%)	(10.00%)	(5.00%)	0.00%	5.00%	10.00%	15.00%
Expenses in thousand euros	(296)	(206)	(108)	0	108	206	296

							Revaluation GBP/\$
	(15.00%)	(10.00%)	(5.00%)	0.00%	5.00%	10.00%	15.00%
Expenses in thousand euros	(918)	(640)	(335)	0	335	640	918

Euro							Revaluation Euro/THI
	(15.00%)	(10.00%)	(5.00%)	0.00%	5.00%	10.00%	15.00%
Expenses in thousand euros	(15)	(11)	(6)	0	6	11	15

							Revaluation Euro/GBP
	(15.00%)	(10.00%)	(5.00%)	0.00%	5.00%	10.00%	15.00%
Expenses in thousand euros	(1,088)	(726)	(363)	0	363	726	1,088

GBP							Revaluation GBP/THI
	(15.00%)	(10.00%)	(5.00%)	0.00%	5.00%	10.00%	15.00%
Expenses in thousand euros	(30)	(21)	(10)	0	10	21	30

Liquidity risk

The Group's objective is to match the maturity profile of its debts to its ability to generate cash flow to settle these liabilities. In order to achieve this, it maintains a balance between continuity of funding and flexibility through the use of revolving credit policies, bank loans with grace periods to adapt them to the return on the related assets, and forward purchase contracts.

29. ENVIRONMENTAL ISSUES

Ebro Puleva has always been committed to doing its utmost to strike a balance between carrying out its business and protecting the environment. With the awareness that sustainable development is not possible without such a commitment, the Company has an encompassing policy to respect the environment to prevent, manage and minimize environmental impact.

This environmental policy is based on the concerted action of everyone in the Company's organization and is based on the following fundamentals:

- ◁ The definition, development and implementation of an Environmental Management System that is UNE-EN-ISO 14001:2004 standard compliant, or, where applicable, carrying out environmental management practices that improve its productive practices.
- ◁ Modernization of material resources that enable the Company to prevent and minimize consumption, emissions, and harmful environmental impact.
- ◁ Training and raising the awareness of all Company employees about the environmental aspects of their work and our organization.
- ◁ Establishing environmental objectives that foster continuous improvement in this matter, provided with the appropriate financial and operational resources.
- ◁ Encouraging the Company's suppliers to adopt principals similar to the aforementioned, collaborating with them to put them into place.
- ◁ Ensuring the fulfillment of the objectives set, compliance with legal requirements and the aforementioned principles, carrying out periodical internal and external audits of the Environmental Management System.

Throughout 2008, Ebro Puleva has continued to develop advanced environmental policies to achieve sustainable development in a context of ongoing prevention and improvement. Therefore, the Group has invested 2.5 million euros in implementing improvements that minimize its environmental impact. These steps are based on an efficient use of resources through a reduction in water and energy consumption, gas emissions, and appropriate waste management.

Total environmental management expenses	2,294,974 euros
Expense on R+D+I focused on environmental preservation	268,270 euros

In addition to the above, all the companies have carried out internal environmental training programs, with employee participation in taking actions to reduce the consumption of water, energy and other resources. The courses related to environmental awareness and training cost 0.6% of the total investment in environmental management activities.

Environmental Management Standards and Programs

To date, the centers certified in accordance with the UNE-EN-ISO 14.001 standard are as follows:

COMPANY	Country	Name of Center	Standards
Panzani	France	Semolina Gennevilliers	ISO 14.001
Panzani	France	Semolina Marseille Littoral	ISO 14.001
Panzani	France	Semolina Marseille St. Just	
Puleva Food	Spain	Plant in Granada	ISO 14.001
Puleva Food	Spain	Cogeneration Plant in Grelva	ISO 14.001
Puleva Food	Spain	Plant in Lugo	ISO 14.001

In addition, the group companies in Spain requested the corresponding Integrated Environmental Authorizations in compliance with the EU regulations on integrated pollution prevention and control (IPPC). These new regulations bring together and replace the set of former environmental authorizations and establish environmental standards for the operation of industrial plants carrying out activities that fall within their scope of application.

Group companies in the United States carry out their business in accordance with the following US regulations:

1. Title V Federal Operating Permit.
2. General Permit to Dispose of Waste.
3. Storm Water Multi-Sector General Permit.
4. Air Permit.

Major Environmental Indicators

To comply more efficiently with its commitment to respect and protect the environment, in 2008 Ebro Puleva implemented the first phase of a data collection tool that will gradually enable it to offer a breakdown of its major environmental indicators.

These indicators encompass the activity of 37 production plants and 28 headquarters or commercial offices around the world.

Energy consumption

In this first phase of the study, total energy consumption has been quantified. In addition to electricity, the consumption of liquid fuel such as diesel has been measured.

Total energy consumption (kwh)	1,201,612,519
Total energy purchased (kwh)	1,191,518,528
Consumption of electricity (kwh)	240,823,553
Consumption of diesel (tn)	499,193

Action taken during the year to improve energy efficiency

1. Rice division:
 - ◁ Installation of automatic doors at the precooked products plant in Jerez de la Frontera.
 - ◁ Improvements in the biomass furnaces at the plant in San Juan de Aznalfarache.
 - ◁ Heat-insulation on the condensation and hot water tanks at the plant in San Juan de Aznalfarache.
 - ◁ Thermal insulation of the ceiling at Euryza company headquarters (Germany).
 - ◁ Instalation of motion-sensing lights at Euryza company headquarters (Germany).
 - ◁ Energy study of the pilot plant in Memphis (USA).
2. Pasta division:
 - ◁ Installation of a cold water circuit in the temperature change system in the cooling tower in winter at the plant in St. Louis (USA).
 - ◁ Installation of an automatic shut-off system at the furnaces at the plant in St. Louis (USA), for more efficient operation.
 - ◁ Fixing compressed air escapes and a preliminary study of the furnaces and ventilation system at the plant in Montreal (Canada).
 - ◁ Updating the lighting system at the factory in Fresno (USA).
 - ◁ Implementation of engines regulated by air frequency and vapor systems at the Birkel company plants (Germany).
3. Dairy division:
 - ◁ Insulation replaced or repaired on steam, hot water, and cooling water pipes at the plant in Granada.

Water consumption

Total water consumption (tn)	4,327,831
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Action taken during the year to reduce water consumption

1. Rice division:
 - ◁ Development in the United States of new processing lines for instant rice that considerably reduce water use and the generation of wastewater.
2. Pasta division:
 - ◁ Substitution of two handwashing stations that tended to have escapes at the plant in St. Louis (USA).
 - ◁ Use of recycled water in the vacuum pumps at the plant in St. Louis (USA).
 - ◁ Recycling in closed circuits for all cooling water at the plant in Fresno (USA).
 - ◁ Investment in new vacuum pumps with no water consumption at the Birkel company plants (Germany).
3. Dairy division:
 - ◁ Installation of a reverse osmosis rejected water treatment process at the Granada water plant.

Toner and paper consumption

Total paper consumption (tn)	1,942,311
Percentage of paper recycled	23
Number of ink or toner cartridges used	4,299

Actions taken in 2008 to recycle paper and cardboard:

1. Rice division:
 - ◁ The Riviana plants in the United States have put programs into use recycling the corrugated cardboard not sent to customers
2. Pasta division:
 - ◁ Fostering the use of paper, corrugated cardboard and scrap metal compactors at the plant in St. Louis (USA).
 - ◁ Installation of special recycling containers at the plant in Fresno (USA).
 - ◁ Recycling all the paper and packaging material at the factory in Montreal (Canadá).
 - ◁ Systems for packaging control to optimize materials and the construction of components at the division's plants in Germany
3. Dairy division:
 - ◁ Paper recycling containers placed in all facilities.

In addition, to ensure compliance with the objectives of reducing, recycling and valuation stipulated in Law 11/97, dated April 24, on containers and container waste, two companies in the dairy division (Puleva Food and Lactimilk) as well as Herba, representing the rice division in Spain, are members of Ecoembalajes España, S.A. (Ecoembes), a not-for-profit private limited company engaged in the design and development of systems for selective collection and recovery of used containers and container waste. Ecoembes uses an item called "Punto Verde" (recycling point) (the symbol on the containers) to verify that the packager of the product has paid an amount of money for each container put on the market.

Sewage and waste management

Tons of waste generated in 2008 (tn)	11,234
Percentage of hazardous waste	2.46%

Actions taken during the year to reduce waste:

1. Rice division:
 - ◁ Start up of a water conservation program at the plant in Brinkley (USA), which reduced 27% of total waste.

2. Pasta division:
 - ◁ Start up of a recycled water discharge system from the vacuum pump at the cooling tower at the plant in St. Louis (USA).
 - ◁ Filter installed at the washing room in the plant in Montreal (Canada) to recover solid waste.
3. Dairy division:
 - ◁ Installation of a pH neutralization system for waste via CO₂ injection on the waste line.

Emissions

Total CO ₂ emissions (tn)	145,367.5
NOx emissions (tn)	356.49
Sulfur dioxide emissions (tn)	2,697.80
Nitrogen monoxide emissions (tn)	11.52
Ammonia gas emissions (tn)	3.2
Smog emissions (non - VOC) (tn)	0.415
Volatile organic compounds emissions (VOC) (tn)	44.41

Actions taken during the year to reduce gas emissions:

1. Rice division:
 - ◁ Assembly of hose filters and dust collectors, as well as quarterly air quality inspections at the plant in Houston (USA).
 - ◁ Assembly of dust collectors at the plants in Brinkley (USA) and Carlisle (USA).
 - ◁ Quarterly analysis of the basin furnace at the factory in Houston (USA).
2. Pasta division:
 - ◁ Substitution of dissolvent-based for water-based cleaning products at the plant in St. Louis (USA).
 - ◁ Monitoring of furnaces at the plant in Fresno (USA).

Several group companies have civil liability insurance that covers damage to third parties caused by sudden unintentional pollution. This policy is considered to cover any possible risk in this respect.

To date, no significant claims in relation to environmental matters have been filed against the remaining production centers. There have, however, been favorable pronouncements with respect to the results of audits, the absence of allegations in the processing of Integrated Environmental Authorizations, etc.

30. AUDIT FEE

Audit Fees are included under "External services" in the profit and loss account and correspond to the fee paid to the auditors of the consolidated financial statements. The total fee paid in 2008 (2007) for the audit of the financial statements of Ebro Puleva Group companies amounted to 2,063 (1,867) thousand euros. Of this amount, the audits performed by the main auditor (Ernst & Young and its international network) amounted to 1,974 (1,773) thousand euros.

In addition, the Ebro Puleva Group engaged Ernst & Young companies to provide non-audit related services amounting to 297 (228) thousand euros.

31. EVENTS AFTER THE BALANCE SHEET

Except for the matter explained below, no significant events occurred between the balance sheet date and the date of preparation of these consolidated annual financial statements.

On March 25, 2009, Ebro Puleva, S.A.'s Board of Directors proposed that the following distribution of 2008 profit be submitted to the shareholders in general meeting for approval:

- a)** Consolidated profit for 2008 for the Ebro Puleva Group has allowed the Board to put before the General Meeting a proposal to pay an ordinary cash dividend against unrestricted reserves in the amount of 55,391 thousand euros, equivalent to 36 cents per share to be paid in quarterly installments of 9 cents each on April 2, July 2, October 2 and December 22, 2009.
- b)** In addition, subject to a favorable outcome of the sale of the sugar business (Azucarera Ebro, S.L. and some of its subsidiaries) and in view of expected returns on the sale (as described in Note 7) an extraordinary dividend is proposed consisting of:
 - b.1)** An extraordinary cash dividend against unrestricted reserves in the amount of 55,391 thousand euros, equivalent to 36 cents per share to be paid in 2009 in three installments of 12 cents each to coincide with the three final payments of the ordinary dividend (July 2, October 2 and December 22, 2009).
 - b.2)** An extraordinary in-kind dividend consisting of treasury shares to meet the existing share premium (34,334 thousand euros) with an approximate exchange ratio, in view of an estimated listed price of 9 euros per share, of 1 new share for every 40 existing shares, for a total of approximately 3.8 millions shares (about 2.5% of share capital). The ratio will be determined at the Board of Directors meeting immediately prior to the General Shareholders Meeting based on the trading price the day before. Delivery of the extraordinary dividend in kind would be made in the first few days of May 2009.

2008

Consolidated Management Report

1. REVIEW OF THE YEAR

The business environment was particularly tricky this year. After the jump in commodity prices the year before, 2008 saw the global economic crisis unfold, with myriad implications for markets and consumer behavior.

For food markets, this situation has led to:

- ◁ huge volatility in commodity prices. Commodity prices began rising sharply around mid 2007, before declining across the board towards the middle of 2008, albeit without returning to starting levels; and
- ◁ a steady decline in disposable income levels, which affected consumer habits.

Against this backdrop, in 2008 the Ebro Puleva Group managed to achieve significant organic growth, boost margins and complete the business reorganization included in its Strategic Plan.

Ebro Puleva turned the threats in the market into opportunities:

- ◁ The company countered the cutbacks in consumption with growth based on anti-cyclical products, leading brands that consumers consider healthy, natural, easy to prepare and do not raise their overall food budget.
- ◁ Faced with uncertainty surrounding commodity prices, the Company diversified its supply sources, streamlined the value chain and implemented an aggressive commercial strategy.

The Ebro Puleva Group also completed its business restructuring with the disposal of the sugar business. On December 15, 2008, the Company, owner of 100% of Azucarera Ebro, S.L., signed an agreement to sell Azucarera Ebro, S.L. to Associated British Foods (ABF), which owns 100% of British Sugar.

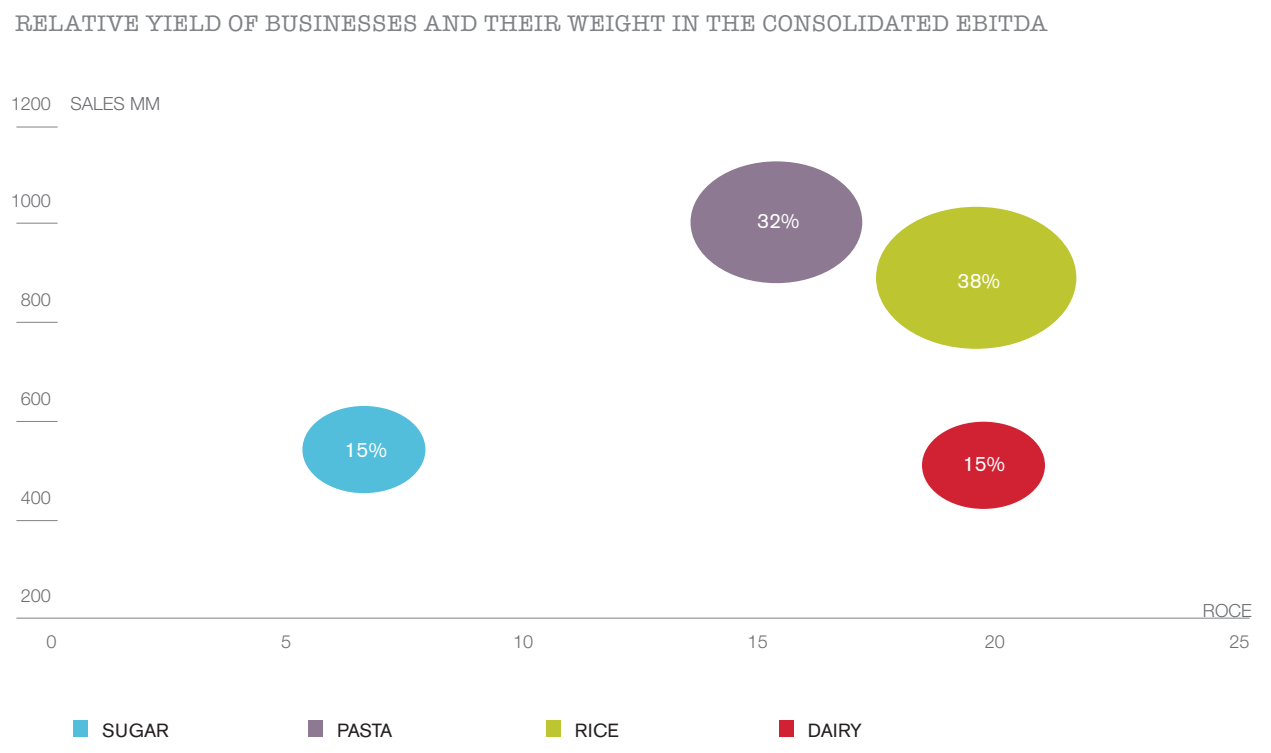
The terms of the sale (see Note 7 for more details) are:

- ◁ ABF will acquire the sugar business for 385 million euros, debt free. The amount of debt to be discounted will be the level at the closing date of the transaction.
- ◁ Ebro Puleva will receive approximately 141 million euros in other compensation, mainly the restructuring funds envisaged under the CMO sugar reform.
- ◁ The Ebro Puleva Group will also add to its real estate assets more than 200 hectares of land classified for various uses from Azucarera Ebro, S.L., valued at 42 million euros.

The sale will enable the Group to focus on consumer-oriented businesses with greater value-creation potential based on healthy products, with a strong element of innovation and backed by leading brands in its markets. At the same time, the sugar business will be merged with one of the industry's largest players, which has the ability to strengthen and integrate an international business.

Pursuant to the agreement, in accordance with International Financial Reporting Standards, the results from the sugar business up to the effective date of sale and the net gain on the disposal are presented as discontinued operations in the income statement for 2008 and of the years before its inclusion. Meanwhile, the related assets and liabilities are presented in a separate line in the balance sheet. The information included in this management report reflects this circumstance unless otherwise indicated.

The following chart shows the relative positions of the Group's businesses in 2008 before considering the sugar business as a discontinued operation.



In addition, the sale bolsters the consolidated balance sheet and leaves the Group well placed to take on new challenges and tap the opportunities that arise amid the crisis.

Financial highlights for the Group are as follows:

CONSOLIDATES FIGURES							
(Thousands of euros)	2005	2006	2007	2007-2006	2008	2008-2007	CAGR 2008-2007
Revenue	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%
% of revenue	11.4%	12.1%	11.3%		11.5%		
EBIT	114,824	146,902	158,919	8.2%	201,821	27.0%	20.7%
% of revenue	7.8%	8.4%	7.9%		8.5%		
Profit before tax	135,689	173,031	82,851	(52.1%)	103,454	24.9%	(8.6%)
% of revenue	9.2%	9.9%	4.1%		4.4%		
Income tax	(33,987)	(59,079)	(20,629)	(65.1%)	(29,549)	43.2%	(4.6%)
% of revenue	(2.3%)	(3.4%)	(1.0%)		(1.2%)		
Profit for the year (continuing operations)	101,702	113,952	62,227	(45.4%)	73,905	18.8%	(10.1%)
% of revenue	6.9%	6.5%	3.1%		3.1%		
Profit for the year from discontinued operations	56,286	72,396	30,251	(58.2%)	57,965	91.6%	1.0%
% of revenue	3.8%	4.1%	1.5%		2.4%		
Net profit for the year	155,641	180,363	90,557	(49.8%)	130,637	44.2%	(5.7%)
% of revenue	10.6%	10.3%	4.5%		5.5%		
Average working capital (*)	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 number of employees	4,913	5,476	6,064	10.7%	5,829	(3.9%)	
		12-31-05	12-31-06	12-31-07	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 net debt (*)	841,427	1,046,354	1,129,254	7.9%	1,208,078	7.0%	
Gearing (2)	0.78	0.88	0.94		1.00		
Total assets	2,988,903	3,363,715	3,375,496		3,422,912		

(*) To maintain these parameters' consistency, the calculation includes the sugar business' results in addition to its associated assets and liabilities

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

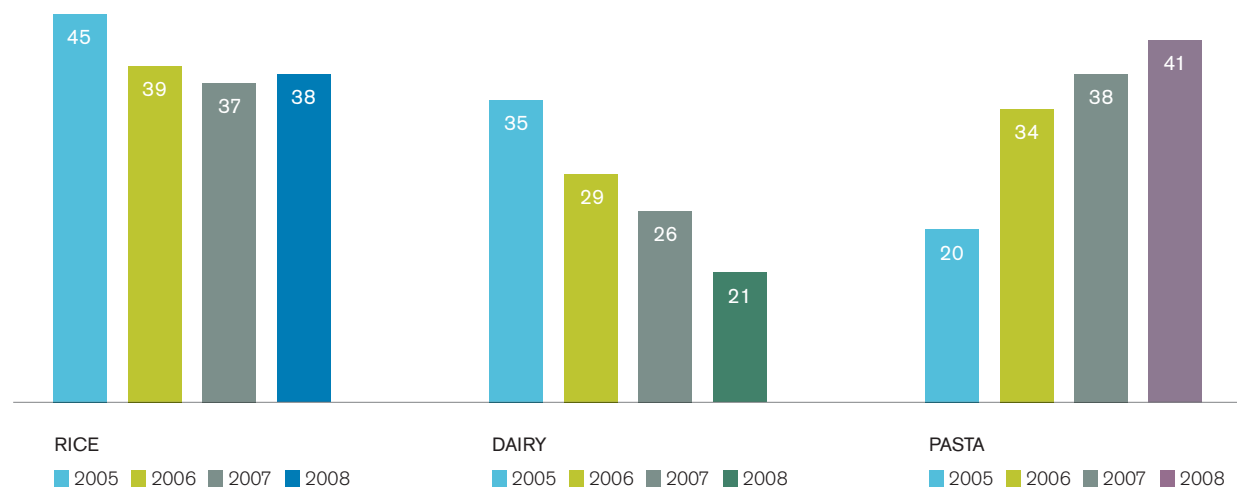
(2) Net interest - bearing loans and borrowings / equity (excluding minority interests)

Revenue increased 18% during the year. Of this, organic growth accounted for 14%, with the rest stemming from the inclusion for a full year of the business of the Birkel Group, which produces and sells pasta and pasta byproducts in Germany.

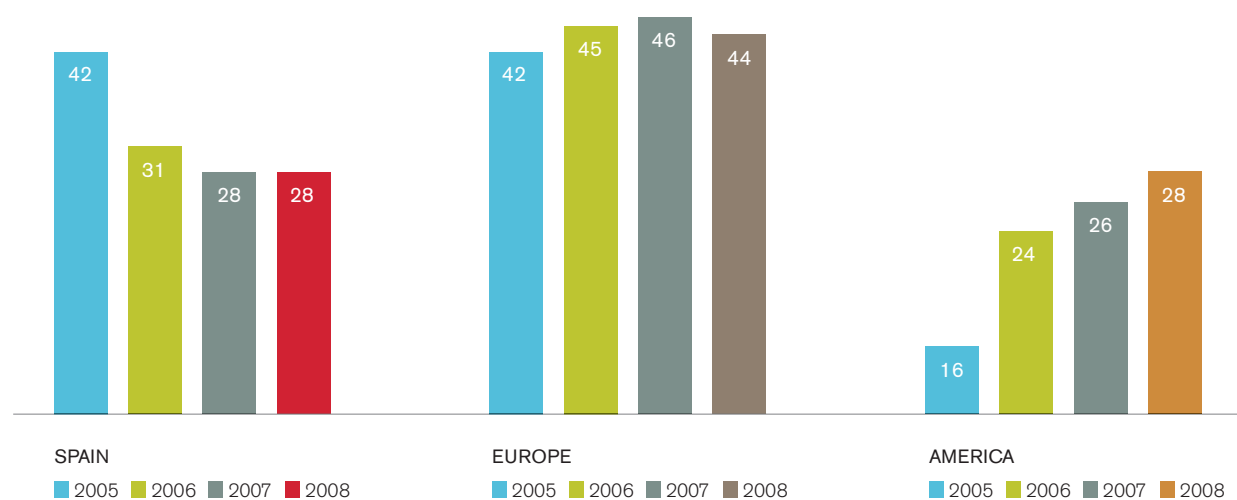


The structure of the Group affords it a highly balanced revenue mix and a strong capacity to weather crises. The business and geographical mixes are as follows:

BUSINESS SEGMENTS (%)



GEOGRAPHICAL REGIONS (%)



The main income statement lines performed well in 2008, with double-digit growth in the main revenue lines. Consolidated operating cash flow (EBITDA) rose 20% to 271.8 million euros, driven by a hefty contribution from non-euro businesses, which accounted for around 40% of the total.

Meanwhile, ROCE (return on capital employed) for the Group also improved considerably, rising 7%, or 16% excluding the assets of the sugar business. In short, growth in operations came alongside substantial improvement in the return on assets.

Profit from continuing operations advanced 19%, in line with the growth in operating profit. At the bottom line, net attributable profit surged 44%. This included profit from the discontinued sugar business, which fared well thanks mainly to the adjustment of certain provisions for litigation that had favorable outcomes in 2008.

The volatility of commodities must be taken into account to better understand the performance of the balance sheet and average balance sheet ratios. Trends in rice and hard wheat prices led to an accumulation of stocks, especially rice, at the end of 2007 and beginning of 2008, in anticipation of further price increases. This move proved successful and enabled the Group to command excellent margins, although it required additional investment in working capital throughout the year. Debt levels at the end of the year showed that the situation had broadly returned to normal, although prices had not rebounded to the levels seen a year-and-a-half earlier.

The Group had a reasonable level of debt at the year-end, which, following the disposal of the sugar business, left it with a strong balance sheet.

Of equal importance is the future outlook. Ebro Puleva is committed to becoming a leader. Therefore, the group:

- ◁ has an advertising investment program and supports and reinforces its leading brands. Advertising spend in 2008 amounted to 86 million euros, 6% more than the year before.
- ◁ is committed to innovation, with spending on R&D amounting to 8 million euros in 2008. In January 2008, the Puleva Biotech, S.A subsidiary acquired Exxentia.
- ◁ invests in assets (CAPEX), placing it at the cutting edge of technology in the food industry. Work on the new rice plant in Memphis is proceeding well and the bulk of the plant should be completed by October 2009.
- ◁ is committed to organic growth in new countries. In 2008, Herba Rice India Ltd. was incorporated. This company was designed as the logistics platform in India.

In short, despite the tough environment, Ebro Puleva is strengthening its position (e.g. double-digit growth, sound ratios) and remains committed to consumers (trust, health, convenience), to growing in the long term, and to reinforcing its leadership.

Results by business line

The Ebro Puleva Group is divided into the following business lines:

- ◁ Dairy business: basically milk, fermented products, dairy beverages and baby food. This business is carried out through the Puleva Food and Lactimilk groups.
- ◁ Rice business: includes the industrial and rice brand activity and other products. The Group has operations across Europe, the Mediterranean Basin, North America and Thailand through Herba and Riviana (USA).
- ◁ Pasta: includes the production and sale of dry and fresh pasta, sauces and semolina through the Panzani, New World Pasta and Birkel groups.
- ◁ Other businesses: includes R&D activities by the Biotech Exxentia group in nutraceuticals, real estate management, and other activities related to the food industry and other businesses.

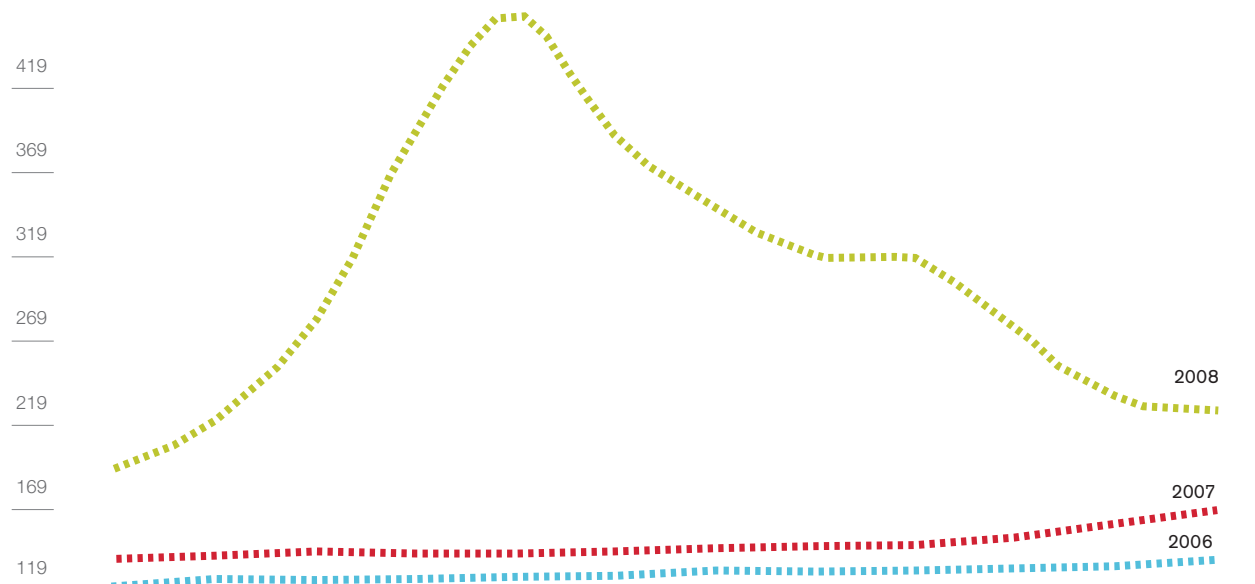


RICE

RICE BUSINESS							
(Thousands of euros)	2005	2006	2007	2007-2006	2008	2008-2007	CAGR 2008-2007
Revenue	667,988	672,500	741,107	10m ² %	890,969	20m ² %	10.1%
EBITDA	68,820	71,343	96,194	34.8%	126,560	31.6%	22.5%
% of revenue	10.3%	10.6%	13.0%		14.2%		
EBIT	49,147	51,368	75,297	46.6%	105,724	40.4%	29.1%
% of revenue	7.4%	7.6%	10.2%		11.9%		
Average working capital	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%)	

2008 was a tough year for the rice industry due to the crisis in commodity prices. The jump in market prices and fears of shortages led main rice-producing countries to adopt protectionist measures, pushing up prices globally to unprecedented levels. Prices peaked towards the middle of 2008, after which they began to correct.

INDEX OF WORLD RICE PRICES (IPO)



Ebro Puleva addressed this situation by:

- ◁ following a pro-active commercial policy, leading the market and promptly passing on price increases; and
- ◁ ensuring supply by diversifying sources and taking long positions at the beginning of the year, which enabled it to obtain healthy commercial margins.

Revenue rose 21% thanks to prices and 3% to volume/product mix. The two subgroups into which this business segment is divided also performed well during the year.

The Group remained committed to convenience products, achieving nation-wide distribution of its microwave rices in the US and commanding a 16.8% market share in volume (source: Nielsen scantrack, four weeks in December 2008).

The combination of strong revenue growth and a well-aimed supply policy drove a 31% increase in EBITDA to 126.6 million euros and a 19% ROCE for this segment in 2008.

The main investments undertaken in this area were the new plant in Memphis, which is slated to come on stream towards the end of 2009, the enlargement and upgrade of the raw materials and finished products storage facilities in Egypt, and the acquisition of certain rice and frozen pasta production facilities in Denmark.

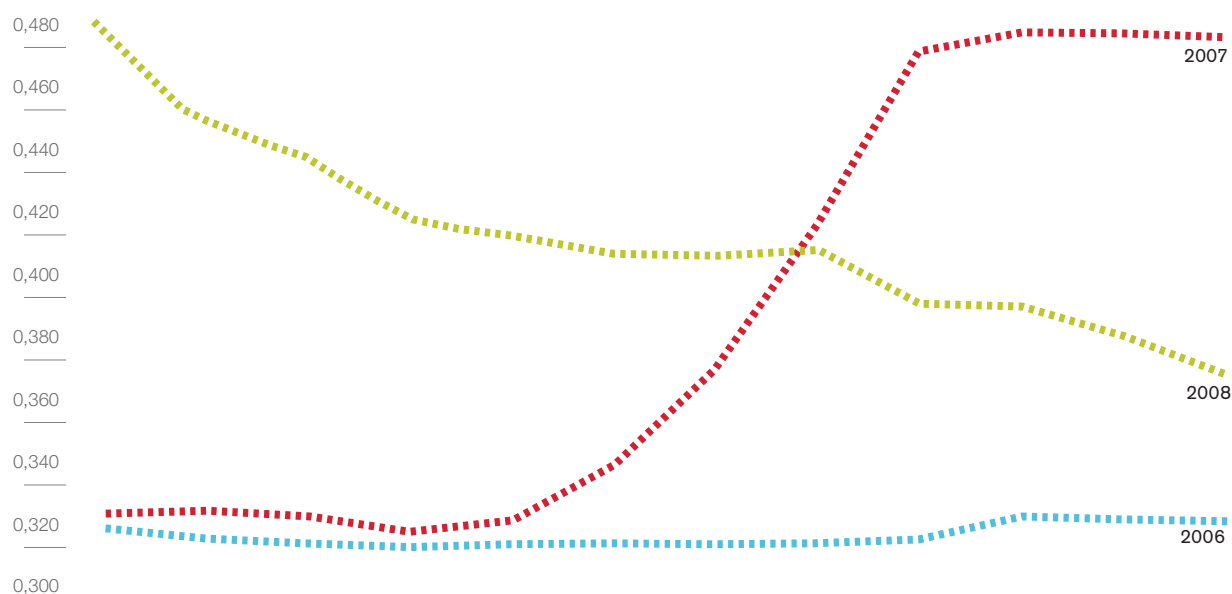


DAIRY

DAIRY BUSINESS							
(Thousands of euros)	2005	2006	2007	2007-2006	2008	2008-2007	CAGR 2008-2007
Revenue	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%)
% of revenue	10.4%	11.0%	10.1%	(6.6%)	9.9%		
EBIT	37,507	40,176	37,541		34,993	(6.8%)	(2.3%)
% of revenue	7.2%	8.0%	7.1%		6.9%		
Average working capital	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%)	

The economic crisis also affected the dairy industry. Far higher milk supply prices than before inflation hit commodity prices (see chart below) and, accordingly, higher retail selling prices, prompted consumers to action.

PRICE OF MILK EUR/LITRE



Since milk is a basic commodity, purchase volumes have not fallen. However, there have been:

- ◁ a change in the product mix, with consumers attaching greater importance to price and choosing classic milks, helping to reserve their bearish trend.
- ◁ a shift towards store brands, whose share of the overall long-life liquid milk market rose 5 percentage points in 2008 to 36.7%.

Nielsen scantrack (52 weeks)	TAM ON 2003	TAM ON 2004	TAM ON 2005	TAM ON 2006	TAM ON 2007	TAM ON 2008	BIM ON 2008
Classic	82.0%	79.4%	77.3%	76.1%	74.9%	75.9%	75.9%
Calcium	13.0%	14.1%	14.4%	15.3%	15.7%	14.8%	14.6%
Heart-healthy	2.8%	3.5%	4.4%	4.2%	4.3%	3.8%	3.8%
Soy	0.4%	0.9%	1.3%	1.5%	1.8%	2.1%	2.2%
Energy and growth	0.5%	0.7%	1.0%	1.2%	1.2%	1.3%	1.3%
Infant	0.5%	0.5%	0.6%	0.6%	0.9%	1.1%	1.1%
Enhanced	0.8%	0.9%	1.1%	1.1%	1.2%	1.1%	1.2%

In this situation, the Ebro Puleva Group has held steadfast in its endeavors to be the unrivalled leader in functional dairy products. The Group has opted to sacrifice volume in order to sustain the profitability of the business. Its goal is to continue offering highly innovative products, which are key to its recognition in the market.

Revenue fell 4% in 2008 on the back of lower volume sales, but rose 24% in the range of baby foods, with the Puleva Peques brand achieving a 46.3% market share by volume.

EBITDA fell to 50.1 million euros, while ROCE advanced to 19.1% thanks to ongoing efforts to raise its industrial efficiency, which enabled the Group to scale back the use of resources for the third straight year.

The main investments undertaken in the year relate to the installation and start-up of new packaging lines.

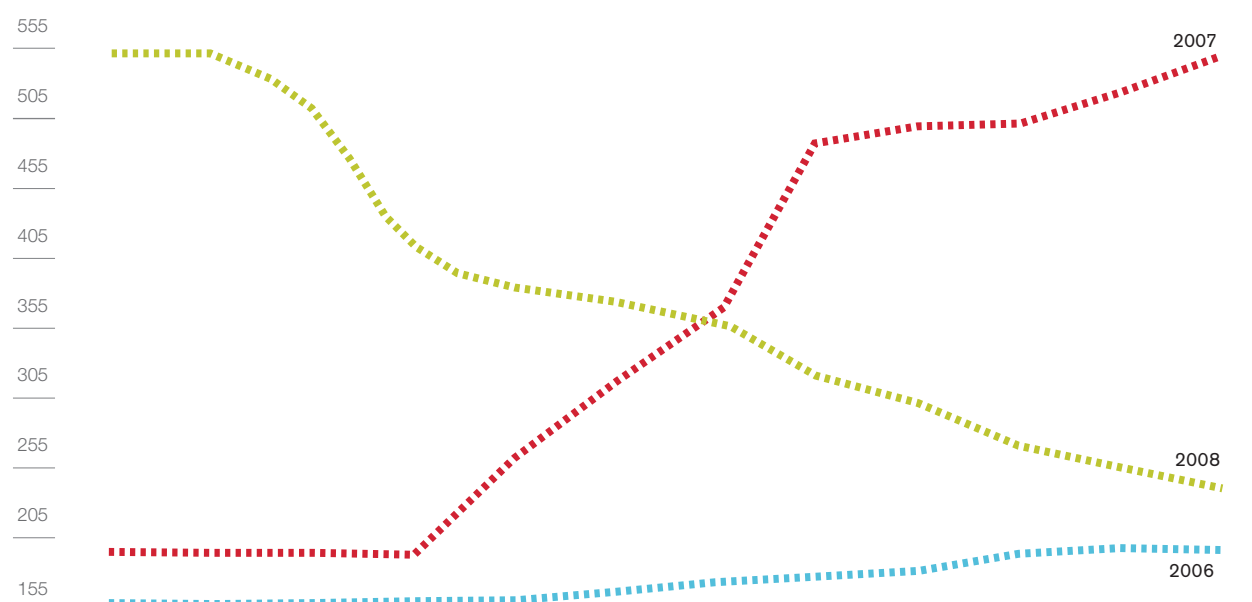


PASTA

PASTA BUSINESS							
(Thousands of euros)	2005	2006	2007	2007-2006	2008	2008-2007	CAGR 2008-2007
Revenue	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%
% of revenue	15.3%	15.6%	11.6%		10.7%		
EBIT	31,492	66,408	58,274	(12.2%)	75,581	29.7%	33.9%
% of revenue	10.8%	11.3%	7.6%		7.6%		
Average working capital	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%)	

Wheat prices rose in 2007, but began declining steadily around the middle of 2008 as the economy cooled and the new harvests came in. As a result, once margins stabilized, earnings for this segment increased.

PRICE OF DURUM WHEAT EUR/TONNE



Revenue for the pasta segment rose 30% in 2008, in part due to the consolidation for a full year of the Birkel Group, the German pasta subsidiary, and partly to the increase in prices led by rises in the last four months of 2007.

Leadership in the pasta business is underpinned by the growth in the Group's brands, and the high degree of innovation and advertising spend behind its products. The Group spent 9 million euros more on advertising in 2008 than in 2007.

In France, Panzani held its place in the market despite the growth of store brands, which affected other producers. The Group broadened its range of products by adding the Panzani Plus range, new sauces, fresh pasta cooked in a frying pan and couscous that does not stick.

Meanwhile, the US subsidiary, New World Pasta, continued to overhaul its product range, launching new pre-cooked dishes under the Bistro name. Now fully integrated into the Group, New World Pasta has streamlined and diversified its supply mix and it is currently gearing efforts towards integrating the logistics and commercial platform with the Riviana Group's.

This segment achieved a 14.8% ROCE in 2008, overcoming commodity price inflation, which triggered a sharp jump in working capital the year before.

2. OUTLOOK FOR THE GROUP

Prospects point to steadier commodity prices, at least in the first half of 2009, with harvests underway that should lock in global rice and grain supply, and with stable, if not slightly lower, oil and input prices.

Amid the economic crisis, Ebro Puleva stands out for its anti-cyclical characteristics. It operates in staple products, with leading brands in the industry that help it to take advantage of shifts in consumer patterns and remain among consumers' top choice in their shopping baskets.

Ebro Puleva remains committed to being the leader of "Meal Solutions" products and markets. Its strategy entails expanding in these products, combining its ability to streamline and diversify supply sources with recognized brands that set it apart from competitors and adapt to consumers' needs.

Having sold the sugar business, the Group will continue its endeavors to tap synergies across its segments and start preparing for the next step of its corporate development.

Rice business

After an exceptional year, the Group will attempt to strengthen its brands. To do so, it has earmarked a hefty amount of advertising investment to back the launch of new ready-to-serve products.

On the industrial front, construction of the plant in Memphis will be completed. With a more efficient production process, this plant will gradually become responsible for a large part of the production in the US.

Dairy business

The economic situation is causing products that are not differentiated and/or lack value to disappear. With prices having stabilized to some extent, this situation reinforces the Group's brand name and bodes well for its future.

The Group remains devoted to baby foods. After rigorous industrial tests, the new Papiya! brand ready-to-eat microwave milk and cereal baby formulas will be launched in 2009

Pasta business

The strategy for Europe entails boosting margins in a propitious setting for the consumption of the Group's products. Panzani has combined administrative and commercial processes, which should help drive earnings and make the company into a strong cash generator.

The Group will continue to reinforce its brands in the US market via actions that will enable it to be the leader in innovation and market recognition. This includes marketing initiatives, the launch of new items and efforts to shore up the position as the leader in the market for healthy, nutritious and natural products.

3. R&D&I

Ebro Puleva has always been a forerunner in new consumer trends and an international benchmark in R&D of products applied to the food industry. The Group remained firmly committed to R&D&I in 2008, aware that it is an essential tool for developing a quality and differentiated strategy. This entailed myriad nutritional assessment tests and constant innovation in products, technology and formats.

In January 2008, subsidiary Puleva Biotech, S.A. acquired Exxentia, a leader in biotechnology applied to the extraction of active principles from plants. Integrated into the Group's R&D&I activity, Exxentia and Puleva Biotech together form a strong R&D&I company in lipids, pro-biotics and tailored products that help improve cardiovascular health, control weight and obesity, ease pain in joints, improve cognitive development, slow the ageing process and strengthen the immune system, and in nutri-cosmetics.

In conjunction with Puleva Biotech, the Group has gradually built an R&D&I driver, with four research centers in France, the US and Spain, helping it conduct research in the field of cereals. These centers are:

1. CEREC, located in St. Genis Laval (France), with a staff of 14 and focused on the development of the pasta division's range of fresh pasta, fresh cooked meals, sauces and frozen food products.
2. CRECERPAL, with 10 researchers and based in Marseille, focused on research in the development of dried pasta, rice, couscous and new packaging technologies; e.g. the doypack format.
3. TECH Center, with nine researchers, a new product, process, and technologies research and developer for the rice division in the US.
4. Española de I+D, with 14 researchers, dedicated to the development of products and new and/or improved technologies, technology transfer, and technical assistance in rice technology and rice byproducts and in the modern restaurant business (fast food and catering).

In 2008, the Rice division mostly focused on prepared rice products (e.g. prevention of starch retrogradation, control of water migration to solids) and new grain-based food products (e.g. modification of starches for new applications, slow release carbohydrates).

During the year, research continued on baby food products, adding new functional components (DHA, arachidonic acid) to existing follow-up formulas and broadening the range by developing low lactose, vegetable- and cereal-based formulas.

In the Pasta segment, R&D activities continued on pre-cooked dishes, pasta for frying pan products, product quality enhancements, and dishes that do not get ruined while cooking.

4. TRANSACTIONS WITH TREASURY SHARES

In 2008, the Company purchased and sold own shares as authorized at the General Shareholders Meetings held on April 18, 2007 and June 9, 2008, duly notifying the Spanish National Securities Commission (the CNMV) in accordance with current reporting standards. In all, it bought 4,483,601 and sold 126,521 treasury shares in the year. At year-end, the Company held 5,078,735 treasury shares, representing 3.301% of its share capital. At the end of 2008, barring the potential delivery of some of these treasury shares for the extraordinary dividend in kind indicated in Notes 7 and 31, these shares were not earmarked for any specific purpose.

5. EMPLOYEES

The number of employees at Ebro Puleva has grown as new companies and businesses have been added. The Company has been able to mix a variety of cultures and skills with a constant flow of information and knowledge.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND FINANCIAL INSTRUMENTS

The Ebro Puleva Group carries out several actions that enable it to identify, measure, manage and minimize the risks of its main businesses.

The main objective of its risk management policy is to guarantee the value of its assets and the continuing growth of the company. The ultimate aim of its capital management policy is to guarantee a financial structure based on compliance with rules and regulations existing in the countries where the Group operates. The Group's capital management policy also seeks to obtain stable credit ratings and maximize shareholder value. The accompanying consolidated management report includes information on financial leverage.

Risk-related actions extend to the key variables for business management, such as the income statement, debt levels, and investment and to its strategy, enabling the Group to make crucial decisions in order to achieve the objectives indicated above.

The Group was the first in its industry to develop and encourage R&D, environmental and food quality, and internal audit. It has committees for environmental and food quality, commercial or counterparty risk, occupational hazard prevention and R&D. These committees are responsible for both preventing and mitigating risks.

Behind general risks affecting any business, there are certain specific risks related to the Group's type of business and how it carries out its business. The main risks and risk-control systems are as follows:

Industry risks

Legal/regulatory risk. The Group is subject to a series of legal regulations of various states and international bodies. These regulations establish from production quotas to intervention prices or customs protection. As a result of this risk, the Group's policy is to diversify its geographical and product mixes.

There is also a risk that it will not be able to appropriately protect its brands and intellectual property. To handle this risk, the Company thoroughly monitors its brands and intellectual property, protecting their use before the competent bodies and/or applying for patents where necessary.

Environmental and food quality risk. The Group's environmental policy is based on the principle of ongoing compliance with legislation. Accordingly, it has designed, developed and put into place an environmental management and food safety system that is UNE-EN-ISO 14001:2004 and UNE-EN-ISO 9001:2000 standard compliant and certified at most of its production centers in Europe, the US and Canada. In 2008, the pre-cooked meals plants of San Juan de Aznalfarache and Jerez obtained ISO 9001:2000 certification.

The Group also has a food quality and safety system in place that meets the requirements of the UNE-EN-ISO 17025 standard, endorsed by ENAC for the Spanish subsidiaries. Many of the subsidiaries are Certified Organic Producers. In food safety, the Group has reported no incidents and is still drawing up an HACCP (Hazard Analysis and Critical Control Point) system that meets the requirements of both Spanish and European Union legislation. IFS (International Food Security) certificates have been issued for the majority of the Group's handling processes.

Certain initiatives are also underway at the Group aimed at reducing atmospheric gas and waste emissions, improving water quality and reducing sewage waste, and enhancing energy and hydric efficiency, as well as programs to recycle physical waste, such as paper, aluminum and other materials. Finally, we would highlight some quality-enhancing initiatives carried out by the North American subsidiaries, such as the GMP (Good Manufacturing Practices) and the HAACP (Hazard Analysis and Critical Control Policy).

The Company provides appropriate and continuing education on food safety, and work safety and hygiene regulations. Similarly, quality controls are performed by the Group's own and third-party laboratories of its products and production materials.

Finally, the Group has taken out insurance policies to cover the potential risks related to food safety.

Supply risk. Ebro Puleva's business relies on the supply of raw materials, such as rice, durum and milk. There is a risk that it will not procure sufficient raw material of the quality that meets the Company's standards at an appropriate price. As a result of this risk, the Company has adopted a two-pronged strategy:

- ◁ to diversify its supply sources, setting up operations in the main producing markets where this business affords a competitive advantage; and
- ◁ to enter into long-term sourcing or cooperation agreements with producers considered relevant for the business.

Customer concentration risk and Credit risk. While the end customers of the Company's products are individual consumers, sales are made to a small number of customers, including large retail chains. The risks arising from this are twofold: 1) the potential loss of product references and 2) potential credit problems of direct customers.

The Group's policy rests on differentiating its products through innovation and its customer-based focus, backed by leading brands that enable it to find its own niche in distribution lines and among other industrial customers. In addition, with respect to credit risk the Group's policy has always been conservative. It has risk committees that regularly assess the situation, open positions and the automatic alerts placed in the systems, which have historically led to low default rates. The commercial and collection management departments also work together, and based on the credit ratings assigned by the credit insurance companies that operate with the Group, there are insurance policies that ultimately provide guarantees.

The Group is not exposed to significant concentration of credit risk.

Excess capacity risk. The consumer goods sector is exposed to potential excesses in installed capacity, which become particularly evident during the low points in business cycles. The best way to address this type of risk is through a strategy of ongoing product innovation and differentiation, earmarking 3.6% of revenue for advertising spend and investing heavily in R&D&I. The Group also endeavors to adapt and upgrade the structure of production, abandoning assets that are not considered efficient enough (e.g. the Herto plant or the León plant previously) and investing in new plants (Memphis) or production lines.

Risks specific to the Ebro Puleva Group

Risks related to productive assets. The Company's main assets have limited exposure to natural disasters, such as earthquakes or floods. In addition, all Group companies have insurance policies for all their assets, investments, and inventories.

Country risk. The company conducts business in some countries considered developing countries. Accordingly, certain investments are exposed to the typical risks of these countries, such as potential political changes that could affect market conditions, restrictions to capital movements, nationalization of assets or currency devaluation. Ebro Puleva has limited operations in these countries, mostly in the form of the positions to optimize supply (basically rice). Because of these potential contingencies, the Company has elected to diversify risks via operations in Europe, North and South America, Asia (Thailand and India) and Africa (Morocco and Egypt).

Risk related to the Group's growth strategy. In line with its strategy of becoming the leader in meal solutions, the Group could make certain acquisitions. These acquisitions could have negative implications if the Group fails to fully integrate the companies, brands and processes acquired. Ebro Puleva has a series of procedures for minimizing acquisition risk. The main ones are:

- ◁ Due diligence with renowned firms.
- ◁ Negotiation of the final price based on a risk analysis.
- ◁ Application for guarantees until litigation is resolved or the liability is clarified.
- ◁ Deferred payment or bank guarantee in case of potential contingencies.

In addition, certain investment alternatives (e.g. internal growth) pose a risk if the expected level of success is not achieved. As a result of these risks, a risk analysis is performed for all investment projects before any decisions are made to assess their economic and strategic viability. Investment decisions are made by the appropriate body based on a series of predefined limits. The main projects (i.e. over 2 million euros) require approval by the Board of Directors.

Foreign currency risk. Ebro Puleva, S.A. hedges transactions that could be subject to foreign currency risks either via financial derivatives or natural hedges through loan financing with cash flows generated in the same currency (see section on Financial Risks below).

Technological risk. The Group, through its biotech and R&D subsidiaries Puleva Biotech, Española de I+D and Crecepal (Panzani subgroup), supports its main business lines by facilitating product and process development and innovation so they can leverage the commercial launch on the food market of new functional foods, such as Omega 3, and become a benchmark in biotechnology and innovation.

In line with the Group's philosophy, Puleva Biotech recently acquired Exxentia (see Note 5), which should help it expand and conduct new research projects, as well as broaden its existing product offering.

Labor risks. This relates to both attracting human resources and limiting labor risks. Accordingly, the company encourages both personal incentive and remuneration schemes for its main managers linked to results and the improvement in working conditions.

There is a series of protocols to prevent potential claims, including evacuation plans, first aid, etc. There are also specific programs designed to enhance the work environment and maximize protection levels, such as training courses for Group companies and the purchase of material and installations so employees can work properly.

Financial risk management and financial instruments

The Group's principal financial instruments comprise bank loans, overdrafts, capital instruments, cash and short-term deposits. The Group also has other financial assets and liabilities, such as trade receivables and trade payables. The Group enters into derivative transactions, including principally forward currency contracts and occasionally interest-rates options, swaps and combinations of the two. The purpose is to hedge the interest rate and foreign currency risks arising from the Group's operations and its sources of finance.

The accounting policies followed to measure these financial instruments are described in Note 3.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk, risk of changes in the fair value of equity instruments and credit risk.

The Board of Directors reviews and adopts policies for managing each of these risks, as summarized below.

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates.

The Group's policy is to manage borrowing costs using a combination of fixed and floating rates. The Group's policy is to minimize its exposure to this risk and therefore it closely monitors fluctuations in interest rates with the help of external experts. When necessary, the Group enters into interest rate derivatives. These derivative or structured instruments are designed to hedge the underlying debt obligations.

The French subsidiary, Panzani, has entered into two combined interest rate options: a cap with knock-out call and a floor with knock-in put, with notional amounts of 15 and 35 million euros, respectively.

Note 28 provides information on the Group's financial instruments exposed to interest rate risk.

Foreign currency risk

The ultimate goal of the risk management policy is to offset (at least partially) the potential declines in the value of assets denominated in foreign currency (i.e. other than the euro) by savings on the falls in value of the liabilities in these currencies.

As a result of significant investment operations in the United States, the Group's balance sheet can be affected significantly by movements in the USD/EUR exchange rate.

The Group seeks to mitigate the effect of its structural currency exposure by borrowing in US dollars. Its entire investment in the US is hedged in this manner.

Included under other loans at December 31, 2008 (2007) are the two loans for a total of 630 (630) million US dollars (see Note 22) designated as hedges of net investments in US subsidiaries and used to hedge the Group's foreign currency risks arising from these investments. Gains or losses on the translation of this loan to euros are recognized in equity to offset any gain or loss on the translation of the net investments in the subsidiaries.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating segment in currencies other than the unit's functional currency. With large transactions, the Group requires all operating segments to use forward currency contracts to eliminate foreign currency risk. The forward currency contracts must be in the same currency as the hedged item.

It is the Group's policy not to enter into forward contracts until a firm commitment is in place and to negotiate the terms of the hedge derivatives to match the terms of the hedged item in order to maximize hedge effectiveness.

Certain companies in the rice (Herba, S&B Herba and Euryza) and pasta (Panzani) businesses have forward exchange contracts (exchange insurance) to limit the exposure of their commercial transactions. These contracts have been arranged to limit foreign currency risk, but have not been classified as hedges.

Note 28 provides information on the Group's financial instruments exposed to foreign currency risk.

Liquidity risk

The Group's objective is to match the maturity profile of its debts to its ability to generate cash flow to settle these liabilities. For this, it maintains a balance between continuity of funding and flexibility through the use of revolving credit policies, bank loans with grace periods to adapt them to the return on the related assets, and forward purchase contracts.

7. ENVIRONMENTAL ISSUES

Note 29 provides information regarding the environment.

8. EVENTS AFTER THE BALANCE SHEET DATE

Except for the matter explained below, no significant events occurred between the balance sheet date and the date of preparation of these consolidated annual financial statements.

At its meeting of March 25, 2009, the Board of Directors proposed the following appropriation of 2008 results for approval by shareholders in their general meeting:

- a) Profit in 2008 of the Ebro Puleva Group allows for the payment, as in previous years, of an ordinary cash dividend charged to unrestricted reserves of 0.36 euros per share, in four quarterly payments of 0.09 euros each, on April 2, July 2, October 2 and December 22, 2009, for a total amount of 55,391 thousand euros.
- b) Separately, subject to the success of the sale of the sugar business (Azucarera Ebro, S.L. and some subsidiaries) and taking into account the expected returns on the sale (see Notes 7 and 31), the board proposes the payment of an extraordinary dividend comprising:

- b.1)** an extraordinary dividend in cash with a charge to unrestricted reserves of 0.36 euro per share (in addition to the ordinary dividend) in three payments of 0.12 euros each in 2009 coinciding with the last three payments of the ordinary dividend (July 2, October 2, and December 22), for a total amount of 55,391 thousand euros.
- b.2)** an extraordinary dividend in kind entailing the delivery of treasury shares up to the amount of the share premium (34,334 thousand euros) at an estimated exchange ratio, assuming a price of 9 euros per share, of 1 new share for every 40 existing shares. This would mean the delivery of approximately 3.8 million shares (representing around 2.5% of share capital). The ratio will be determined at the Board of Directors meeting immediately prior to the General Shareholders Meeting based on the trading price the day before. Delivery of the extraordinary dividend in kind would be made in the first few days of May 2009.

9. ARTICLE 116 BIS OF THE SECURITIES MARKET LAW

Data refer solely to the Ebro Puleva, S.A. parent company as the quoted company subject to this law.

Article 116 bis of the Securities Market Law, under the text of Law 6/2007, of April 12, requires companies whose securities are listed to present shareholders in their annual general meeting a report explaining the items covered in this article that must be disclosed in the management report for 2008.

- a) The structure of capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents.**

Share capital amounts to 92,319,235.20 euros and consists of 153,865,392 fully subscribed and paid bearer shares with a nominal value of 0.60 euros each, represented by book entries. All shares are of the same class and series.

The shares comprising share capital are considered transferable securities and subject to the regulations governing the Securities Market.

- b) Any restrictions on the transfer of securities.**

There are no restrictions on the transfer of securities.

- c) Significant direct and indirect shareholdings.**

NAME OR COMPANY NAME OF SHAREHOLDER	No. of direct voting rights	No. of indirect voting rights (*)	% of total voting rights
Bestinver Gestión, S.A., S.G.I.C.	0	6,242,154	4.057
Casa Grande de Cartagena, S.L.	9,475,145	0	6.158
Caja de Ahorros de Salamanca y Soria	9,247,898	0	6.010
Hispafoods Invest, S.L.	10,346,192	0	6.724
Instituto Hispánico del Arroz, S.A.	13,262,722	10,346,192	15.344
Invergestión, Sociedad de Inversiones y Gestión, S.A.	7,750,000	0	5.037
Lolland, S.A.	0	9,475,145	6.158
Sociedad Anónima DAMM	0	7,710,000	5.011
Sociedad Estatal de Participaciones Industriales	0	12,995,941	8.446

Significant indirect shareholdings are through:

NAME OR COMPANY NAME OF DIRECT OWNER OF THE SHAREHOLDING	No. of direct voting rights	% of total voting voting rights
Bestinver Bolsa, F.I. (Bestinver Gestión, S.A., S.G.I.C.)	2,471,863	1.607
Soixa S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	1,871,184	1.216
Bestinfond, F.I. (Bestinver Gestión, S.A., S.G.I.C.)	1,060,693	0.690
Bestinver Mixto, F.I. (Bestinver Gestión, S.A., S.G.I.C.)	549,196	0.357
Bestinver Bestvalue, S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	196,515	0.128
Texrenta Inversiones S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	53,986	0.035
Loupri Inversiones S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	14,429	0.009
Divalsa De Inversiones S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	9,310	0.006
Acciones, cupones y Obligaciones Segovianas, S.A., S.I.M.C.A.V. (Bestinver Gestión, S.A., S.G.I.C.)	7,171	0.005
Linker Inversiones, S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	5,303	0.003
Jorick Investment, S.I.C.A.V., S.A. (Bestinver Gestión, S.A., S.G.I.C.)	2,504	0.002
Hispafoods Invest, S.L. (Instituto Hispánico del Arroz, S.A.)	10,346,192	6.724
Casa Grande de Cartagena, S.L. (Lolland, S.A.)	9,475,145	6.158
Corporación Económica DAMM, S.A. (Sociedad Anónima DAMM)	7,710,000	5.011
Alimentos y Aceites, S.A. Sociedad Estatal de Participaciones Industriales)	12,995,941	8.446

As the shareholdings indicated are at December 31, 2008, it is hereby expressly noted that on February 10, 2009, after the close of 2008, Bestinver Gestión, S.A., S.G.I.C. publicly notified through the Spanish Securities Exchange Commission that its stake had decreased to below 3% (to 2.995%). Accordingly, it is no longer considered a significant shareholder of Ebro Puleva, S.A.

d) Any restrictions on voting rights.

There are no restrictions on voting rights.

e) Agreements between shareholders.

The Company has not been notified of any agreements between shareholders.

f) The rules governing the appointment and replacement of board members and the amendment of the articles of association.

The appointment and replacement of Board Members are regulated by the Corporate Bylaws (articles 19 and 20) and the Board Regulations (articles 21, 23 and 24).

The Board of Directors shall be composed of at least seven and at most fifteen members. The General Meeting is in charge of determining the composition, as well as the appointment and separation of Directors. The board currently comprises 14 Directors.

Directorships may be waived, canceled or reappointed and are for a term of four years. When their tenure expires, Directors may be reappointed one or more times for terms of equal duration.

The appointment of Board members expires when, after expiry of their tenure, the next General Meeting has been held or the legal period for holding the Meeting to approve the financial statements of the preceding year has elapsed.

If during the term of appointment there are vacancies, the board may provisionally appoint among shareholders the people to hold the post until the first General Meeting thereafter is held.

The candidates proposed by the Board for appointment or reappointment as Directors shall be of recognized standing and have adequate experience and expertise to perform their duties.

These proposals shall be made taking into account the existence of three types of director: (i) Executive; (ii) Non-Executive, who fall into two classes: those who are on the Board at the request of shareholders with significant stakes in the capital and those who may be considered independent according to applicable laws and regulations or the prevailing recommendations on good corporate governance; and (iii) those who do not fit into either of the above categories.

The distribution of the number of Directors among the types mentioned above shall be adjusted from time to time to the operating requirements and real structure of the company's shareholding body, on the basis of the ratio of capital held by controlling shareholders to capital held by institutional investors and minority shareholders.

In any case, any initiative taken by the Board in respect of its members shall be without prejudice to the sovereign power of the General Meeting of Shareholders to appoint and remove Directors, and any exercise by shareholders of their right to proportional representation.

Directors shall step down and tender their resignation in the following cases:

- ◁ When they are affected by one of the cases of incompatibility or disqualification established in Law, the Bylaws or these Regulations.
- ◁ When they step down from the executive post to which their appointment as Director was linked, when the shareholder they represent sells its entire shareholding or reduces it to a level that requires a reduction in the number of proprietary directors and, in general, whenever the reasons for their appointment no longer exist.
- ◁ When the Board, subject to a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted on his or her obligations or that there are reasons of corporate interest for demanding his or her resignation.

The Board of Directors shall propose to the General Meeting of Shareholders that a Director be removed if one of the circumstances described above occurs and the Director fails to tender his resignation.

Directors who give up their post before their tenure expires, through resignation or otherwise, should explain their reasons to all other members of the board. Irrespective of whether such resignation is filed as a significant event, the move for the same must be explained by the Company in the Annual Corporate Governance Report.

When the Board makes decisions about which a director has expressed reservations and he or she resigns, an explanation setting out their reasons should be provided under the terms mentioned in the preceding paragraph.

With regard to amendments of the corporate bylaws, there are no procedures or requirements other than those provided for by law with the exception of the stricter-than-standard quorum requirements for attendance at the generating meeting, which article 12 of the Bylaws stipulates at sixty per cent of the subscribed voting capital on first call and thirty per cent on second call, the same quorum for voting as included in the revised text of Spanish Corporation Law.

g) The powers of Board members and, in particular, the power to issue or buy back shares

Executive directors Antonio Hernández Callejas and Jaime Carbó Fernández have been granted the following powers:

1. To represent the company and sign on its behalf in all types of transactions, businesses and contracts comprising its corporate purpose. To enter into all types of works, service or supply contracts with the European Union, the Spanish central, regional, provincial, island or local governments and, in general, any public or private individual or company via public tender, auction, direct adjudication or any type of arrangement permitted by Law, presenting and signing the related proposals, accepting any projects awarded, performing any acts and signing any public or private documents required or suitable for their approval, compliance and settlement.
These powers shall be exercised jointly by two legal representatives when the amount of the transaction, business or contract exceeds 50,000 euros.
2. To plan, organize, oversee and control the performance of the company and all its businesses, workplaces and installations, reporting to the Chairman of the Board of Directors and proposing any amendments deemed appropriate regarding the organization of the company.
These powers may be exercised jointly and severally.
3. To sell, purchase, swap, replace, assign and dispose of the ownership or all types of assets, including properties and ownership interests, and to provide guarantees to subsidiaries or third parties. To set up and form part of other companies and acquire shares or ownership interests. To accept and appoint corporate positions in other companies and entities.
These powers shall be exercised jointly by two legal representatives.

4. To stipulate, set up, accept, modify, withdraw and cancel provisional or definitive guarantees, deposits and sureties at any public or private entity, including the Spanish Government Depository (Caja General de Depósitos) and the Bank of Spain. These powers may be exercised jointly and severally.
5. Banking powers:
 - a) To open, use, settle and cancel current savings or loan accounts at any bank, including the Bank of Spain, or any other credit and savings banks, signing for these purposes as many documents as required or suitable, and to take out or withdraw from them through checks, money orders, drafts or transfers.
 - b) To arrange, execute and underwrite loans, signing as many private and public documents as necessary and reporting to the Board of Directors of the exercise of these powers at its first meeting thereafter.

These powers shall be exercised jointly by two legal representatives.

6. To issue, accept, collect, pay, endorse, contest, discount, guarantee and negotiate commercial or financial bills of exchange, promissory notes, checks, and other drafts and bills. To undertake and fix the terms of endorsements, certificate discounts and all kinds of commercial paper, together with orders to pay drawn on the Treasury, banks, savings institutions and other entities at which the Company holds securities, bills, cash or any other form of assets.
The powers to issue, accept and order payment shall be exercised jointly by two legal representatives.
7. To demand, collect and receive all money due to be credited or paid to the Company in cash, bills or any other type of payment by individuals, Banks or any other Entity, by the European Union, the Spanish state, regional, provincial, island or local governments and, in general, any public or private Entity. To give and receive receipts and vouchers and to fix and settle account balances. To determine the method of payment of amounts owed by the Company, grant extensions and set due dates and amounts.
To accept all kinds of personal guarantees and liens from debtors, including mortgages, movable and immovable collateral, transferred and registered pledges, along with agreements, clauses and terms that it deems appropriate and to cancel them once the amounts or credits under guarantee have been received.
These powers may be exercised jointly and severally by any of the Company's legal representatives.
8. To make any type of payments, taking any step necessary to comply with all the Company's obligations and to demand the necessary payment receipts and vouchers.
These powers shall be exercised jointly by two legal representatives when the amount of the payments exceeds 50,000 euros.
9. To represent the Company before third parties and any type of Government Authority, Chambers, Commissions or other, Committees, Associations, mutual Insurance Companies, Registries, Delegations, offices and Premises of the European Union, the Spanish state, regional, Provincial, island or local governments and other Spanish or foreign administrative, governmental or other centers or bodies, at any level or jurisdiction, or appoint an individual to represent the Company in this capacity. To exercise the rights and interests that, as appropriate, correspond to the Company. To execute inquiries and suits. To file any pertinent proceedings, requesting the data, copies or documents, and lodging prior or ex facto complaints, and lodging any type of legal appeals. To withdraw from proceedings, claims and appeals at any stage of the process, abide by or enforce any definitive rulings. To protest or file proceedings and certified notices or of other kind. To request reliable certificates, testimonies and copies of interest of the Company.
These powers may be exercised jointly and severally.
10. To appear and represent the Company before Criminal and Civil Courts, Prosecutors, Juries and other appellate, labor or other bodies in any jurisdiction and at all levels, both Spanish and of any other country or international organization, entering into any legal relationships deemed appropriate and complying in particular, solely by signing an administrative appeal, with the requirements provided under article 45.2,d) of Law 29/1998, dated July 13.
To grant and revoke powers in favor of attorneys and lawyers.
To exercise all types of pleas and claims, oppose any type of appeals against any procedures or appeals, either as plaintiff or defendant or in any other capacity. To file any type of ordinary or extraordinary claim or appeal, including appeals to the Supreme Court and appeals for judicial review. To withdraw any claims, proceedings, lawsuits and judicial reviews at any stage of the process. To testify in court as a legal representative of the Company and, as so required, ratify their testimony personally and expressly. To reach settlements and to submit any matters of interest to the Company to arbitration. To abide by or enforce any definitive legal rulings.

To represent the Company and participate on its behalf in all types of payments moratorium, bankruptcy, acquittance procedures, creditor agreements or winding up under the supervision of the court, certifying the Company's credit items, obtaining guarantees and accepting their award as payment, granting or rejecting reductions or extensions. To appoint, accept and excuse bankruptcy receivers, Administrators, Experts and Adjustors, and propose and reject the recommendations made by them in their respective assessments. To compromise, agree on terms, acquittances and settlements covered by the collective labor agreement and sign them, following the matters through all procedures until abidance by or enforcement of the definitive judgments.

To choose the location and abide by express or implied jurisdictions.

These powers may be exercised jointly and severally.

11. To execute, with respect to management, the resolutions adopted by the Board of Directors or its Executive Committee subject to a report by the Nomination and Remuneration Committee; and, regarding company staff, hire, relocate, fine, suspend and fire employees, set wages, salaries and other emoluments of any Company employee; award termination benefits and, in general, decide on any matters related to personnel of the company. To appoint and remove proxies and agents. These powers may be exercised jointly and severally.

12. To abide by and enforce the resolutions adopted at the General Shareholders' Meeting, by the Board of Directors, its Executive Committee or the Chief Executive Officer, issuing, as appropriate, any public deeds or other legally required public or private documents for this purpose.

These powers may be exercised jointly and severally.

13. To replace and/or grant to third parties, all or in part, the powers attributed to them, as well as remove powers in full or in part, including those granted previously, issuing the related public or private documents, and reporting the exercise of this power to the Board of Directors at its next meeting thereafter.

These powers must be exercised jointly, with the additional requirement of at least three legal representatives.

14. To attend and represent the Company at the General Meetings of shareholders and/or partners of all Ebro Puleva Group companies, and to pass as many resolutions as necessary without limitation.

These powers may be exercised jointly or separately.

Finally, neither Antonio Hernández Callejas, nor Jaime Carbó Fernández or any other Director or manager has been granted powers to issue or buy back shares.

h) Any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company. This exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements.

There are no agreements of this type.

i) Any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

In 2006, the Chairman, Mr. Antonio Hernández Callejas notified the Board of Directors that he would irrevocably forgo his entitlement to the safeguard clause originally included in his contract, which consisted of a net termination benefit equivalent to two years' total gross annual remuneration.

The General Director, Mr. Jaime Carbó Fernández, and the General Secretary Mr. Miguel Angel Pérez Álvarez have likewise forgone their entitlement to the safeguard clauses originally established in their respective contracts, which consisted of a net termination benefit, equal to two years' gross annual remuneration. The Board of Directors resolved to replace this termination benefit with the indemnity contemplated in cases of dismissal or change in control equal or similar to what they would have normally received under prevailing Employment Legislation in Spain.

As for other managers of Ebro Puleva, S.A. the contracts of three managers include safeguard clauses in the event of dismissal decided by the company or for changes in control which provide for termination benefits ranging from one to three years' annual remuneration.

In other cases of dismissal through no fault on the part of the employee, the indemnity contemplated in prevailing Employment Legislation in Spain shall be applied.

10. ANNUAL CORPORATE GOVERNANCE REPORT

In accordance with prevailing legislation, this section of the consolidated management report includes the Annual Corporate Governance Report for 2008 of Ebro Puleva, S.A. as required by the National Securities Commission (the CNMV).



◀ ANNUAL FINANCIAL REPORT

1. ANALYSIS OF THE FINANCIAL INFORMATION
2. STOCK MARKET INFORMATION
3. AUDITORS' REPORT ON SEPARATE ANNUAL ACCOUNTS
4. SEPARATE ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT
5. AUDITORS' REPORT ON CONSOLIDATED ANNUAL ACCOUNTS
6. **CONSOLIDATED ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT**
7. DISCLAIMER

ANNUAL CORPORATE GOVERNANCE REPORT LISTED COMPANIES

Read the instructions at the end of this report to correctly understand and complete the form.

A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the capital of the company:

Date latest modification	Capital (€)	Number of shares	Number of voting rights
11/06/2002	92,319,235.20	153,865,392	153,865,392

Indicate whether there are different classes of shares with different associated rights:

NO

A.2. Give details on the direct and indirect holders of significant interests in your company at year-end, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	Interest / total voting rights (%)
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	13,262,722	10,346,192	15.344
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0	12,995,941	8.446
HISPAFOODS INVEST S.L.	10,346,192	0	6.724
CASA GRANDE DE CARTAGENA, S.L.	9,475,145	0	6.158
LOLLAND, S.A.	0	9,475,145	6.158
INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.	7,750,000	0	5.037
SOCIEDAD ANÓNIMA DAMM	0	7,710,000	5.011
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	0	6,242,154	4.057

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights	Interest / total voting rights (%)
INSTITUTO HISPANICO DEL ARROZ, S.A.	HISPAFOODS INVEST S.L.	10,346,192	6.724
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	12,995,941	8.446
LOLLAND, S.A.	CASA GRANDE DE CARTAGENA, S.L.	9,475,145	6.158
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DAMM, S.A.	7,710,000	5.011
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	ACCIONES, CUPONES Y OBLIGACIONES SEGOVIANAS, S.I.C.A.V., S.A.	7,171	0.005
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	BESTINFOND, F.I.	106,693	0.069
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	BESTINVER BESTVALUE S.I.C.A.V., S.A.	196,515	0.128
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	BESTINVER BOLSA, F.I.	2,471,863	1.607
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	BESTINVER MIXTO, F.I.	549,196	0.357
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	DIVALSA DE INVERSIONES, S.I.C.A.V., S.A.	9,310	0.006
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	JORICK INVESTMENT S.I.C.A.V., S.A.	2,504	0.002
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	LINKER INVERSIONES S.I.C.A.V., S.A.	5,303	0.003
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	LOUPRI S.I.C.A.V., S.A.	14,429	0.009
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	SOIXA S.I.C.A.V., S.A.	1,871,184	1.216
BESTINVER GESTIÓN, S.A., S.G.I.I.C.	TEXRENTA INVERSIONES S.I.C.A.V., S.A.	53,986	0.035

Indicate the principal movements in the shareholding structure during the year:

A.3. Complete the following tables on directors' voting rights corresponding to shares in the company:

Name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights held
ANTONIO HERNÁNDEZ CALLEJAS	30	0	0.000
JOSE BARREIRO SEOANE	3,010	0	0.002
ALIMENTOS Y ACEITES, S.A.	12,995,941	0	8.446
CAJA DE AHORROS DE SALAMANCA Y SORIA	9,247,898	0	6.010
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	0	7,750,000	5.037
CORPORACIÓN ECONÓMICA DAMM, S.A.	7,710,000	0	5.011
EUGENIO RUIZ-GÁLVEZ PRIEGO	150	0	0.000
FERNANDO CASTELLÓ CLEMENTE	2,230,000	0	1.449
FÉLIX HERNÁNDEZ CALLEJAS	10	0	0.000
JAIME CARBÓ FERNÁNDEZ	4,899	0	0.003
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	0	500,000	0.325
JUAN DOMINGO ORTEGA MARTÍNEZ	1,455	3,511,853	2.283
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	10	0	0.000

Name of indirect holder of the interest	Through: Name of direct holder of the interest	Number of direct voting rights	% of total voting rights
JUAN DOMINGO ORTEGA MARTÍNEZ	MONZOTAMI, S.L.	2,165,773	1.408
JUAN DOMINGO ORTEGA MARTÍNEZ	QUESOS FORLASA, S.A.	1,172,080	0.762
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	FUENTE SALADA, S.L.	500,000	0.325
JUAN DOMINGO ORTEGA MARTÍNEZ	FORLASA ALIMENTACIÓN, S.L.	174,000	0.113

Total % of voting rights held by board members	28.567
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Complete the following tables on directors with stock options in the company:

A.4. Indicate family, commercial, contractual or corporate relationships among significant shareholders known to the company, if any, except any that are insignificant and those deriving from ordinary commercial business:

Type of relationship:

Corporate

Brief description:

Instituto Hispánico del Arroz, S.A. holds a direct interest of 51.62% and an indirect interest of 48.38% in Hispafoods Invest, S.L.

Name of related parties
Instituto Hispánico del Arroz, S.A.

Type of relationship:

Corporate

Brief description:

Lolland, S.A. holds an indirect interest of 100% in Casa Grande de Cartagena, S.L.

Name of related parties
Lolland, S.A.

Type of relationship:

Contractual

Brief description:

The companies listed below and in the second table of section A.2 of this report hold shares in Bestinver Gestión, S.A., S.G.I.I.C.: ACCIONES CUPONES Y OBLIGACIONES SEGOVIANAS, S.I.C.A.V., S.A., BESTINFOND, F.I., BESTINVER VALUE, S.I.C.A.V., S.A., BESTINVER BOLSA, F.I., BESTINVER MIXTO, F.I., DIVALSA DE INVERSIONES S.I.C.A.V., S.A., JORICK INVEST S.I.C.A.V., S.A., LINKER INVERSIONES S.I.C.A.V., S.A., LOUPRI S.I.C.A.V., S.A. and SOIXA S.I.C.A.V., S.A.

Name of related parties
Bestinver Gestión, S.A., S.G.I.I.C.

A.5. Indicate commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, if any, except any that are insignificant and those deriving from ordinary commercial business:

A.6. State whether the company has been notified of any shareholders' agreements that may affect it pursuant to the Securities Market Act s. 112. If any, describe them briefly and list the shareholders bound by the agreement:

NO

Indicate any concerted actions among company shareholders of which the company is aware:

NO

Expressly indicate any change or break-up of those agreements or concerted actions, if any, that has taken place during the year.

A.7. Indicate any individuals or entities that exercise or may exercise control over the company in pursuance of section 4 of the Securities Market Act:

NO

A.8. Complete the following tables on the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Treasury stock/capital (%)
5,078,735	0	3.301

(*) Through:

Total	0
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Give details on any significant variations during the year, according to the provisions of Royal Decree 1362/2007:

Date of communication	Total direct shares acquired	Total indirect shares acquired	% of capital
15/01/2008	1,993,687	0	1.296
28/01/2008	1,561,886	0	1.014
15/07/2008	1,568,027	0	1.019

Gain/(loss) obtained during the year on trading in own shares	9
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A.9. Indicate the term and conditions of the authorisation granted by the General Meeting to the Board to buy or sell own shares

The Annual General Meeting of Shareholders held on second call on 9 June 2008 resolved, under item five on the agenda, to authorise the Board of Directors to buy back own shares and to authorise subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, subject to the limits and other requisites stipulated in section 75 and Supplementary Provision One, point 2 of the current (recast) Corporations Act.

a. Conditions of the authorisation

- Authorisation to the Board of Directors to buy back own shares and to authorise subsidiaries to acquire shares in the parent company, by purchase or on any other payment basis, subject to the limits and other requisites stipulated in section 75 and Supplementary Provision One, point 2 of the current (recast) Corporations Act, as indicated below:

- . The par value of the shares acquired, when added to the par value of any shares already held by the company and its subsidiaries, may not at any time exceed 5% of the capital.
- . The company must be able to fund the reserve stipulated in section 79.3 of the current Corporations Act without reducing its capital or any of its reserves restricted by law or its bylaws.
- . The shares acquired must be fully paid up.
- . The minimum and maximum price of the acquisition must be equivalent to the par value of the own shares bought back and their market price on an official secondary market, respectively, at the time of purchase.

b. Contents of the authorisation

Authorisation of the Board to buy back own shares, by virtue of a direct decision or through delegation to the Executive Committee or such person or persons as the Board may authorise for this purpose, to hold those shares as treasury stock, dispose of them or, as the case may be, redeem them reducing the capital, in pursuance of the delegation made below, subject to the limits stipulated in law and the conditions established in this resolution. The authorisation is extended to the possibility of buying back own shares for delivery directly to employees or directors of the company or its group, as alternative remuneration to monetary remuneration, provided this does not raise the total income received by those groups.

Authorisation of the Board to reduce the capital in order to redeem own shares acquired by the company or any of the companies in its group, against the capital (for their par value) and unappropriated reserves (for the amount of their acquisition in excess of that par value), in such amounts as may be deemed fit from time to time, up to the maximum of the own shares held from time to time.

Delegation to the Board to execute the resolution to reduce the capital, so that it may do so on one or several occasions or decline to do so, within a period not exceeding 18 months from the date of this General Meeting, taking whatsoever actions as may be necessary for this purpose or required by prevailing legislation.

c. Term of the authorisation

The authorisation is granted for a maximum of eighteen months from the date of the General Meeting and covers all dealings in own shares effected on the terms and conditions stated herein, without having to be repeated for each acquisition, and any funding or allocation of reserves made in pursuance of the Corporations Act.

This authorisation rendered null and void the authorisation granted to the Board at the General Meeting held on 5 18 April 2007.

A.10. Indicate any legal or bylaw constraints on the exercise of voting rights and legal restrictions on the acquisition and disposal of shares in the capital. State whether there are any legal restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that one shareholder may exercise by legal restriction	0
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State whether the bylaws establish any restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights that one shareholder may exercise by restriction in the bylaws	0
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State whether there are any legal restrictions on the acquisition or disposal of shares in the capital:

NO

A.11. Indicate whether the General Meeting has resolved to apply the breakthrough rule against a takeover bid, under Act 6/2007:

NO

If so, explain the measures approved and the terms on which the restrictions will become ineffective:

B. MANAGEMENT STRUCTURE OF THE COMPANY

B.1. Board of Directors

B.1.1. State the maximum and minimum numbers of Directors stipulated in the bylaws:

Maximum number of directors	15
Minimum number of directors	7

B.1.2. Give details of the board members:

Name of director	Representative	Position on Board	Date first appointment	Date latest appointment	Election procedure
Antonio Hernández Callejas	—	Chairman	01/01/2002	27/04/2005	Vote at AGM
José Barreiro Seoane	—	Vice-chairman	31/05/2005	05/04/2006	Vote at AGM
Alimentos y Aceites, S.A.	Francisco Ballesteros Pinto	Director	23/07/2004	27/04/2005	Vote at AGM
Caja de Ahorros de Salamanca y Soria	Carlos Martínez Mínguez	Director	21/05/2003	27/04/2005	Vote at AGM
Caja España de Inversiones, Caja de Ahorros y Monte de Piedad	Santos Llamas Llamas	Director	21/03/2002	27/04/2005	Vote at AGM
Corporación Económica Damm, S.A.	Demetrio Carceller Arce	Director	23/02/2006	05/04/2006	Vote at AGM
Eugenio Ruiz-Gálvez Priego	—	Director	25/07/2000	27/04/2005	Vote at AGM
Fernando Castelló Clemente	—	Director	13/12/2000	27/04/2005	Vote at AGM
Félix Hernández Callejas	—	Director	19/12/2007	09/06/2008	Vote at AGM
Jaime Carbó Fernández	—	Director	15/04/2004	27/04/2005	Vote at AGM
José Ignacio Comenge Sánchez-Real	—	Director	13/12/2000	27/04/2005	Vote at AGM
Juan Domingo Ortega Martínez	—	Director	23/02/2006	05/04/2006	Vote at AGM
Leopoldo del Pino y Calvo-Sotelo	—	Director	18/04/2007	18/04/2007	Vote at AGM
María Blanca Hernández Rodríguez	—	Director	23/02/2006	05/04/2006	Vote at AGM
Total number of directors					14

Indicate any retirements from the board during the year:

B.1.3. Complete the following tables on the types of board members:

EXECUTIVE DIRECTORS

Name of Director	Committee proposing appointment	Position in company's organisation
Antonio Hernández Callejas	Nomination and remuneration committee	Chairman
Eugenio Ruiz-Gálvez Priego	Nomination and remuneration committee	Director
Jaime Carbó Fernández	Nomination and remuneration committee	General Manager

Total number of executive directors	3
% of board	21.429

NON-EXECUTIVE PROPRIETARY DIRECTORS

Name of Director	Committee proposing appointment	Name of significant shareholder represented or that proposed appointment
Alimentos y Aceites, S.A.	Nomination and remuneration committee	Sociedad Estatal de Participaciones Industriales
Caja de Ahorros de Salamanca y Soria	Nomination and remuneration committee	Caja de Ahorros de Salamanca y Soria
Caja España de Inversiones, Caja de Ahorros y Monte de Piedad	Nomination and remuneration committee	Invergestión, Sociedad de Inversiones y Gestión, S.A.
Corporación Económica Damm, S.A.	Nomination and remuneration committee	Sociedad Anónima Damm
Félix Hernández Callejas	Nomination and remuneration committee	Instituto Hispánico del Arroz, S.A.
Leopoldo del Pino y Calvo-Sotelo	Nomination and remuneration committee	Casa Grande de Cartagena, S.L.
María Blanca Hernández Rodríguez	Nomination and remuneration committee	Instituto Hispánico del Arroz, S.A.

Total number of proprietary directors	7
% of board	50.000

NON-EXECUTIVE INDEPENDENT DIRECTORS

Name of Director

JOSÉ BARREIRO SEOANE

Profile

Born in El Ferrol (La Coruña). Agricultural Engineer with B.A. in Commercial Management and Marketing (ESIC). Former Councillor for Agriculture in the Spain Mission to the World Trade Organisation and Secretary General of the Ministry of Agriculture, Food and Fisheries. Has held other important positions in different national and international organisations related with agriculture, food and fisheries.

Name of Director

FERNANDO CASTELLÓ CLEMENTE

Profile

Born in Mollerusa (Lleida). Industrial Engineer and MBA (IESE). Lecturer in the School of Engineers and Architects of Fribourg (Switzerland). Has held several important executive and management positions in companies operating in the dairy sector and has extensive experience in the sector. Currently Vice-Chairman of Merchpensión, S.A. and on the board of other consultancy and financial services companies.

Name of Director

JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL

Profile

Born in San Sebastián. Economist and graduate in International Banking. Extensive experience in the financial sector, director and executive positions in several financial institutions and insurance companies, such as Banco Hispano Americano, Mutua Madrileña and Axa Winterthur, among others. Chairman of Rexam Ibérica and Arbitraje & Inversiones S.L.

Name of Director

JUAN DOMINGO ORTEGA MARTÍNEZ

Profile

Born in Albacete. Extensive experience in the pressed cheese business segment, within the dairy sector, and in the field of renewable energies. Holds several management positions in different companies in the financial and building sectors and is also Chairman/CEO of Quesos Forlase, S.A.

Total number of independent directors	4
% of board	28.571

OTHER NON-EXECUTIVE DIRECTORS

State why they cannot be considered proprietary or independent directors and their relationships, with the company or its executives or with the shareholders.

Indicate any variations during the year in the type of each director:

B.1.4. Explain, if appropriate, why proprietary directors have been appointed at the request of shareholders holding less than 5% of the capital.

State whether formal requests for presence on the board have been rejected from shareholders holding interests equal to or greater than others at whose request proprietary directors have been appointed. If appropriate, explain why such requests were not met.

NO

B.1.5. State whether any director has retired before the end of his/her term of office, whether said director explained the reasons for such decision to the Board and through what means, and if the explanations were sent in writing to the entire Board, explain below at least the reasons given by the director.

NO

B.1.6. Indicate the powers delegated to the Managing Director(s), if any:

B.1.7. Name Board members, if any, who are also directors or executives of other companies in the same group as the listed company:

Name of director	Name of Group company	Position
ANTONIO HERNÁNDEZ CALLEJAS	A W MELLISH LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARROZ. S.A.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	AZUCARERA EBRO, S.L.U.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	BOOST NUTRITION, C.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	DANRICE, A/S	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	DOSBIO 2010, S.L.U.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	EBRO AMERICA, INC.	CHAIRMAN
ANTONIO HERNÁNDEZ CALLEJAS	HEAP COMET LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	HERBA GERMANY GMBH	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP & SONS LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	JOSEPH HEAP PROPERTY LIMITED	JOINT & SEVERAL DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	N&C BOOST, N.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	NEW WORLD PASTA COMPANY	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	PANZANI, S.A.S.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	PULEVA BIOTECH. S.A.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	S&B HERBA FOODS LIMITED	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	VOGAN&CO LIMITED	DIRECTOR

Name of director	Name of Group company	Position
JOSE BARREIRO SEOANE	DOSBIO 2010, S.L.U.	DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	AZUCARERA EBRO, S.L.U.	MANAGING DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	COMPañIA DE MELAZAS, S.A.	VICE-CHAIRMAN
EUGENIO RUIZ-GÁLVEZ PRIEGO	NUEVA COMERCIAL AZUCARERA, S.A.	CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	CASTILLO CASTELLÓ, S.A.	CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	EL CASTILLO DEBIC FOOD SERVICE, S.L.	CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	LACTIMILK, S.A.	CHAIRMAN
FÉLIX HERNÁNDEZ CALLEJAS	ANGLO AUSTRALIAN RICE LIMITED	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	ARROZEIRAS MUNDIARROZ, S.A.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	BOOST NUTRITION, C.V.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	DANRICE, NS	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	ESPAÑOLA DE I+D, S.A.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	FALLERA NUTRICIÓN, S.L.U.	JOINT & SEVERAL DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA DE PUERTO RICO, LLC	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA EGYPT RICEMILLS, CO	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA FOODS, S.L.U.	JOINT & SEVERAL DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA HELLAS, S.A.	LIQUIDATOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA NUTRICIÓN, S.L.U.	JOINT & SEVERAL DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA RICE INDIA. PVT, LTD	JOINT & SEVERAL DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERBA RICEMILLS, S.L.U.	MANAGING DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HERTO, N.V.	CHAIRMAN
FÉLIX HERNÁNDEZ CALLEJAS	JOSEPH HEAP & SONS LIMITED	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	MUNDI RIZ, S.A.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	NURATRI, S.L.U.	JOINT & SEVERAL DIRECTOR

Name of director	Name of Group company	Position
FELIX HERNÁNDEZ CALLEJAS	NUTRAMAS, S.L.U.	JOINT & SEVERAL DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	NUTRIAL, S.L.U.	JOINT & SEVERAL DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	PRONATUR, S.L.U.	JOINT & SEVERAL DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	PULEVA BIOTECH, S.A.	DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	RISELLA, OY	DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	RIVERA DEL ARROZ, S.A.	DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	RIVIANA FOODS, INC.	DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	S&B HERBA FOODS LIMITED	DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	VITASAN, S.L.U.	JOINT & SEVERAL DIRECTOR
FELIX HERNÁNDEZ CALLEJAS	VOGAN&CO LIMITED	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	BOOST NUTRITIÓN, C.V.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	DOSBIO 2010, S.L.U.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	EBRO AMERICA, INC.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	EL CASTILLO DEBIC FOOD SERVICE, S.L.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	HERBA GERMANY GMBH	JOINT & SEVERAL DIRECTOR
JAIME CARBÓ FERNÁNDEZ	N&C BOOST, N.V.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	NEW WORLD PASTA COMPANY	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	PANZANI, S.A.S.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	RIVIANA FOODS, INC.	DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	DOSBIO 2010, S.L.U.	DIRECTOR

B.1.8. Name the company directors, if any, who are on the Boards of non-group companies listed on Spanish stock exchanges, insofar as the company has been notified:

Name of Director	Listed Company	Position
CAJA DE AHORROS DE SALAMANCA Y SORIA	URALITA, S.A.	DIRECTOR
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	LINGOTES ESPECIALES, S.A.	DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	PROSEGUR, COMPAÑÍA DE SEGURIDAD, S.A.	DIRECTOR

B.1.9. Indicate and, where appropriate, explain whether the company has established rules on the number of directorships its directors may hold:

YES

Explain the rules
Article 25 of the Regulations of the Board ("General Duties of Directors") provides in section 1 that Directors shall dedicate to the company such attention and time as may be necessary to guarantee the effective and adequate fulfilment of each and all of the duties corresponding to their position. Consequently, the maximum number of other directorships they may hold will be such as to ensure that they are able at all times to meet each and all of their obligations to the company.

B.1.10. In connection with recommendation number 8 of the Unified Code, indicate the company policies and general strategies that must be approved by the full Board:

Investment and financing policy	YES
Definition of the structure of the group of companies	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
Strategic or business plan, and the annual management objectives and budget	YES
Pay policy and performance rating of senior executives	YES
Risk management and control policy, and regular monitoring of internal reporting and control systems	YES
Dividend policy, treasury stock policy and, in particular, the limits established	YES

B.1.11. Complete the following tables on the aggregate directors' emoluments accrued during the year:

a) In the Company issuing this report:

Emoluments	Thousand euro
Fixed remuneration	1,226
Variable remuneration	366
Attendance fees	253
Emoluments stipulated in bylaws	2,055
Stock options and/or other financial instruments	0
Others	0

Total	3,900
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Other Benefits	Thousand euro
Advances	0
Loans granted	0
Pension Funds and Schemes: Contributions	0
Pension Funds and Schemes: Obligations contracted	0
Life assurance premiums	0
Guarantees furnished by the company for directors	0

b) For company directors who are on other Boards and/or in the top management of group companies:

Emoluments	Thousand euro
Fixed remuneration	563
Variable remuneration	202
Attendance fees	15
Emoluments stipulated in bylaws	0

Emoluments	Thousand euro
Stock options and/or other financial instruments	0
Others	0

Total	780
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Other Benefits	Thousand euro
Advances	0
Loans granted	0
Pension Funds and Schemes: Contributions	156
Pension Funds and Schemes: Obligations contracted	0
Life assurance premiums	0
Guarantees furnished by the company for directors	0

c) Total emoluments by type of director:

Types of Directors	Company	Group companies
Executive	1,592	765
Non-executive proprietary	1,590	11
Non-executive independent	718	4
Other non-executive	0	0

Total	3,900	780
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d) Directors' share in the profit of the parent company:

Total directors' emoluments (thousand euro)	4,680
Total directors' emoluments / profit attributed to parent company (%)	3.6

B.1.12. Name the members of top management who are not executive directors and indicate the aggregate remuneration accrued in their favour during the year:

Name	Position
FRANCISCO JAVIER LOZANO VALLEJO	FINANCE MANAGER
ALFONSO FUERTES BARRÓ	MANAGER ECONOMY
MIGUEL ANGEL PÉREZ ÁLVAREZ	SECRETARY
YOLANDA DE LA MORENA CEREZO	VICE-SECRETARY
GLORIA RODRÍGUEZ PATA	MANAGER CORPORATE ASSETS
PABLO ESTEBAN DOVAL	MANAGER INFORMATION TECHNOLOGY
JESÚS DE ZABALA BAZÁN	MANAGER AUDIT & COMPLIANCE

Total remuneration top management (thousand euro)	1,360
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B.1.13. Indicate globally whether any golden handshake clauses have been established for the top management, including Executive Directors, of the company or its group in the event of dismissal or change of ownership. State whether these contracts have to be notified to and/or approved by the governing bodies of the company/group companies:

Number of beneficiaries	3
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	Board of Directors	General Meeting
Body authorising the clauses	YES	NO

	YES
Is the General Meeting informed on the clauses?	X

B.1.14. Explain the process for establishing the remuneration of the Board members and the relevant articles of the Bylaws

Process for establishing directors' emoluments and the relevant articles of the bylaws	
<p>The current Article 22 of the Bylaws establishes the following process for directors' emoluments:</p> <p>When approving the company's accounts for the previous year, the general meeting shall set aside for the directors a share of 2.5% of the consolidated profits attributable to the company, although this sum may only be taken from the company's net profit for the year and after meeting the legal reserve requirements, setting aside for the shareholders the minimum dividend established in prevailing legislation and meeting all and any other priority assignments required by law. The directors may waive this remuneration, in full or in part, when drawing up the accounts. The board shall distribute the aforesaid sum among its members, annually and at its discretion, according to the duties assumed by each director on the board. The directors shall also be entitled to a fee for attending meetings of the corporate bodies, the amount of which shall be established every year by the general meeting.</p> <p>Directors with executive duties in the company shall, regardless of the nature of their legal relationship with the latter, be entitled to remuneration for the performance of such duties, the amount of which shall be decided each year at the Annual General Meeting. This remuneration may contemplate welfare payments to cover any public/private pension schemes and insurance systems considered necessary or retirement from office.</p> <p>On 26 February 2009, the Board resolved to freeze the statutory share of the Chairman, proprietary directors and independent directors for 2008 for the second year in succession, maintaining it at the same amount as in 2006 and 2007 and, consequently, to submit a proposal to the General Meeting to apply 1.57% of the consolidated profit attributable to the company in 2008.</p> <p>As regards the distribution of the share in profits among the different members of the Board according to the duties assumed by each of the directors on the board and its different committees, the scale applicable for 2008, after the latest review by the Board upon recommendation by the Nomination and Remuneration Committee, is as follows:</p> <ul style="list-style-type: none"> • Member of the Board of Directors: 1 point • Chairman of the Board: 1 point • Vice-Chairman of the Board: 0.5 points • Member of the Executive Committee: 1 point • Committees other than the Executive Committee: <ul style="list-style-type: none"> - Member of the Committee: 0.2 points - Chairman of the Committee: 0.05 points per meeting - Committee members: 0.03 points per meeting <p>Attendance fees for board and committee meetings did not vary in respect of the amounts established for 2005, 2006 and 2007, maintaining the sum of 1,400 euro for each board meeting attended and 700 euro for each committee meeting attended.</p>	

State whether the full Board has reserved approval of the following decisions:

At the proposal of the CEO, the appointment and possible removal of senior officers and their compensation clauses	YES
Directors' emoluments and, for executive directors, the additional remuneration for their executives duties and other conditions to be respected in their contracts	YES

B.1.15. Indicate whether the Board approves a detailed remuneration policy and what issues it defines:

YES

Amount of fixed components, with breakdown, if appropriate, of attendance fees for board and committee meetings and an estimate of the resulting annual fixed remuneration	YES
Variable remuneration items	YES
Main features of the welfare system, estimating the amount or equivalent annual cost	YES
Conditions to be respected in the contracts of those exercising top management duties as executive directors	YES

B.1.16. State whether the Board puts a report on the directors' remuneration policy to the vote at the General Meeting, as a separate item on the agenda and with advisory status. If so, explain the aspects of the report on the remuneration policy approved by the Board for future years, the most significant changes of those policies in respect of the policy applied during this period and an overall summary of how the remuneration policy was applied during the year. Describe the role of the Remuneration Committee and, if outside counselling has been used, name the external advisers who provided it:

YES

Issues contemplated in the remuneration policy
<p>1. Background</p> <p>2. Internal regulations applicable</p> <p>3. Remuneration policy for 2008</p> <p> 3.1. Share in profits stipulated in the Bylaws</p> <p> 3.2. Attendance fees for meetings of corporate bodies</p> <p> 3.3. Executive directors</p> <p> 3.4. Summary of overall remuneration accrued by Ebro Puleva S.A. board members in all the Group companies</p> <p> 3.5. Incentive Scheme linked to fulfilment of the Ebro Puleva Group Strategic Plan 2007-2009</p> <p> 3.6. Other information</p> <p>4. Remuneration policy for future years.</p>

Role of the Remuneration Committee
Examined and issued a favourable report on the Report on the Directors' Remuneration Policy for 2008, to be submitted to the Board.

Was any external counselling used?	YES
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Identity of the external advisers
Garrigues Human Capital Services

B.1.17. Name any Board members who are also directors, executives or employees of companies holding significant interests in the listed company and/or companies in its group:

Name of director	Name of significant shareholder	Position
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.	MANAGING DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HISPAFOODS INVEST S.L.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DIRECTOR
LEOPOLDO DEL PINO Y CALVO-SOTELO	CASA GRANDE DE CARTAGENA, S.L.	DIRECTOR
LEOPOLDO DEL PINO Y CALVO-SOTELO	LOLLAND, S.A.	DIRECTOR

Describe any significant relationships other than those contemplated in the previous section between board members and significant shareholders and/or companies in their group:

Name of director

ANTONIO HERNÁNDEZ CALLEJAS

Name of significant shareholder

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Description of relationship

ANTONIO HERNÁNDEZ CALLEJAS HAS A DIRECT HOLDING OF 16.666% IN INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Name of director

ANTONIO HERNÁNDEZ CALLEJAS

Name of significant shareholder

HISPAFOODS INVEST S.L.

Description of relationship

ANTONIO HERNÁNDEZ CALLEJAS HAS AN INDIRECT HOLDING OF 16.666% IN HISPAFOODS INVEST S.L.

Name of director

ALIMENTOS Y ACEITES, S.A.

Name of significant shareholder

SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES

Description of relationship

THE SIGNIFICANT SHAREHOLDER SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES HAS A DIRECT HOLDING OF 91.963% IN ALIMENTOS Y ACEITES, S.A.

Name of director

CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD

Name of significant shareholder

INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.

Description of relationship

CAJA ESPAÑA DE INVERSIONES HAS A DIRECT HOLDING OF 100% IN INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.

Name of director

FÉLIX HERNÁNDEZ CALLEJAS

Name of significant shareholder

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Description of relationship

FÉLIX HERNÁNDEZ CALLEJAS HAS A DIRECT HOLDING OF 16.666% IN INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Name of director

FÉLIX HERNÁNDEZ CALLEJAS

Name of significant shareholder

HISPAFOODS INVEST S.L.

Description of relationship

FÉLIX HERNÁNDEZ CALLEJAS HAS AN INDIRECT HOLDING OF 16.666% IN HISPAFOODS INVEST S.L.

Name of director

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

Name of significant shareholder

INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Description of relationship

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ HAS A DIRECT HOLDING OF 16.666% IN INSTITUTO HISPÁNICO DEL ARROZ, S.A.

Name of director

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

Name of significant shareholder

HISPAFOODS INVEST S.L.

Description of relationship

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ HAS AN INDIRECT HOLDING OF 16.666% IN HISPAFOODS INVEST S.L.

B.1.18. State whether any modifications have been made during the year to the Regulations of the Board:

NO

B.1.19. Describe the procedures for appointment, re-election, assessment and removal of directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

The procedures for appointment, re-election and removal of the directors are regulated in Articles 19 and 20 of the Bylaws, and Articles 5, 21, 22, 23 and 24 of the Regulations of the Board.

The General Meeting is responsible for deciding on the number of directors the company is to have, within the maximum (15) and minimum (7) established in the Bylaws, and for appointing or re-electing directors as proposed by the Board, subject to a favourable report by the Nomination and Remuneration Committee.

The Board may appoint directors by cooptation, upon recommendation by the Chairman and subject to a report by the Nomination and Remuneration Committee. The initiative of the Board regarding the incorporation of members by no means detracts from the sovereign power of the General Meeting to appoint and remove directors, or from any potential exercise by shareholders of their right to proportional representation.

The persons nominated by the Board for appointment or re-appointment as directors must be persons of recognised standing, with adequate experience and expertise to be able to perform their duties.

As regards the role of the Nomination and Remuneration Committee in the appointment of directors, see the duties of this Committee in section B.2.3 of this Report.

Directors are appointed for a term of four years, after which they are eligible for re-election on one or several occasions for terms of an equal duration. This term of four years is counted from the date of the General Meeting at which they are appointed, or ratified when previously appointed by cooptation by the Board.

If vacancies arise during the term for which they were appointed, the Board may appoint shareholders to fill those vacancies up to the next general meeting. Directors' appointments shall end at the first general meeting held after expiry of their term or lapse of the time stipulated in law for holding the general meeting that is to approve the accounts of the previous year.

The Board regularly rates the Directors on their efficiency and fulfilment of their obligations, requesting the corresponding reports from its Committees, and if considered necessary it may propose any modifications that may be appropriate to improve their performance.

Directors retire upon expiry of the term for which they were appointed and in all other events stipulated in the Corporations Act, the Bylaws or the Regulations of the Board. They must tender their resignations to the Board and step down in the events established in Article 24 of the Regulations of the Board.

B.1.20. Indicate the events in which directors are obliged to retire.

The retirement and resignation of directors are regulated in Article 24 of the Regulations of the Board:

- Directors must step down at the end of the term for which they were appointed and in all other events stipulated in law, the bylaws and the Regulations of the Board.

- Directors must also tender their resignations and step down in the following cases:

a) When they are affected by one of the cases of incompatibility or disqualification established in law, the bylaws or these regulations.

b) When they step down from the executive post to which their appointment as director was linked, when the shareholder they represent on the Board disposes of its shares in the company or reduces its interest to an extent requiring a reduction in the number of proprietary directors and, in general, whenever the reasons for their appointment disappear.

c) When the Board, following a report by the Nomination and Remuneration Committee, considers that the Director has seriously defaulted his obligations or for reasons of corporate interest.

The Board of Directors shall propose to the General Meeting of Shareholders that a Director be removed if one of the circumstances described above occurs and the Director fails to tender his resignation.

B.1.21. Explain whether the Chairman of the Board is the highest executive of the company. If so, state what measures have been adopted to limit the risks of any single person having unfettered powers:

YES

Measures for limiting risks
<p>With a view to establishing corrective measures in the bylaws to prevent excessive concentration of power in the Chairman when he is also the most senior executive of the company, Article 25 of the Bylaws creates the figure of a Vice-Chairman appointed from among the non-executive directors to boost the management supervision and control duties.</p> <p>In accordance with this provision, the current Vice-Chairman of the Board, José Barreiro Seoane, is an independent director and performs the aforesaid duties.</p>

Indicate and if appropriate explain whether rules have been established authorising one of the independent directors to request the calling of a board meeting or the inclusion of new items on the agenda, to coordinate and echo the concerns of non-executive directors and to direct the assessment by the board.

YES

Explanation of the rules
<p>The Regulations of the Board specify the events in which directors may request the calling of a board meeting or inclusion of items on the agenda; this power is not limited to independent directors.</p> <p>Article 9.2 of the Regulations establishes that one-third of the board members may, no less than six days prior to the scheduled date of the Board meeting, request the inclusion of any items they believe ought to be transacted.</p> <p>Article 9.5 of the Regulations states that the board may discuss and resolve on issues included on the agenda and any others that all the directors present and represented agree to transact.</p> <p>Article 25.2.b) stipulates that Directors shall also request meetings of the corporate bodies to which they belong whenever they consider this necessary in the interests of the Company, proposing whatever items they think should be included on the agenda.</p> <p>Finally, Article 33.1 provides that if the Chairman of the Board is also the chief executive of the company, a Vice-Chairman must be appointed from among the non-executive directors with the power to request the calling of a board meeting or the inclusion of new items on the agenda, who may organise meetings to coordinate non-executive directors and will direct the Chairman performance rating.</p>

B.1.22. Are special majorities differing from those stipulated in law required for any type of decision?:

NO

Explain how resolutions are adopted on the Board, indicating at least the quorum and the majorities required for adopting resolutions:

Description of the resolution:

Resolutions delegating powers to the Executive Committee and Managing Director, or CEO, and appointing directors to those positions.

Quorum	%
Quorum for attendance: two-thirds of the Board members	66.66

Majority	%
These resolutions are adopted by a majority of two-thirds of the Board members	66.66

Description of the resolution:

Ordinary resolutions.

Quorum	%
Quorum for attendance: one-half plus one of the Board members	51.00

Majority	%
These resolutions are adopted by absolute majority of the directors present or represented at each meeting.	51.00

B.1.23. Are there any specific requirements, other than those established for directors, to be appointed Chairman?

NO

B.1.24. Does the Chairman have a casting vote?

YES

Matters on which there is a casting vote
All.

B.1.25. Do the Bylaws or Regulations of the Board establish an age limit for directors?

NO

Age limit Chairman	Age limit Managing Director	Age limit Director
0	0	0

B.1.26. Do the Bylaws or Regulations of the Board establish a limited term of office for independent directors?

NO

Maximum number of years in office	0
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B.1.27. If the number of female directors is small or non-existent, explain why and the initiative taken to remedy that situation.

Explanation of reasons and initiatives
Board members are appointed regardless of candidates' sex so there is no positive or negative discrimination of any nature in the election of directors. María Blanca Hernández Rodríguez was appointed director in 2006.

In particular, indicate whether the Nomination and Remuneration Committee has established procedures to ensure that the selection procedures are not implicitly biased against the selection of female directors and deliberately search for candidates with the required profile:

NO

B.1.28. Are there any formal procedures for the delegation of votes at Board meetings? If so, include a brief description.

Both the Bylaws (Article 24) and the Regulations of the Board (Article 10) contemplate the possibility of directors attending Board meetings through a duly authorised proxy.

The proxy must be made in writing especially for each board meeting, in favour of another director.

The represented director may issue specific instructions on how to vote on any or all of the items on the agenda.

B.1.29. State the number of meetings held by the Board of Directors during the year, indicating, if appropriate, how many times the Board has met without the Chairman:

Number of board meetings	12
Number of board meetings held without the chairman	0

Number of meetings held by the different Committees of the Board:

Number of meetings of the Executive Committee	7
Number of meetings of the Audit Committee	5
Number of meetings of the Nomination and Remuneration Committee	4
Number of meetings of the Nomination Committee	0
Number of meetings of the Remuneration Committee	0

B.1.30. Number of meetings held by the Board during the period without the attendance of all its members. Proxies made without specific instructions will be considered absences:

Number of absences of directors during the year	8
% absences to total votes during the year	4.760

B.1.31. Are the separate and consolidated annual accounts submitted to the Board for approval previously certified?

NO

If so, name the person(s) who certify the separate or consolidated annual accounts of the company before they are approved by the Board:

B.1.32. Explain the mechanisms, if any, established by the Board to avoid a qualified auditors' report on the separate and consolidated accounts laid before the General Meeting.

Relations with the auditors are expressly regulated in Article 19 of the Regulations of the Board, which stipulates in section 2 that the Board shall endeavour to draw up the Annual Accounts in such a way as to avoid a qualified Auditors' report.

Within the specific duties attributed to the board in certain areas, Article 7.1 of the Regulations establishes that the Board shall see that the separate and consolidated Annual Accounts and Directors' Reports give a true and fair view of the equity, financial position and results of the company, as stipulated in law, and each and all of the Directors shall have all the necessary information before signing the Annual Accounts.

Article 13.3 of the Regulations of the Board gives the Audit and Compliance Committee certain powers to ensure that the Annual Accounts are filed without a qualified auditors' report (see section B.2.3).

B.1.33. Is the Secretary of the Board a Director?

NO

B.1.34. Explain the procedure for appointment and removal of the Secretary of the Board, indicating whether the Nomination Committee has issued a report for such appointment and removal and whether they were approved by the full board.

Appointment and removal procedure
<p>The Secretary of the Board may or may not be a director, is appointed by the Board upon recommendation by the Nomination and Remuneration Committee, after ensuring that his/her professional profile is adequate to guarantee the best performance of the duties corresponding to this position by law, the bylaws and regulations of the board.</p> <p>The company has not established any procedure for removal of the Secretary of the Board other than that stipulated in law, although Article 24.3 of the Regulations of the Board submits the Secretary, regardless of whether or not he/she is also a director, to the same obligations as the directors of explaining to all the Board members the reasons for retirement or resignation prior to the end of his/her term of office.</p>

Does the Nomination Committee issue a report on the appointment?	YES
Does the Nomination Committee issue a report on the removal?	YES
Does the full Board approve the appointment?	YES
Does the full Board approve the removal?	YES

Is the Secretary of the Board responsible especially for overseeing compliance with the recommendations on good governance?

YES

Comments
<p>Article 36.2 of the Regulations of the Board provides that in addition to the duties assigned by law and the bylaws, the Secretary of the Board shall, in particular:</p> <p>a) Ensure that the Board's actions:</p> <ul style="list-style-type: none">- Conform to the text and spirit of the laws and statutory instruments, including those approved by the watchdogs.- Conform to the company Bylaws and the Regulations of the General Meeting, the Board and any other regulations the company may have.- Take account of the recommendations on good governance accepted by the company. <p>b) Keep all company documents, duly record the proceedings of meetings in the corresponding minute books and certify the resolutions of those corporate bodies of which he/she is Secretary.</p> <p>c) Channel, generally, the Company's relations with Directors in all matters concerning the functioning of the Board and the Committees he/she is on, following the instructions of the respective Chairman.</p> <p>d) Implement and facilitate exercise by the Directors of their right to information on the terms stipulated in these Regulations.</p>

B.1.35. Describe any mechanisms established by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

Both the Bylaws and the Regulations of the Board vest in the Audit and Compliance Committee the power, among others, to contact the auditors and receive information on any issues that may jeopardise their independence, and any other issues relating to the auditing of accounts, and receive information from and exchange communications with the auditors in accordance with prevailing auditing standards and legislation.

Article 19 of the Regulations of the Board addresses relations with the auditors, obliging the Board to establish an objective, professional, continuous relationship with the External Auditors of the Company appointed by the General Meeting, guaranteeing their independence and putting at their disposal all the information they may require to perform their duties. It further establishes that the aforesaid relationship with the External Auditors of the Company and the relationship with the Internal Audit Manager shall be conducted through the Audit and Compliance Committee.

Finally, Article 28.2 of the Bylaws and Article 13.3 of the Regulations of the Board establish the following powers of the Audit and Compliance Committee in this respect:

- Ensure that the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be drawn up in accordance with current legislation give a true and fair view of the net worth, financial position and results of the Company, ensuring also that interim accounts are drawn up according to the same accounting principles as the annual accounts, considering the possibility, if appropriate, of requiring the external auditors to make a limited audit thereof.
- Have contacts with the Auditors to receive information on any issues that may jeopardise their independence, and any other issues relating to the auditing of accounts, receiving information from and exchanging communications with the Auditors in accordance with prevailing auditing standards and legislation.

B.1.36. Indicating whether the external auditors have changed during the year. If so, name the incoming and outgoing auditors:

NO

Outgoing auditor	Incoming auditor

Explain any disagreements with the outgoing auditor:

NO

B.1.37. State whether the firm of auditors does any work for the company and/or its group other than standard audit work and if so, declare the amount of the fees received for such work and the percentage it represents of the total fees invoiced to the company and/or its group.

YES

	Company	Group	Total
Cost of work other than auditing (thousand euro)	65	232	297
Cost of work other than auditing / Total amount invoiced by the auditors (%)	19.200	11.900	12.980

B.1.38. Indicate whether the auditors' report on the annual accounts of the previous year was qualified. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of the qualifications.

NO

B.1.39. State the number of years in succession that the current firm of auditors has been auditing the annual accounts of the company and/or its group. Indicate the ratio of the number of years audited by the current auditors to the total number of years that the annual accounts have been audited:

	Company	Group
Number of years in succession	13	13

	Company	Group
Number of years audited by current auditors / Number of years that the company has been audited (%)	65.0	65.0

B.1.40. Indicate the stakes held by Board members in the capital of undertakings engaged in activities identical, similar or complementary to those comprising the objects of the Company and its Group, as far as the company has been notified. Indicate also the positions held or duties performed in those undertakings:

Name of director	Name of company	% interest	Position or duties
ANTONIO HERNÁNDEZ CALLEJAS	INSTITUTO HISPANICO DEL ARROZ, S.A.	16.666	NO POSITION HELD
ANTONIO HERNÁNDEZ CALLEJAS	CASARONE AGROINDUSTRIAL, S.A.	3.620	NO POSITION HELD
CAJA DE AHORROS DE SALAMANCA Y SORIA	MARCOS SOTERRANO, S.L.	50.000	NO POSITION HELD
CAJA DE AHORROS DE SALAMANCA Y SORIA	BARRANCARNES INDUSTRIAL, S.A.	40.000	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	DIBAQ DIPROTEG, S.A.	27.010	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	LEONESA ASTUR DE PIENSOS, S.A.	41.290	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	QUALIA LÁCTEOS, S.L.	26.469	NO POSITION HELD

Name of director	Name of company	% interest	Position or duties
CAJA DE AHORROS DE SALAMANCA Y SORIA	JAMONES BURGALÉSES, S.A.	40.000	DIRECTOR
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	CAMPO INVERSIONES, S.A.	100.000	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	16.666	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	CASARONE AGROINDUSTRIAL, S.A.	3.620	DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	QUESOS FORLASA, S.A.	60.690	PHYSICAL REPRESENTATIVE OF THE CORPORATE MANAGING DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	FORLASA ALIMENTACIÓN, S.L.	60.840	MANAGING DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	FORLACTARIA OPERADORES LECHEROS, S.A.	59.850	CHAIRMAN OF THE BOARD
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	16.666	NO POSITION HELD
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	CASARONE AGROINDUSTRIAL, S.A.	3.020	NO POSITION HELD

B.1.41. Indicate, giving details if appropriate, whether a procedure has been established for directors to receive external counselling:

YES

Details of procedure
<p>The directors' right to counselling and information is regulated in Article 30 of the Regulations of the Board, which provides in 30.2 that:</p> <p>a. Any Director may, in the course of any specific duties commissioned to him on an individual level or within the framework of any of the Committees of the Board, request the Chairman to contract, at the Company's expense, such legal advisers, accountants, technical, financial or commercial experts or others as he may consider necessary, in order to assist him in the performance of his duties, provided such counselling is justified is to resolve specific problems that are particularly complex and important.</p> <p>b. Considering the circumstances of the specific case, the Chairman may (i) deny or authorise the proposal in a communication sent through the Secretary of the Board, who shall, provided the proposal is authorised, contract the expert in question; and (ii) put the proposal to the Board, which may refuse to finance the counselling if it considers it unnecessary for discharging the duties commissioned, or out of proportion with the importance of the matter, or if it considers that the technical assistance requested could be adequately provided by Company employees.</p>

B.1.42. Indicate, with details if appropriate, whether there is an established procedure for directors to obtain sufficiently in advance any information they may need to prepare the meetings of the governing bodies:

YES

Details of procedure
<p>Article 25.2 a) of the Regulations of the Board establishes the duty of directors to request the necessary information to adequately prepare Board and Committee meetings.</p> <p>Articles 9.1 and 9.3 of the Regulations of the Board in turn establish that (i) directors shall receive information at Board meetings on the most important aspects of corporate management, any foreseeable risk situations for the company and its subsidiaries and the actions proposed by the Top Management in respect thereof; and (ii) whenever possible, any necessary information relating to the items on the agenda shall be sent to the Directors together with the notice of call.</p> <p>The procedure for informing directors is regulated in Article 30.1 of the Regulations of the Board, which provides that whenever so required in the performance of their duties, directors shall have the fullest powers to obtain information on any corporate affairs, obtaining such documents, records, background information or other elements as they may require in this respect. This right to information is extended to subsidiaries.</p> <p>All requests for information shall be addressed to the Chairman and met by the Secretary of the Board, who shall supply the information directly or indicate who is to be contacted within the Company and, in general, establish the necessary measures to fully meet the director's right to information.</p>

B.1.43. Indicate, with details if appropriate, whether the company has established any rules obliging Directors to report and, if necessary, retire in any situations that could be detrimental to the prestige and reputation of the company:

YES

Explanation
<p>Article 22 of the Regulations of the Board, which regulates the incompatibilities of directors and establishes their obligations in respect of no competition, conflicts of interest and related-party transactions, also expressly stipulates that if a director is sued or tried for any of the offences contemplated in the Corporations Act s. 124, the Board shall examine the case as soon as possible and decide, in consideration of the specific circumstances, whether or not the Director in question should remain in office, including a reasoned report in the Annual Corporate Governance Report.</p>

B.1.44. Has any member of the Board informed the company that he/she has been sued or brought to trial for any of the offences contemplated in section 124 of the Corporations Act?

NO

Has the Board studied the case. If so, indicate and explain the decision made as to whether or not the director should remain in office?

NO

Decision adopted	Reasoned explanation

B.2. Committees of the Board

B.2.1. Give details of the different committees and their members:

EXECUTIVE COMMITTEE

Name	Position	Type
ANTONIO HERNÁNDEZ CALLEJAS	CHAIRMAN	EXECUTIVE
CAJA DE AHORROS DE SALAMANCA Y SORIA	MEMBER	PROPRIETARY
CORPORACIÓN ECONÓMICA DAMM, S.A.	MEMBER	PROPRIETARY
JOSÉ BARREIRO SEOANE	MEMBER	INDEPENDENT
LEOPOLDO DEL PINO Y CALVO-SOTELO	MEMBER	PROPRIETARY

AUDIT COMMITTEE

Name	Position	Type
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	CHAIRMAN	INDEPENDENT
CAJA DE AHORROS DE SALAMANCA Y SORIA	MEMBER	PROPRIETARY
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	MEMBER	PROPRIETARY
FERNANDO CASTELLÓ CLEMENTE	MEMBER	INDEPENDENT
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	MEMBER	PROPRIETARY

STRATEGY AND INVESTMENT COMMITTEE

Name	Position	Type
CORPORACIÓN ECONÓMICA DAMM, S.A.	CHAIRMAN	PROPRIETARY
ANTONIO HERNÁNDEZ CALLEJAS	MEMBER	EXECUTIVE
CAJA DE AHORROS DE SALAMANCA Y SORIA	MEMBER	PROPRIETARY
JUAN DOMINGO ORTEGA MARTÍNEZ	MEMBER	INDEPENDENT
LEOPOLDO DEL PINO Y CALVO-SOTELO	MEMBER	PROPRIETARY

NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Type
JUAN DOMINGO ORTEGA MARTÍNEZ	CHAIRMAN	INDEPENDENT
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	MEMBER	PROPRIETARY
CORPORACIÓN ECONÓMICA DAMM, S.A.	MEMBER	PROPRIETARY
FERNANDO CASTELLÓ CLEMENTE	MEMBER	INDEPENDENT
MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ	MEMBER	PROPRIETARY

B.2.2. State whether the Audit Committee has the following duties:

Oversee the preparation and integrity of the company's, and where appropriate the group's, financial reporting, checking compliance with the legal requirements, adequate definition of the consolidated group and correct application of accounting principles	YES
Regularly check the internal control and risk management systems, ensuring that the principal risks are adequately identified, managed and reported	YES
Ensure the independence and efficacy of the internal audit duties; propose the nomination, appointment, re-appointment and removal of the chief audit officer; propose the budget for this department; receive regular information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports	YES
Establish and supervise a "whistle-blowing" procedure so employees can confidentially or, where appropriate, even anonymously report any irregularities they observe in the company's conduct, particularly in financial and accounting aspects.	YES
Submit to the Board proposals for nomination, appointment, re-appointment and replacement of external auditor, and terms of engagement	YES
Receive regularly from the external auditor information on the audit plan and the outcome of its fulfilment and see that top management heeds its recommendations	YES
Guarantee the independence of the external auditor	YES
In the case of groups, encourage the group auditor to audit the different companies in the group	YES

B.2.3. Describe the rules of organisation and procedure and the responsibilities attributed to each Committee

Name of committee

STRATEGY AND INVESTMENT COMMITTEE

Brief description

The Strategy and Investment Committee has a minimum of three and a maximum of five Directors, including a Chairman, appointed by the Board of Directors in accordance with the company bylaws. The Committee meets whenever called by its Chairman or at the request of two of its members and whenever the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Notices of call are issued by the Secretary by order of the Chairman. Whenever the Committee so requests its Chairman, its meetings may be attended by any member of the management team of the Company, who may speak but not vote. At the following Board meeting, the Chairman of the Strategy and Investment Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board. The Strategy and Investment Committee studies, issues reports and submits proposals for the Board on the following matters: a) Setting of targets for growth, yield and market share of the company. b) Development plans, new investments, and strategic restructuring processes. c) Coordination with subsidiaries in the matters contemplated a) and b), for the common interest and benefit of the Company and its subsidiaries. In the performance of its duties, it may, where necessary, obtain information and collaboration from the members of the Company management, through the Chairman of the Committee.

Name of committee

NOMINATION AND REMUNERATION COMMITTEE

Brief description

The Nomination and Remuneration Committee has a minimum of three and a maximum of five non-executive Directors, appointed by the Board of Directors in accordance with the company bylaws. This notwithstanding, the Company Secretary acts as Secretary of the Committee, with voice but no vote, issuing minutes of all resolutions adopted. The Committee appoints one of its members to be Chairman. The Committee meets whenever called by its Chairman or at the request of two of its members and at least once every three months. It also meets whenever the Board requests the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Meetings are called by the Secretary of the Committee by order of the Chairman. Whenever the Committee so requests its Chairman, its meetings may be attended by any member of the company management, who may speak but not vote.

At the following Board meeting, the Chairman of the Nomination and Remuneration Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board.

The Committee studies, issues reports and submits proposals for the Board on the following matters: a) Definition and revision, where necessary, of the criteria to be followed for the composition and structure of the Board, and for selection of candidates to sit on the Board. It informs in advance on the appointment of a director by cooptation or the submission of any proposals to the general meeting regarding the appointment or removal of directors. b) Appointment of the Chairman, Vice-Chairman, Managing Director if any, General Manager and Company Secretary, and assignment of the directors to the Executive Committee, the Audit and Compliance Committee and the Strategy and Investment Committee, and appointment of the members of the Management Committee and such other advisory committees as the Board may create, as well as the appointment and possible removal of senior officers and their contractual clauses regarding severance pay. c) Position of the company on the appointment and removal of members of the governing bodies of its subsidiaries. d) Proposal of directors' emoluments, in accordance with the rules on remuneration established in the Bylaws and the relations of executive directors with the company. The Committee must also inform in advance on any resolution or proposal of the Board on the remuneration of directors and executives indexed to the share price of the company or its subsidiaries, or consisting of the delivery of shares in the company or its subsidiaries or stock options. e) Preparation, if appropriate, of a proposal on the Statute of Senior Positions. f) Supervision of the Top Management remuneration and incentives policy, being informed and informing also on the criteria followed by the company's subsidiaries. g) Assessment of the principles of the policy regarding the training, promotion and selection of management personnel in the parent company and its subsidiaries, where appropriate. h) Examination and organisation, howsoever may be considered appropriate, of the succession of the Chairman and CEO and, where appropriate, submission of proposals to the Board to ensure that the succession is made in an orderly, well-planned fashion. i) Proposal for the appointment of senior executives of the Company and determination of their terms of

contract and remuneration, considering this to include any executives with a rank equal to or higher than Department Manager, being informed and informing also on the appointments and terms of contract of the senior executives of the company's subsidiaries.

Name of committee

EXECUTIVE COMMITTEE

Brief description

In addition to the Chairman and the Vice-Chairman, other Directors may sit on the Executive Committee, up to a maximum of seven members, with the composition stipulated in the Bylaws. All the members of this Committee are appointed by the Board, which also specifies what powers are delegated to it, in accordance with the Bylaws and the Regulations of the Board, requiring votes in favour of at least two-thirds of the Board members to carry the relevant resolutions. Save otherwise resolved by the Board, all the powers of the Board that may be delegated according to law, the Bylaws and the Regulations are deemed delegated to this Committee on its creation, subject to the limits established from time to time in the recommendations on good corporate governance. The Chairman and Secretary of the Board hold the corresponding positions on the Executive Committee. The Executive Committee generally holds one meeting a month. Its meetings may be attended by such members of management, employees and advisers of the company as the Committee may deem fit. Without prejudice to the autonomy of decision of the Executive Committee in respect of the delegated powers, its resolutions being fully valid and effective without ratification by the Board, whenever circumstances so require, in the opinion of the Chairman or three members of the Committee, the resolutions adopted by the Executive Committee are submitted to the Board for ratification. This is also the case in matters which the Board has delegated the Committee to study, while reserving for itself the ultimate decision, in which case the Executive Committee merely submits the corresponding proposal to the Board. At the request of any of its members, the Directors will be informed at the first Board meeting following any meeting of the Executive Committee of all resolutions adopted by the latter since the previous Board meeting. Directors are granted access to the minutes of Executive Committee meetings whenever they so request of the Secretary of the Board. The Executive Committee has the following powers: a) Adopt resolutions corresponding to the powers delegated to it by the Board of Directors. b) Monitor and supervise the overall and day-to-day management of the Company, ensuring adequate coordination with the subsidiaries in the common interests of the latter and the company. c) Study and propose the guidelines defining the business strategy, supervising its implementation. d) Discuss and report to the Board on any matters related with the following business, regardless of whether or not they have been delegated by the Board: - Individual and consolidated annual budget of the company, specifying the amounts budgeted for each core business. - Monthly monitoring of the economic management, deviations from the budget and proposals for remedial measures, if necessary. - Significant material or financial investments and their corresponding economic justification. - Alliances and agreements with companies considered important for the company, by virtue of their amount or nature. - Financial transactions of economic importance for the company. - Programme of medium-term activities. - Assessment of the achievement of objectives by the different operating units of the company. - Monitoring and assessment of the aspects contemplated in d) in the subsidiaries. e) Adopt resolutions corresponding to the acquisition and disposal of treasury stock by the Company, in accordance with the authorisation granted by the General Meeting. A particular director may be appointed to execute and process decisions to buy or sell own shares, overseeing and, where necessary, authorising, provided it is lawful, any agreements that may be made by subsidiaries for the acquisition and disposal of own shares or shares in the company.

Name of committee

AUDIT COMMITTEE

Brief description

The Audit and Compliance Committee has a minimum of three and a maximum of five non-executive Directors appointed by the Board in accordance with the company Bylaws. The Board appoints one of the Committee members who are independent directors Chairman of this Committee, to be replaced every four years and becoming eligible for re-election one year after his retirement as such. The Chairman of the Board may attend the meetings of this Committee, with voice but no vote. In the absence of the Chairman, he is provisionally substituted by the Committee member so appointed by the Board, or otherwise by the oldest member of the Committee. The Company Secretary is Secretary of this Committee, with voice but no vote, issuing minutes of the resolutions adopted. The Committee meets as and when called by its Chairman, or at the request of two of its members and at least once every three months. It also meets whenever the Board requests the issuance of reports, submission of proposals or

adoption of resolutions within the scope of its duties. The notice of call is issued by the Secretary of the Committee by order of the Chairman. Apart from the members, any directive may be called to attend a committee meeting. Committee meetings are held at the registered office of the company, or wheresoever else the Chairman may indicate, specifying the venue in the notice of call, and are quorate when attended, in person or by proxy, by the majority of its members. Resolutions are adopted with the favourable votes of the majority of the members attending the meeting in question. In the event of a tie, the chairman or acting chairman has the casting vote. At the following Board meeting, the Chairman of the Audit and Compliance Committee reports on all resolutions, reports or proposals made by the Committee since the previous Board meeting. Directors have access to the minutes of Committee meetings, through the Secretary of the Board. The Audit and Compliance Committee has the following powers: a) Be informed of the procedures and systems used for drawing up the financial information of the Company, supervising the services of the Internal Audit Department. b) Receive the information sent regularly to the Stock Exchange Councils, issue prospectuses and any public financial information offered by the Company and, in general, all information prepared for distribution among shareholders, ensuring the existence of internal control systems that guarantee the transparency and truth of the information. c) Ensure that the systems used for preparing the separate and consolidated Annual Accounts and Directors' Report submitted to the Board to be drawn up in accordance with current legislation give a true and fair view of the net worth, financial position and results of the Company, making sure that interim accounts are drawn up according to the same accounting principles as the annual accounts, considering the possibility of requesting the external auditors to make a limited audit thereof. In this respect, it also sees that the internal control systems are adequate and effective in respect of the accounting practices and principles used for drawing up the annual accounts of the company, supervising the policies and procedures established for ensuring due compliance with applicable legal provisions and internal regulations. The Committee shall, through its Chairman, obtain information and collaboration from both the Internal Audit Manager and the External Auditors to perform these duties. Furthermore, whenever the Committee so requests its Chairman, its meetings may be attended by any member of the company management, who may speak but not vote. d) Have contacts with the Auditors to receive information on any issues that may jeopardise their independence, and any other issues relating to the auditing of accounts, receiving information from and exchanging communications with the External Auditors in accordance with prevailing auditing standards and legislation. e) Be informed of the decisions adopted by the top management according to recommendations made by the External Auditors in connection with the audit. f) Inform the Board before the latter body adopts any decision regarding related-party transactions submitted for authorisation. g) Establish an internal "whistle-blowing" procedure so employees can confidentially report any potentially important irregularities. h) Supervise compliance with the internal codes of conduct and the rules on good corporate governance.

Name of committee

MANAGEMENT COMMITTEE

Brief description

The Board appoints a Management Committee, consisting of the persons responsible for the principal management units and business areas of the Company and its subsidiaries and the executive directors proposed by the Nomination and Remuneration Committee, chaired by the Chairman of the Board or the Managing Director, as the case may be. The Company Secretary is Secretary of this Committee. The Management Committee prepares and follows up decisions within the management of the Company, regarding strategy, budget, finance and personnel, draws up business plans and controls their implementation, defining the Company's position in respect of its subsidiaries on these matters. The Committee meets whenever called by its Chairman and in any case whenever the Board or Committees of the Board request the issuance of reports, submission of proposals or adoption of resolutions within the scope of its duties. Committee meetings are called by the Secretary, by order of the Chairman.

B.2.4. Indicate, where appropriate, the advisory or counselling powers and delegations, if any, of each committee:

Name of committee

STRATEGY AND INVESTMENT COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 15 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

Name of committee

NOMINATION AND REMUNERATION COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 14 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

Name of committee

EXECUTIVE COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 12 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

Name of committee

AUDIT COMMITTEE

Brief description

THOSE CONTEMPLATED IN ARTICLE 13 OF THE REGULATIONS OF THE BOARD. SEE SECTION B.2.3 OF THIS REPORT.

B.2.5. Indicate the existence, if appropriate, of regulations of the board committees, where they are available for consultation and any modifications made during the year. State whether an annual report has been issued voluntarily on the activities of each committee.

Name of committee

STRATEGY AND INVESTMENT COMMITTEE

Brief description

There is no separate text regulating the Strategy and Investment Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 15).

The Regulations of the Board are available for consultation on the company's web site (www.ebropuleva.es) and on the web site of the National Securities Market Commission (www.cnmv.es).

Name of committee

NOMINATION AND REMUNERATION COMMITTEE

Brief description

There is no separate text regulating the Nomination and Remuneration Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 14).

Name of committee

EXECUTIVE COMMITTEE

Brief description

There is no separate text regulating the Executive Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 12).

Name of committee

AUDIT COMMITTEE

Brief description

There is no separate text regulating the Audit Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 13).

Name of committee
MANAGEMENT COMMITTEE

Brief description

There is no separate text regulating the Management Committee, which is sufficiently regulated in the Regulations of the Board of Directors (Article 16).

B.2.6. Does the composition of the Executive Committee reflect the participation on the Board of the different types of Director?

YES

C. RELATED-PARTY TRANSACTIONS

C.1. Does the full Board reserve the right to approve, subject to a favourable report by the Audit and Compliance Committee or such other committee it may have commissioned, any transactions between the company and its directors, significant or represented shareholders or parties related thereto?

YES

C.2. List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and controlling shareholders of the company:

Name of significant shareholder	Name of company or group company	Relationship	Type of transaction	Amount (thousand euro)
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA FOODS, S.L.U.	CONTRACTUAL	Services received	50
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA NUTRICIÓN, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	2
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	3,838
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Services received	513
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Purchase of goods (finished or otherwise)	10,707
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Lease	86
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	2,903
SOCIEDAD ANÓNIMA DAMM	NUEVA COMERCIAL AZUCARERA, S.A.	CONTRACTUAL	Sale of goods (finished or otherwise)	4,078
SOCIEDAD ANÓNIMA DAMM	PULEVA FOOD, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	639

C.3. List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and the directors or executives of the company:

Name of director or executive	Name of company or group company	Nature of the transaction	Type of transaction	Amount (thousand euro)
CAJA DE AHORROS DE SALAMANCA Y SORIA	AGROTEO, S.A	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	1,713
CAJA DE AHORROS DE SALAMANCA Y SORIA	AZUCARERA EBRO, S.L.U.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	8,736
CAJA DE AHORROS DE SALAMANCA Y SORIA	AZUCARERA EBRO, S.L.U.	FINANCIAL	Guarantees and securities received	1,918
CAJA DE AHORROS DE SALAMANCA Y SORIA	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	19,296
CAJA DE AHORROS DE SALAMANCA Y SORIA	BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.	FINANCIAL	Guarantees and securities received	6,000
CAJA DE AHORROS DE SALAMANCA Y SORIA	EBRO PULEVA, S.A.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	55,792
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	AGROTEO, S.A	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	99
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	AZUCARERA EBRO, S.L.U.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	26,164
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	BIOCARBURANTES DE CASTILLA Y LEON, S.A.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	20,604
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	EBRO PULEVA, S.A.	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	31,807

C.4. List any significant transactions with other companies in the group that are not eliminated in the consolidated financial statements and which do not, by virtue of their object or terms, correspond to the normal business of the Company:

Name of group company
BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.
Amount (thousand euro)
3,117
Brief description of the transaction
FINANCING ARRANGEMENTS: SUBORDINATED LOANS

Name of group company
BIOCARBURANTES DE CASTILLA Y LEÓN, S.A.
Amount (thousand euro)
54,966
Brief description of the transaction
GUARANTEES AND SECURITIES

C.5. State whether any of the board members have entered into any conflicts of interest pursuant to s. 127 ter of the Corporations Act during the period.

YES

Name of director
ANTONIO HERNÁNDEZ CALLEJAS
Description of the conflict of interest
See section B.1.40 of this report concerning his interest in Instituto Hispánico del Arroz, S.A. and Casarone Agroindustrial, S.A. He also holds a 16.666% stake in Hispafoods Invest, S.L.

Name of director
CAJA DE AHORROS DE SALAMANCA Y SORIA
Description of the conflict of interest
See section B.1.40 of this report concerning its interest and positions in the following companies: Barrancarnes Industriales, Jamones Burgaleses, S.A., Leonesa Astur de Piensos, S.A., Divaq, S.A., Marcos Sotoserrano, S.L. and Qualia Lácteos, S.L.

Name of director
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD
Description of the conflict of interest
See section B.1.40 of this report concerning its interest and position in Campo de Inversiones, S.A. It also has a 100% stake in Invergestión, Sociedad de Inversiones y Gestión, S.A., in which it is Managing Director.

Name of director
FÉLIX HERNÁNDEZ CALLEJAS
Description of the conflict of interest
See section B.1.40 of this report concerning his interest in Instituto Hispánico del Arroz, S.A. and Casarone Agroindustrial, S.A. He also holds a 16.666% stake in Hispafoods Invest, S.L.

Name of director
JUAN DOMINGO ORTEGA MARTÍNEZ
Description of the conflict of interest
See section B.1.40 of this report concerning his interest and position in the following companies: Forlasa Alimentación, S.L., Quesos Forlasa, S.A. and Forlactaria Operadores de Leche, S.A.

Name of director

MARÍA BLANCA HERNÁNDEZ RODRÍGUEZ

Description of the conflict of interest

See section B.1.40 of this report concerning her interest in Instituto Hispánico del Arroz, S.A. and Casarone Agroindustrial, S.A. She also holds a 16.666% stake in Hispafoods Invest, S.L.

C.6. Explain the mechanisms established to detect, define and resolve possible conflicts of interest between the company and/or its group, and its directors, executives or controlling shareholders.

The Audit and Compliance Committee ensures that the internal audit procedures and internal control systems are adequate and informs the Board on the related-party transactions submitted for its consideration and control of any possible conflicts of interest.

Under Article 28 of the Bylaws, the Audit Committee has, among others, the power to ensure that transactions between the company and its subsidiaries or between these companies and their controlling shareholders are made on arm's length terms and respecting the principle of equal treatment, thus controlling any conflicts of interest that may arise in these related-party transactions.

Under Article 6 of the Regulations of the Board, the Board is competent, once a favourable report has been issued by the Audit and Compliance Committee, to authorise any related-party transactions between the company or group companies and directors, controlling shareholders or shareholders represented on the board. This authorisation is not necessary when the transactions meet all of the following three conditions:

- If the transactions are made under contracts with standard terms and conditions applied globally to many clients.
- If the transactions are made at prices or rates established generally by the supplier of the good or service in question.
- If the amount of the transaction is no more than 1% of the annual income of the company.

Article 22 of the Regulations of the Board establishes the following prohibitions and disqualifications, among others, for directors:

- Holding positions or duties of representation, management, counselling or rendering of services in rival companies or the holding or performance of such positions, duties or services in companies having a controlling stake in rival companies.
- Attendance and participation in the discussions of any of the corporate bodies concerning business in which the director personally, or a member of his/her family or a company in which the director has an executive position or a significant shareholding, has an interest.
- Direct or indirect participation in related-party transactions with the company or other group companies without previously informing the Board and seeking its approval, except in the cases contemplated in Article 6.5 of these Regulations.

The article also bars from the board anyone who, personally or through an intermediary, holds office in or is a representative of or is otherwise related to companies that are habitual clients or suppliers of goods and services of the company, whenever this condition may give rise to a conflict or clash of interest with the Company or its subsidiaries; in such cases the Chairman shall be informed of the situation and request a report from the Audit and Compliance Committee. Financial institutions providing financial services for the company are excluded from the foregoing. Nor may anyone related through family, professional or commercial ties to executive directors or other senior officers of the Company be members of the Board unless, after informing the Chairman of this situation, a report is issued by the Audit and Compliance Committee excluding the specific case from this prohibition.

C.7. Is more than one company of the Group listed in Spain?

YES

Name the listed subsidiaries:

Listed subsidiary
PULEVA BIOTECH, S.A.

State whether the respective areas of activity and possible business relations between them have been publicly defined, and those of the listed subsidiary with the other group companies:

YES

Define any business relations between the parent company and the listed subsidiary, and between the latter and other group companies
<p>Details are set out below of the significant transactions involving a transfer of resources made during the 2008 financial year between the Puleva Biotech Group and the following companies wholly-owned by its controlling shareholder, Ebro Puleva, S.A.: Puleva Food, S.L.U., Herba Ricemills, S.L.U., Panzani, SAS and S&B Herba Foods Ltd..</p> <p>There is a theoretical possibility of a conflict of interest deriving from the fact that the shareholders of Puleva Biotech, S.A. , which is also a listed company, do not entirely coincide with those of its parent company Ebro Puleva, S.A. It is, therefore, essential that the terms of contract in all business relations between the different companies of the Ebro Puleva group and Puleva Biotech, S.A. are made strictly on arm's length terms, to avoid any detriment to the minority shareholders of either company, which are not represented on the boards of the contracting companies and, consequently, do not participate in the decision-making process.</p> <p>During 2008, Puleva Biotech, S.A. and Española de I+D, S.A. continued developing several contracts with the companies in the Ebro Puleva Group named above:</p> <p>1. R+D+I services contract between Puleva Food S.L.U. and Puleva Biotech, S.A.</p> <p>Puleva Biotech S.A. continued to provide R+D+I services for Puleva Food S.L.U. in 2008 by virtue of a number of project-specific contracts signed between the two companies, under the master agreement signed in 2001 for these counselling services. The different projects come within the following areas:</p> <ul style="list-style-type: none"> - Nutritional and clinical evaluation - Development of new packaging technologies - Development of new products - Food safety and quality guarantee - Product reformulation and authorisation of ingredients <p>In addition, during 2008 Puleva Food, S.L.U. purchased functional fats (omega3) EPA and DHA in a volume of 218,168 kg, produced at the plant operated by Puleva Biotech, S.A. in Granada.</p> <p>The net turnover on goods and services supplied by Puleva Biotech, S.A. to Puleva Food, S.L.U. in 2008 is 5,370 thousand euro.</p> <p>Puleva Food, S.L.U. also provides certain goods and services to Puleva Biotech, S.A., such as the lease on offices and buildings for its normal activities, certain supplies for its production plant, etc.</p> <p>2. Agreement between Herba Ricemills, S.L. and Puleva Biotech, S.A.</p> <p>In 2003 Puleva Biotech, S.A. and Herba Ricemills, S.L.U. signed several contracts laying down the basic regulations governing the provision by Puleva Biotech, S.A. of research and development services within the scope of the Herba Ricemills activities.</p> <p>Those contracts were terminated in 2007, when Herba Ricemills S.L. (hereinafter Herba) decided to restructure its research activities, incorporating the Puleva Biotech, Española de I+D and Herba research teams in a consortium of companies to carry out a global R+D+I project called "Research and Technological Development in the Cereals and Derivatives sector: Scientific and Technological bases and the new range of enhanced starch foods" (CEREALS Project). The corresponding consortium agreement was signed on 22 February 2007, establishing that Herba, as Project Leader, would bear all the expenses and investments made by the collaborating undertakings in the development and performance of the Project, increased by the corresponding industrial profit. This agreement continued to regulate the contractual relationships between the two companies during 2008.</p>

This consortium agreement was made subject to obtaining the economic aid requested from the Andalusian Technological Corporation (CTA), which was granted by virtue of a decision of 8 May 2007. Herba bears 50% of the contribution made by Puleva Biotech to the CTA.

In 2008, Puleva Biotech invoiced Herba Ricemills, S.L. 680 thousand euro for the expenses incurred in the Cereals Project, adding the agreed 10% industrial margin and 125 thousand euro corresponding to half of the contribution to the CTA that Puleva Biotech, S.A. made during the year.

3. Agreement between Herba Ricemills, S.L.U. and Española de I+D, S.A.

By virtue of the Consortium Agreement for the R+D+I Project signed on 22 February 2007 and presented at the Andalusian Technological Corporation and the Andalusian Innovation and Development Agency, and by virtue of the Rider to that Consortium Agreement for the R+D+I Project approved by the Andalusian Technological Corporation Operating Conditions signed on 24 September 2007, Española de I+D, S.A. provides work, resources and research and development services to the Project, according to the scientific and technical specifications and manpower requirements stipulated in the agreement, encompassed within the activity comprising its objects.

Herba Ricemills, S.L.U., as leader of the Consortium and Coordinator of the Cereals Project, bears all the expenses incurred in the development and performance of that Project, within the margins established as budgets providing incentive for the CTA in its decision of 8 May 2007.

During 2008, Española de I+D provided services to Herba Ricemills, S.L. for a value of 850 thousand euro.

4. Others

Exxentia, Grupo Fitoterapéutico, S.A. made sales of extracts to Puleva Food, S.L.U. for a total value of 270 thousand euro in 2008. The companies in the Puleva Biotech Group invoiced 4 thousand euro for sales of products to S&B Herba Foods Ltd. in 2008 and 2 thousand euro for services provided to Panzani, SAS.

Puleva Food, S.L.U. and Ebro Puleva, S.A. have signed current account agreements earning interest on arm's length terms on the balances deriving from any assignment or cash loan made between these companies and Puleva Biotech, S.A. The net balance of financial expenses and income in 2008 was 298 thousand euro in favour of Puleva Food, S.L.U.

A net sum of 5,642 thousand euro was invoiced by companies in the Puleva Biotech Group for goods sold and services provided to Puleva Food, S.L.U. in 2008.

A net sum of 7,177 thousand euro was invoiced by companies in the Puleva Biotech Group for goods sold and services provided to companies wholly-owned by Ebro Puleva, S.A. in 2008.

The invoicing for goods and services of the different companies named above represents 38% of the net turnover of the Puleva Biotech, S.A. Group.

Indicate the mechanisms in place for solving possible conflicts of interest between the listed company and other companies in the group:

Mechanisms for solving possible conflicts of interest
<p>In its bylaws and regulations the company has commissioned the Audit and Compliance Committee, among other duties, to control any conflicts of interest that may arise.</p> <p>The Bylaws authorise the Audit and Compliance Committee to ensure that all transactions between the company and its subsidiaries, or between those companies and directors and controlling shareholders, are made on arm's length terms and respect the principle of equal treatment, thus controlling any conflict of interest that may arise in related-party transactions.</p> <p>The Regulations of the Board establish that the Audit and Compliance Committee should report to the Board on any related-party transactions submitted to it for its consideration and to control any possible conflicts of interest.</p> <p>See in this regard section C.6 of this Report.</p>

D. RISK CONTROL

D.1. General description of the risk policy of the company and/or its group, including details and assessment of the risks covered by the system, together with proof that those systems adapt to the profile of each type of risk.

Guided by the conceptual framework of the “Committee of Sponsoring Organizations of the Treadway Commission” (COSO) report on internal control, the Ebro Puleva Group has established systems for risk identification, assessment, management and information.

These risk control systems cover all the activities performed by the Group, consisting essentially of the agro-industrial sugar, rice, pasta and dairy businesses. They cover environmental, business, credit (or counterparty), occupational and technological risks.

The Group is a pioneer within its sector in the development and furtherance of R+D, environmental and food quality, and internal audit.

The Group also has environmental and food quality, commercial or counterparty risk, occupational hazard prevention and research & development committees, which are responsible for preventing and mitigating the risks.

All investment projects incorporate a risk analysis, to enable their economic and strategic assessment prior to decision-making. Decisions are adopted by the corresponding body according to the limits established, the largest projects requiring approval by the Board.

Finally, the Group is also exposed to another two types of risk: regulatory risk, subject to the guidelines established in the Common Agricultural Policy (CAP) and country or market risk. These risks have been reduced over recent years, through a firm policy of business and geographical diversification, increasing our presence in Europe, America (United States), Asia (Thailand) and Africa (Egypt and Morocco).

D.2. Have any of the different types of risk (operating, technological, financial, legal, reputational, tax...) affecting the company and/or its group materialised during the year?

YES

If so, indicate the underlying circumstances and whether the control systems worked.

Risk materialised during the year

Normal risks in the performance of the Ebro Puleva Group activities.

Underlying circumstances

Normal course of Group business.

Functioning of the control systems

The prevention and control systems of those risks worked properly.

D.3. Is there a Committee or other governing body responsible for establishing and supervising the control systems?

YES

If so, describe its duties:

Name of committee or body

Audit and Compliance Committee

Description of duties

Analyse and assess the principal risks to which the Group may be exposed and the systems established for their management and control.

D.4. Identification and description of processes for compliance with the different regulations affecting the company and/or its group.

The Group has a set of internal rules and procedures for its different activities, which are fully in keeping with the applicable legal provisions.

The reports of the Group's Internal Audit Department are prepared by experts independent from the business management and the department reports to the management bodies of the Group subsidiaries and the Audit and Compliance Committee of the parent company, Ebro Puleva, S.A., on its conclusions and recommendations so that any remedies required may be taken and any necessary improvements implemented.

The board has also published a code of conduct and a corporate governance policy, by virtue of which we have been ahead of the legal requirements established from time to time.

E. GENERAL MEETING

E.1. Indicate the quorums for General Meetings established in the Bylaws and the differences, if any, in respect of the minimums stipulated in the Corporations Act.

YES

	% quorum differing from that stipulated in the Corporations Act s. 102 for ordinary resolutions	% quorum differing from that stipulated in the Corporations Act s. 103 for special resolutions
Quorum required on 1st call	50.000	60.000
Quorum required on 2nd call	25.000	30.000

Description of the differences
<p>The bylaws establish a higher quorum than that stipulated in the Corporations Act s. 102, for both the first call (50% against the legal quorum of 25%) and the second call (25% according to the bylaws, while the Corporations Act does not stipulate a required minimum).</p> <p>For the special resolutions contemplated in the Corporations Act s. 103, the Bylaws require the attendance of shareholders present or represented, on first call, holding at least 60% of the voting capital, compared to the 50% required by law, and 30% on second call, against the 25% required by law.</p>

E.2. Explain the majorities required for adopting corporate resolutions and any differences in respect of the system stipulated in the Corporations Act.

NO

What differences exist in respect of the system stipulated in the Corporations Act?

E.3. Describe any shareholders' rights in respect of General Meetings differing from those established in the Corporations Act.

The Regulations of the General Meeting contain, and develop, in the articles indicated below, all the shareholders' rights in respect of general meetings stipulated in the Corporations Act, thus complying with the rules and recommendations for good governance:

- Shareholders' right to information is exhaustively regulated in Articles 5 and 6.
- Shareholders' right to attend and be represented by proxies is regulated in Article 7.
- Shareholders' right to participate is set out in Articles 11 and 12.
- Shareholders' voting right is regulated in Article 14.
- Finally, Article 18 establishes the shareholders' right to be informed of the resolutions adopted by the general meeting by the legal means of publication or through the company's web site, where the full text of such resolutions must be published. Moreover, any shareholder may at any time obtain a certificate of the resolutions adopted and the minutes of the meeting.

E.4. Describe the measures adopted, if any, to encourage the participation of shareholders at General Meetings.

- Detailed, developed regulation of rights to information, attendance, proxy and voting contained in the Regulations of the General Meeting, as indicated above.
- Detailed notice of call to general meetings, stating clearly all the shareholders' rights and how they may be exercised.
- Publication of the corresponding notice in a specialist daily economic newspaper.
- Holding of general meetings where shareholders can easily attend, in the best and most comfortable conditions possible.
- Assistance for shareholders through the Shareholders' Office, where the team responsible for Investor Relations and other qualified staff are available to provide any assistance required by shareholders.
- Delivery of gifts to shareholders to encourage them to go to general meetings.

E.5. Are General Meetings presided by the Chairman of the Board and what measures, if any, are taken to guarantee the independence and proper functioning of the General Meeting?

YES

Details of measures
<p>The Regulations of the General Meeting regulate a number of measures regarding the organisation and procedure of the general meeting to guarantee its independence and proper functioning.</p> <p>Article 9 of said Regulations establishes the following measures in this regard:</p> <ul style="list-style-type: none">- General meetings shall be presided by the Chairman of the Board, or, in his absence, by the Vice-Chairman, or otherwise by a director elected in each case by the shareholders attending the meeting.- The Chairman shall be assisted by a Secretary, who shall be the Secretary of the Board, or the Vice-Secretary, if any, or otherwise such person as may be appointed at the general meeting.- Should the Chairman or Secretary of the general meeting have to leave during the meeting, his/their duties shall be taken over by the corresponding person or persons as above and the meeting shall continue.

- The directors attending the general meeting shall form the Presiding Board.

Article 10 of the Regulations establishes the procedure for drawing up the attendance list, which may be drawn up in a file or included on any kind of data carrier. Moreover, should the Chairman deem fit, he may appoint two or more shareholders to act as scrutineers, assisting the presiding board in drawing up the attendance list and, if necessary, in the counting of votes, informing the general meeting thereof once it has been declared quorate.

The powers of the Chairman of the General Meeting are described in Article 13 of the Regulations:

- Direct the debate, ensuring that it remains within the confines of the agenda, closing the debate when he considers the business sufficiently debated.
- Organise the shareholders' contributions as established in Article 12 of the Regulations of the General Meeting..
- Decide, where appropriate, on any extension of the time initially granted to shareholders to speak.
- Moderate the shareholders' contributions, requesting them if necessary to keep to the agenda and observe the appropriate rules of correct conduct when speaking.
- Call the shareholders to order when their contributions are clearly made to filibuster or upset the normal course of the general meeting.
- Withdraw the floor at the end of the time assigned for each contribution or when, despite the admonitions made in pursuance of this article, the shareholder persists in his conduct, taking such measures as may be necessary to ensure that the general meeting resumes its normal course.
- Announce voting results.
- Resolve any issues that may arise during the general meeting regarding the rules established in these Regulations.

Finally, as regards the conclusion and minutes of general meetings, Article 15 of the Regulations establishes that after voting on the proposed resolutions, the general meeting shall conclude and the Chairman shall close the session. The minutes of the general meeting may be approved at the end of the meeting or within fifteen days thereafter by the Chairman of the General Meeting and two scrutineers, one representing the majority and the other representing the minority, who shall be appointed at the proposal of the Chairman after declaring the general meeting quorate. If the presence of a notary has been required to issue a certificate of the general meeting, the minutes set out in the certificate shall be notarial and, as such, shall not require approval by those attending or by scrutineers

E.6. Indicate any modifications made during the year to the Regulations of the General Meeting.

The Regulations of the General Meeting were not modified during 2008.

E.7. Give details of attendance of General Meetings held during the year:

Details of Attendance					
Date General Meeting	% in person	% by proxy	% distance voting		Total
			Electronic vote	Others	
09/06/2007	10.420	61.870	0.000	0.000	72.290

E.8. Give a brief account of the resolutions adopted at the general meetings held during the year and percentage of votes with which each resolution was passed.

All the resolutions proposed by the Board at the Annual General Meeting of Shareholders held on 9 June 2008 were approved on the terms and with the results indicated below:

RESOLUTION ONE

- To approve the annual accounts of EBRO PULEVA, S.A. and its consolidated group for the year ended 31 December 2007.

- To approve the proposal for application of the profit for the year of EBRO PULEVA, S.A. as at 31 December 2007, according to the following details, taken from the notes to the accounts:

APPLICATION (thousand euro):

- Unappropriated reserves: 735,193
- Profit for 2007 after tax: 8,684

BASE OF APPLICATION: 743,877

- To unappropriated reserves: 688,485
- To dividend (0.36 euro per share): 55,391

The dividend will be distributed in four quarterly payments of 0.09 euro per share each, as decided by the EBRO PULEVA, S.A. board on 19 December 2007. The first of such payments made against this distribution on 3 April 2008 is thus ratified.

- To approve the directors' reports of both EBRO PULEVA, S.A. and its consolidated group, as drawn up by the Board of Directors.

These resolutions were approved with the following result:

Votes for 111,236,095; Votes against 4; Blank votes: 0; Abstentions 1,609; Total votes cast 111,236,099

RESOLUTION TWO

- To approve the management and all other actions by the EBRO PULEVA board during the year ended 31 December 2007.

This resolution was approved with the following result:

Votes for 110,979,650; Votes against 4; Blank votes: 0; Abstentions 258,053; Total votes cast 110,979,654

RESOLUTION THREE

- To reappoint Ernst & Young, S.L., tax number B78970506, registered office at Plaza Pablo Ruiz Picasso, s/n, Madrid, as Auditor of the Company, to audit the 2008 annual accounts and directors' reports of Ebro Puleva, S.A. and its consolidated group.

This resolution was approved with the following result:

Votes for 111,235,095; Votes against 1,112; Blank votes: 0; Abstentions 1,500; Total votes cast 111,236,207

RESOLUTION FOUR

- To authorise the Board to begin the necessary studies and contacts to explore the possibilities of a sale or spin-off and flotation of the Ebro Puleva sugar business and other related agro-industrial businesses, authorising the Board fully, on completion of the corresponding process, to either effect one or other operation within a period of twenty-four months, ensuring the most beneficial solution for the company's interests, or abandon it if market conditions are unfavourable. This authorisation includes, but is by no means limited to:

. The choice between sale or spin-off, according to market circumstances.

. Definition of the exact perimeter of the businesses, assets and liabilities, rights and obligations of the Ebro Puleva Group to be included in the operation, which may include, apart from the sugar business and related agro-industrial businesses, other minor agro-industrial businesses outside the strategic core businesses of the Ebro Puleva Group.

. The terms and conditions of the purchase and sale agreement or the total or partial spin-off agreement.

. The possibility of abandoning the operation if market conditions are unfavourable.

This resolution was approved with the following result:

Votes for 109,082,927; Votes against 1; Blank votes: 0; Abstentions 357,975; Total votes cast 110,879,732

RESOLUTION FIVE

- To authorise the Board to buy back own shares and authorise subsidiaries to acquire shares in the parent company, by purchase or under any other title for a consideration, subject to the limits and requisites established in section 75 and Supplementary Provision One.2 of the current Corporations Act, as follows:

. The par value of the shares thus acquired, when added to those already held by the company or its subsidiaries, shall not exceed 5% of the capital at any time.

. After making the acquisition, the company shall be able to fund the reserve stipulated in section 79.3 of the Corporations Act without reducing the capital, the legal reserve or any undistributable reserves established in the bylaws.

. The shares thus acquired shall be fully paid up.

. The minimum and maximum price or consideration for the acquisition shall be, respectively, the equivalent of the par value of the own shares purchased and their price on an official secondary market at the time of purchase.

By virtue of this authorisation, the Board may, by direct resolution or by delegation to the Executive Committee or to such person or persons as the Board may authorise for this purpose, buy back own shares to hold them as treasury stock, dispose of them or, as the case may be, redeem them, reducing the capital accordingly, according to the delegation made below, within the limits established in law and in fulfilment of the conditions stipulated in this resolution. This authorisation is also extended to the possibility of acquiring own shares to be delivered directly to employees or executives of the company or its group, as an alternative to monetary remuneration; this will by no means imply an increase in the total remuneration received by such employees or executives.

The authorisation contemplated in this resolution is granted for no more than eighteen months from the date of this Annual General Meeting and covers all treasury stock transactions made on the terms stipulated herein, without having to be reiterated for each purchase or acquisition, and all transfers to or earmarking of reserves made in pursuance of the Corporations Act. The authorisation granted to the Board to buy back own shares subject to the limits and requisites established in section 75 of the current Corporations Act, approved at the Annual General Meeting held on 18 April 2007, is hereby rendered null and void.

- To reduce the capital to redeem the company shares acquired by Ebro Puleva or other companies in its Group, against the capital (for the par value) and unappropriated reserves (for the amount of the acquisition in excess of such par value), by such amounts as may be deemed fit from time to time, up to the maximum number of own shares held at any time.

- To delegate to the Board the power to execute this resolution to reduce the capital, which it may do on one or several occasions, or to render it null and void, within a period not exceeding 18 months from the date of this AGM, doing whatsoever may be required by law for this purpose.

The Board is especially authorised, within the times and limits established in this resolution, to: (i) reduce the capital or otherwise, establishing the specific date or dates of the operations, as the case may be, taking account of any internal and external factors affecting the decision; (ii) state in each case the amount of the reduction of capital; (iii) adapt Articles 6 and 7 of the Bylaws in each case to reflect the new amount of capital and the new number of share; (iv) apply in each case for delisting of the redeemed shares; and (v) in general, adopt such resolutions as may be deemed fit to redeem the shares and reduce the capital accordingly, appointing individuals to do whatsoever may be necessary.

These resolutions were approved with the following result:

Votes for 111,202,201; Votes against 33,004; Blank votes: 0; Abstentions 2,502; Total votes cast 111,235,205

RESOLUTION SIX

To ratify Félix Hernández Callejas as proprietary company director for a term of 4 years. Mr. Hernández Callejas was appointed by cooptation at the Board meeting held on 19 December 2007.

This resolution was approved with the following result:

Votes for 109,431,650; Votes against 1,801,587; Blank votes: 0; Abstentions 4,470; Total votes cast 111,233,237

RESOLUTION SEVEN

- To expressly authorise the Board, with the fullest powers necessary, to make one or several financial contributions to Fundación Ebro Puleva over forthcoming years, up to and not exceeding the sum of six hundred thousand euro (600,000.00 €), without prejudice to similar authorisations granted by the General Meeting in previous years for the Board to donate funds to Fundación Ebro Puleva.

This resolution was approved with the following result:

Votes for 111,236,203; Votes against 4; Blank votes: 0; Abstentions 1,500; Total votes cast 111,236,207

RESOLUTION EIGHT

- To vote in favour in the advisory vote on the Report on the Board Remuneration Policy for 2007 submitted by the Board.

This resolution was approved with the following result:

Votes for 110,881,142; Votes against 354,479; Blank votes: 0; Abstentions 2,086; Total votes cast 111,235,621

RESOLUTION NINE

- The General Meeting was informed of and approved the Report explaining the additional aspects included in the Directors' Report 2007, pursuant to the Securities Market Act, section 116 bis.

This resolution was approved with the following result:

Votes for 110,224,902; Votes against 228,810; Blank votes: 0; Abstentions 783,995; Total votes cast 110,453,712

RESOLUTION TEN

- The General Meeting was informed of and approved the Annual Corporate Governance Report 2007 approved by the Board.

This resolution was approved with the following result:

Votes for 110,225,902; Votes against 228,810; Blank votes: 0; Abstentions 783,995; Total votes cast 110,454,712

RESOLUTION ELEVEN

- To expressly delegate the Board of Directors, with the fullest powers required by law, to:

1. Remedy, clarify, specify or complete the resolutions adopted at this General Meeting, or set out in any deeds or documents executed in fulfilment thereof, particularly any omissions, defects or errors of form or substance that may prevent the registration of these resolutions and their consequences in the Trade Register.

2 Resolve all and any doubts that may arise in connection with the resolutions adopted at this General Meeting.

3. Perform, make and enter into such transactions or legal business as may be necessary or convenient for the fulfilment of the resolutions adopted at this General Meeting, executing such public or private documents as may be deemed necessary or convenient to secure the fullest effectiveness of these resolutions.

4. Delegate to one or several of its members, jointly or jointly and severally, or to the Executive Committee, with the power to sub-delegate, all or part of the powers corresponding to the Board and such other powers as may be expressly assigned to it at this General Meeting.

To expressly authorise, as extensively as may be required by law, Antonio Hernández Callejas, Miguel Ángel Pérez Álvarez and Yolanda de la Morena Cerezo, so that any one of them, acting individually and with his/her sole signature, may evidence in a public deed the resolutions adopted at this General Meeting, especially authorising them insofar as may be necessary to secure their development and fulfilment; sign such public or private documents as may be necessary and take and perform such actions as they may deem fit in fulfilment thereof, including the publication of legal notices, in respect of any public or private institutions or authorities, to secure their entry in the Trade Register or in whatsoever other public registers, as the case may be, executing if necessary deeds of ratification, rectification, remedy and clarification, in response to oral suggestions or written qualifications by the Trade Registry -if appropriate requesting the partial registration of the resolutions subject to this formality-, the Ministry of Economy, the Ministry of Finance, the National Securities Market Commission (CNMV) and whatsoever other competent public or private institution or body; complete such formalities as may be necessary in respect of the competent authorities to execute and fulfil the resolutions adopted and for the processing of such actions and documents of whatsoever nature as may be necessary at or in respect of the National Securities Market Commission, the Madrid, Barcelona, Valencia and Bilbao Stock Exchange Councils, the Securities Clearing and Settlement Service, the Members of these services or entities responsible for the Accounting Records of book-entry securities, or such other public or private organisations as may be necessary and, in general, take whatsoever action or actions as may be necessary in respect of the resolutions adopted at this General Meeting.

This resolution was approved with the following result:

Votes for 111,236,095; Votes against 4; Blank votes: 0; Abstentions 1,608; Total votes cast 111,236,099

E.9. State the number of shares required to attend General Meetings, indicating whether any restrictions are established in the bylaws.

YES

Number of shares required to attend general meeting	100
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E.10. Describe and justify the company's policies on proxy votes at General Meetings.

Proxy votes are regulated in Article 7 of the Regulations of the General Meeting.

Any shareholder entitled to attend may be represented at general meetings by another person. The proxy shall be made in writing especially for each general meeting or, as the case may be, through distance communication means in accordance with the appropriate provisions of these Regulations and especially for each general meeting. This right to representation is without prejudice to the legal provisions established for family representation and the granting of general powers of attorney.

In any case, whether the proxy is voluntary or required by law, no shareholder may have more than one representative at any general meeting.

Proxies may be revoked at any time. Personal attendance at the general meeting by the represented shareholder shall have the effect of revoking the proxy.

In cases of public requests for representation, the document establishing the power of attorney shall contain or annex the agenda, together with the request for instructions to exercise the voting right and indications of how the representative will vote if no specific instructions are issued. Such public request shall be deemed to exist whenever any one person represents more than three shareholders.

The proxy may also include any points which, although not included on the agenda in the notice of call, are likely to be dispatched at the meeting, being so permitted by law.

If there are no voting instructions because the General Meeting is going to resolve on issues which, by law, do not need to be included on the agenda, the representative shall cast the vote howsoever he may consider his principal's interests best favoured.

If the represented shareholder has issued instructions, the representative may only vote otherwise in circumstances of which the shareholder was unaware at the time of issuing the instructions and when the represented shareholder's interests are in jeopardy.

In the last two cases, the proxy shall inform the represented shareholder forthwith, in writing, explaining the reasons for his vote.

E.11. Is the company aware of the policies of institutional investors regarding their participation or otherwise in company decisions?

NO

E.12. Address and access to the corporate governance contents on the company's web site.

Ebro Puleva's corporate web site <http://www.ebropuleva.com> is set up as a vehicle of continuous, up-to-date information for shareholders, investors and the financial market in general.

In this respect, the home page includes a specific section, called "Information for shareholders and investors", which contains all the information required under National Securities Market Commission Circular 1/2004 of 17 March, Act 26/2003 of 18 July and the Ministerial Order ECO/3722/2003 of 26 December.

This section includes, pursuant to current legislation, the chapter on Corporate Governance. The specific address of this chapter is:

http://www.ebropuleva.com/ep/relaciones_inversores/gobierno_corporativo/gobierno.jsp

The Corporate Governance chapter is structured in the following sub-sections:

- Regulations of the General Meeting
- General Meeting of Shareholders
- Shareholders' Agreements
- Board of Directors
- Corporate Governance Report
- Internal Code of Market Conduct

The contents of this chapter are structured and hierarchical, with a concise, explanatory title, to permit rapid, direct access to each section, in accordance with legal recommendations, at less than three clicks from the home page.

All these sections have been designed and prepared according to the principle of accessibility, aiming to enable fast location of the required information.

F. EXTENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with existing corporate governance recommendations. In the event of non-compliance with any recommendations, explain the recommendations, standards, practices or principles applied by the company.

1. The Bylaws of listed companies should not limit the maximum number of votes that may be cast by an individual shareholder or impose other restrictions hampering takeover of the company via the market acquisition of its shares.

See sections A.9, B.1.22, B.1.23, E.1 and E.2

Complies

2. When both the parent company and a subsidiary are listed, they should both publish a document specifying exactly:
 - a) The types of activity they are respectively engaged in and any business dealings between them, and between the listed subsidiary and other group companies;
 - b) The mechanisms in place to solve any conflicts of interest.

See sections C.4 and C.7

Complies

3. Although not expressly required in company law, any operations involving a structural alteration of the company should be submitted to the General Meeting for approval, especially the following:
 - a) Conversion of listed companies into holdings, through spin-off of “subsidiarisation”, or reallocating to subsidiaries of core activities thereunto performed by the company, even though the latter may retain full ownership of its subsidiaries;
 - b) Acquisition or disposal of key operating assets, if this involves an effective alteration of its objects;
 - c) Any operations producing effects equivalent to liquidation of the company.

Complies

4. Detailed proposals of the resolutions to be adopted at a General Meeting, including the information contemplated in Recommendation 28, should be published simultaneously with the notice of call to the General Meeting.

Complies

5. Substantially independent items shall be voted separately at General Meetings to enable shareholders to express their preferences separately. This rule is particularly applicable:
 - a) To the appointment or ratification of directors, which should be voted individually;
 - b) In the case of Bylaw alterations, to each article or substantially independent group of articles.

See section E.8

Complies

6. Companies should allow split votes, so that financial intermediaries on record as shareholders but acting on behalf of different clients can vote according to the latter's instructions.

See section E.4

Complies

7. The Board should perform its duties with unity in proposal and independent criteria, affording all shareholders the same treatment and guided by corporate interests, which shall mean maximising the value of the company over time.
It shall also ensure that the company complies with the applicable laws and regulations in its relations with stakeholders; fulfils its contracts and obligations in good faith; respects good customs and practice in the sectors and territories in which it operates; and upholds any other social responsibility principles that it may have subscribed to voluntarily.

Complies

8. The Board should undertake, as its principal mission, to approve the company's strategy and the organisation required to put it into practice, and to oversee and ensure that Management meets the targets marked out and respects the objects and corporate interest of the company. For this purpose, the full Board shall approve the following:

a) General policies and strategies of the Company, particularly:

- i) The strategic or business plan, management objectives and annual budgets;
- ii) Investment and financing policy;
- iii) Definition of the structure of the corporate group;
- iv) Corporate governance policy;
- v) Corporate social responsibility policy;
- vi) Policy on the remuneration and performance assessment of senior officers;
- vii) Risk management and control policy and the regular monitoring of internal information and control systems;
- viii) The dividend policy and treasury stock policy, particularly regarding limits.

See sections B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

- i) Upon recommendation by the chief executive, the appointment and possible removal of senior officers, and corresponding severance clauses.

See section B.1.14

- ii) Directors' emoluments and, for executive directors, supplementary remuneration for their executive duties and any other terms and conditions to be included in their contracts.

See section B.1.14

- iii) The financial information that listed companies are obliged to disclose periodically.

- iv) Any investments or transactions considered strategic by virtue of their amount or special characteristics, unless approval corresponds to the General Meeting;

- v) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.

c) Transactions between the company and its directors, significant shareholders or shareholders with representatives on the Board, or persons related thereto ("related-party transactions"). However, this authorisation will not be necessary for related-party transactions that meet all of the following three conditions:

- 1. Made under contracts with standard terms and conditions applied across the board to large numbers of clients;
- 2. Made at the general prices or rates established by the person supplying the good or service;

3. Made for a sum not exceeding 1% of the company's annual earnings.

The Board is recommended to make approval of related-party transactions dependent on a favourable report by the Audit Committee, or such other committee as may be assigned this duty. Apart from not exercising or delegating their vote, the affected Directors shall leave the room during the corresponding discussion and voting by the Board.

It is recommended that these competences of the Board be non-delegable, except those contemplated in paragraphs b) and c), which may be adopted by the Executive Committee in an emergency, subject to subsequent ratification by the full Board.

See sections C.1 and C.6

Complies

9. The Board should have an adequate size to secure efficient, participative performance of its duties. The recommended size is between five and fifteen members.

See section B.1.1

Complies

10. Non-executive proprietary and independent directors should have an ample majority on the board, while the number of executive directors should be kept to a minimum, taking account of their equity ownership and the complexity of the corporate group.

See sections A.2, A.3, B.1.3 and B.1.14

Complies

11. If any non-executive director cannot be considered proprietary or independent, the company should explain this circumstance and the director's ties with the company or its executives, or with its shareholders.

See section B.1.3

Not applicable

12. Among the non-executive directors, the ratio of proprietary to independent directors should reflect the proportion between capital represented and not represented on the Board.

This strictly proportional distribution may be relaxed so that proprietary directors have a greater weight than that corresponding to the total percentage of capital they represent:

1. In companies with a high capitalisation with few or no shareholdings considered significant by law, but in which certain shareholders have interests with a high absolute value.

2. In companies with a plurality of unrelated shareholders represented on the Board.

See sections B.1.3, A.2 and A.3

Complies

13. The total number of Independent Directors should represent at least one-third of the total Directors.

See section B.1.3

Explanation

There are 4 independent directors, representing 28.571% of the total board members.

14. The Board should explain the nature of each Director at the General Meeting at which an appointment is to be made or ratified. The type of director should be confirmed or altered, as the case may be, in the Annual Corporate Governance Report, following verification by the Nomination Committee. The reasons why Proprietary Directors have been appointed at the request of shareholders with an interest of less than 5% in the capital shall be explained in that Report, as well as the reasons, where appropriate, for not meeting formal requests for presence on the Board from shareholders with an interest equal or greater than others at whose request proprietary directors have been appointed.

See sections B.1.3 and B.1.4

Complies

15. When there are few or no female directors, the Board should explain the reasons for this situation and the steps taken to correct it. In particular, when vacancies arise on the Board, the Nomination Committee should ensure that:

- a) There is no hidden bias against women candidates in the selection procedures;
- b) The company makes a conscious effort to include women with the target profile among the candidates.

See sections B.1.2, B.1.27 and B.2.3

Explanation

Board members are appointed regardless of candidates' sex, so there is no positive or negative discrimination of any nature in the election of directors.

María Blanca Hernández Rodríguez was appointed director in 2006.

16. The Chairman, being responsible for the effective operation of the Board, should make sure that directors receive sufficient information in advance; stimulate debate and active participation by directors at all Board meetings, protecting their free stand and expression of opinion on any issues; and organise and coordinate periodic assessment of the Board, and the Managing Director or CEO, if any, with the chairmen of the principal committees.

See section B.1.42

Complies

17. When the Chairman of the Board is also the chief executive officer of the company, one of the Independent Directors should be authorised to request the calling of a Board meeting or the inclusion of new items on the agenda; coordinate and express the concerns of the Non-Executive Directors; and direct the assessment by the Board of its Chairman.

See section B.1.21

Complies

18. The Secretary of the Board should especially ensure that the Board's actions:

- a) Conform to the text and spirit of the laws and regulations, including those adopted by the market watchdogs;
- b) Conform to the company's Bylaws and the Regulations of the General Meeting, the Board and any other internal regulations of the Company;
- c) Take account of the good governance recommendations contained in this Unified Code endorsed by the company.

To guarantee the independence, impartiality and professionalism of the Secretary, his/her appointment and removal should require a report by the Nomination Committee and approval by the full Board; and the procedure for appointment and removal should be set down in the Regulations of the Board.

See section B.1.34

Complies

19. The Board should meet as often as may be necessary to secure efficient performance of its duties, following the calendar and business established at the beginning of the year, although any director may propose other items not initially contemplated to be included on the agenda.

See section B.1.29

Complies

20. Non-attendance of Board meetings should be limited to inevitable cases and stated in the Annual Corporate Governance Report. If a director is forced to grant a proxy for any Board meeting, the appropriate instructions shall be issued.

See sections B.1.28 and B.1.30

Complies

21. When the Directors or the Secretary express concern over a proposal, or, in the case of Directors, the company's performance, those concerns should be put on record, at the request of those expressing them.

Complies

22. The full Board should assess once a year:

- a) The quality and effectiveness of the Board's actions;
- b) Based on the report issued by the Nomination Committee, the performance by the Chairman of the Board and Chief Executive Officer of their respective duties;
- c) The performance of its Committees, based on the reports issued by each one.

See section B.1.19

Complies

23. All the Directors should be entitled to obtain such supplementary information as they may consider necessary on business within the competence of the Board. Save otherwise stipulated in the Bylaws or Board Regulations, their requests should be addressed to the Chairman or Secretary of the Board.

See section B.1.42

Complies

24. All Directors should be entitled to call on the company for specific guidance in the performance of their duties, and the company should provide adequate means for exercising this right, which in special circumstances may include external assistance, at the company's expense.

See section B.1.41

Complies

25. Companies should establish an induction programme to give new Directors a rapid, sufficient insight into the company and its rules on corporate governance. Directors should also be offered refresher courses in the appropriate circumstances.

Complies

26. Companies should require Directors to devote the necessary time and efforts to perform their duties efficiently. Accordingly:

- a) Directors should inform the Nomination Committee of any other professional obligations they may have, in case they may interfere with the required dedication;
- b) Companies should limit the number of directorships that its Directors may hold.

See sections B.1.8, B.1.9 and B.1.17

Complies

27. Proposals for the appointment or re-appointment of directors submitted by the Board to the General Meeting and the provisional appointment of directors by cooptation should be approved by the Board:
- a) At the proposal of the Nomination Committee, in the case of Independent directors.
 - b) Subject to a report by the Nomination Committee for other directors.

See section B.1.2

Complies

28. Companies should publish on their web sites and regularly update the following information on their directors:
- a) Professional and biographical profile;
 - b) Other directorships held, in listed or unlisted companies;
 - c) Type of director, indicating in the case of proprietary directors the shareholders they represent or are related with.
 - d) Date of first and subsequent appointments as company director; and
 - e) Company shares and stock options held.

Partial Compliance

This Recommendation is followed in all sections except b).

29. Independent directors should not remain on the Board as such for more than 12 years in succession.

See section B.1.2

Complies

30. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding in the company. They should also resign in the corresponding number when the shareholder disposes of part of its shares to an extent requiring a reduction in the number of proprietary directors.

See sections A.2, A.3 and B.1.2

Complies

31. The Board should not propose the removal of any independent director before the end of the period for which he or she was appointed, unless there are just grounds for doing so, as appreciated by the Board subject to a report by the Nomination Committee. Just grounds are deemed to exist when the director has acted in breach of his duties or when he or she falls into any of the circumstances described in point III.5, definitions, of this Code.

The removal of independent directors may also be proposed as a result of takeover bids, mergers or similar corporate operations producing a change in the capital structure of the company, whenever those changes in the structure of the Board correspond to the principle of proportionality established in Recommendation 12.

See sections B.1.2, B.1.5 and B.1.26

Complies

32. Companies should establish rules obliging directors to report and, if necessary, resign in any cases that may jeopardise the company's reputation. In particular, directors should be obliged to inform the Board of any criminal proceedings brought against them and the subsequent development of the proceedings.

If a director is tried for any of the offences contemplated in section 124 of the Corporations Act, the Board should study the case as soon as possible and, in view of the specific circumstances, decide whether or not the director should remain in office. A reasoned account should be included in the Annual Corporate Governance Report.

See sections B.1.43 and B.1.44

Complies

33. All the directors should clearly express their opposition whenever they consider that any proposed decision submitted to the Board may go against corporate interests. The independent and other directors not affected by the potential conflict of interest should also do so when the decisions may be detrimental to shareholders not represented on the Board.

And when the Board adopts significant or reiterated decisions regarding which a director has expressed serious reservations, the latter should reach the appropriate conclusions and, if he or she opts to resign, explain the reasons in the letter contemplated in the following recommendation. This recommendation also affects the Secretary of the Board, even if he or she is not a director.

Complies

34. If a director resigns or retires from office on whatsoever other grounds before the end of his or her term of office, he or she should explain the reasons in a letter sent to all the Board members. Regardless of whether the retirement is announced as a significant event, the reason shall be indicated in the Annual Corporate Governance Report.

See section B.1.5

Not applicable

35. The remuneration policy approved by the Board should regulate at least the following aspects:

- a) Amount of fixed items, specifying the amount of attendance fees, if any, for Board and Committee meetings and estimating the fixed remuneration for the year;
- b) Variable pay items, including, in particular:
 - i) Types of director to which they are applicable and an explanation of the relative weight of the variable pay items to the fixed items;
 - ii) Criteria for assessment of results on which any right to remuneration in shares, stock options or any other variable component is based;
 - iii) Essential parameters and basis for any system of annual bonus payments or other non-cash benefits; and
 - iv) An estimate of the aggregate sum of variable remunerations deriving from the proposed remuneration plan, according to the degree of fulfilment of the reference hypotheses or objectives.
- c) Principal terms of the welfare schemes (e.g. supplementary pensions, life assurance and similar), estimating the amount or equivalent annual cost.
- d) Conditions to be respected in top management and executive director contracts, including:
 - i) Term;
 - ii) Notice; and
 - iii) Any other clauses concerning golden hellos or golden parachutes for early termination of the contractual relationship between the company and the executive director.

See section B.1.15

Complies

36. Remunerations in the form of shares in the company or group companies, stock options or instruments linked to the value of the share and any variable remuneration linked to the company's performance or welfare schemes should be limited to executive directors.

This recommendation shall not be applicable to the delivery of shares when subject to the condition that the directors keep them up to their retirement from the Board.

See sections A.3 and B.1.3

Complies

37. The remuneration of non-executive directors should be sufficient to remunerate their dedication, qualifications and responsibilities, but not so high as to compromise their independence.

Complies

38. Earnings-linked remuneration should take account of any qualifications in the external auditor's report that may reduce such earnings.

Not Applicable

39. In the case of variable remuneration, the pay policies should establish such precautions as may be necessary to ensure that such remuneration is related to the professional performance of its beneficiaries, not merely deriving from general trends on the markets or in the company's sector of business or other similar circumstances.

Complies

40. The Board should submit to an advisory vote at the General Shareholders' Meeting, as a separate item on the agenda, a report on the directors' remuneration policy. This report should be made available to shareholders, as a separate document or in whatsoever other form the company may deem fit. The report should focus especially on the remuneration policy approved by the Board for the current year and that established, if any, for future years. It shall address all the issues contemplated in Recommendation 35, except those points that could entail disclosure of commercially sensitive information. It shall stress the most significant changes in such policies in respect of that applied during the previous year to which the General Meeting refers. It shall also include a global summary of implementation of the remuneration policy in the previous year. The Board should also inform on the role played by the Remuneration Committee in defining the remuneration policy and, if external assistance has been used, the identity of the external advisers who provided such assistance.

See section B.1.16

Complies

41. The individual remunerations of directors during the year shall be disclosed in the Annual Report, including the following details:
- a) Breakdown of the remuneration of each director, including, where applicable:
 - i) Attendance fees and other fixed sums payable to directors;
 - ii) Additional compensation for being Chairman or member of one of the Committees of the Board;
 - iii) Payments made under profit-sharing or bonus schemes and the reasons for their accrual;
 - iv) Contributions on behalf of the director to defined-contribution pension schemes; or increase in the director's vested rights in contributions to defined-benefit schemes;
 - v) Any indemnities agreed or paid upon termination of their duties;
 - vi) Compensation received as director of other group companies;
 - vii) Remuneration received by executive directors as payment for their senior management duties;
 - viii) Any sums paid other than those listed above, regardless of the nature or the group company paying them, especially when it may be considered a related-party transaction or omission would distort the true and fair view of the total remuneration received by the director.
 - b) Breakdown for each director of any deliveries of shares, stock options or whatsoever other instrument linked to the value of the company's share, specifying:
 - i) Number of shares or options granted during the year and conditions for exercising the options;
 - ii) Number of options exercised during the year, indicating the corresponding number of shares and the exercise price;
 - iii) Number of options pending exercise at year end, indicating their price, date and other conditions for exercise;
 - iv) Any modification during the year of the conditions for exercising options granted earlier.

- c) Information on the ratio during the previous year of remuneration received by the executive directors and the company's profits or any other measure of its earnings.

Explanation

The Remuneration Report approved by the Board includes detailed information on directors' remunerations, specifying amounts per pay item and types of director, although not for each individual director.

42. When there is an Executive Committee, the balance between the different types of director should roughly mirror that of the Board. The Secretary of the Board should be Secretary of the Executive Committee.

See sections B.2.1 and B.2.6

Complies

43. The Board should be informed at all times of the business transacted and decisions made by the Executive Committee and all Board members should receive a copy of the minutes of Executive Committee meetings.

Complies

44. In addition to the Audit Committee which is mandatory under the Securities Market Act, the Board shall set up a Nomination and Remuneration Committee, or two separate Committees.

The rules on composition and procedure of the Audit Committee and the Nomination and Remuneration Committee or Committees should be set out in the Regulations of the Board, including the following:

- a) The Board should appoint the members of these Committees, taking account of the directors' knowledge, expertise and experience and the duties corresponding to each Committee and discuss their proposals and reports. The Committees should report to the Board on their actions at the first full Board meeting after each Committee meeting, being accountable for the work done.
- b) These Committees should have a minimum of three members, who should be exclusively Non-Executive Directors. This notwithstanding, Executive Directors or senior officers may attend their meetings when expressly so decided by the Committee members.
- c) The Committees should be chaired by Independent Directors.
- d) They may obtain external assistance whenever this is considered necessary for the performance of their duties.
- e) Minutes should be issued of Committee meetings and a copy sent to all members of the Board.

See sections B.2.1 and B.2.3

Complies

45. The Audit Committee, Nomination Committee or, if separate, the Compliance or Corporate Governance Committee(s) should be responsible for overseeing compliance with internal codes of conduct and corporate governance rules and regulations.

Complies

46. All members of the Audit Committee, particularly its Chairman, should be appointed in view of their knowledge of and experience in accounting, auditing or risk management.

Complies

47. Listed companies should have an internal audit department, supervised by the Audit Committee, to guarantee the effectiveness and efficiency of the internal reporting and control systems.

Complies

48. The chief audit officer should submit an annual work programme to the Audit Committee, reporting directly on any irregularities arising during its implementation and submitting an activity report at each year end.

Complies

49. The risk management and control policy should define at least:

- a) The different types of risk (operating, technological, financial, legal, reputational...) to which the company is exposed, including under financial or economic risks any contingent liabilities or other off-balance-sheet exposure;
- b) The level of risk that the company considers acceptable;
- c) The measures envisaged to soften the effects of the risks identified, should they materialise;
- d) The internal reporting and control systems to be used to control and manage those risks, including contingent liabilities or off-balance-sheet risks.

See section D

Complies

50. The Audit Committee should:

1. In connection with the internal reporting and control systems:

- a) Supervise the preparation and integrity of the financial information on the company and, where appropriate, the group, checking for compliance with applicable legal provisions, adequate definition of the consolidated group and correct application of accounting standards.
- b) Check internal control and risk management systems on a regular basis to ensure that the principal risks are adequately identified, managed and disclosed.
- c) Oversee the independence and effectiveness of the internal audit department; propose the nomination, appointment, reappointment and removal of the chief audit officer; propose the budget for this department; receive periodical information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports.
- d) Establish and supervise a “whistle-blowing” procedure so employees can confidentially and, if considered appropriate, anonymously report any potentially important irregularities they may observe in the company's conduct., especially in financial and accounting aspects.

2. In connection with the external auditor:

- a) Submit proposals to the Board on the nomination, appointment, reappointment and replacement of the external auditor and its terms of engagement.
- b) Receive regular information from the external auditor on the audit plan and findings and make sure the senior management acts on its recommendations.
- c) Guarantee the independence of the external auditor, and for this purpose:
 - i) The company should inform the CNMV as a significant event whenever the auditor is changed, attaching a declaration on any disagreements that may have arisen with the outgoing auditor and their content, if any.
 - ii) The company and the auditor should be ensured to respect all rules and regulations in place regarding the provision of services other than auditing services, limits on concentration of the auditor's services and any other rules established to guarantee the auditors' independence;
 - iii) Investigate the circumstances giving rise to resignation of any external auditor.
- d) In groups, encourage the auditor of the group to audit the group companies.

See sections B.1.35, B.2.2, B.2.3 and D.3

Complies

51. The Audit Committee may call any employee or executive of the company into its meetings, even ordering their appearance without the presence of any other senior officer.

Complies

52. The Audit Committee should report to the Board on the following matters from Recommendation 8 before the latter adopts the corresponding decisions:

- a) The financial information that listed companies are obliged to disclose periodically. The Committee shall ensure that interim financial statements are drawn up under the same accounting principles as the annual statements, requesting a limited external audit if necessary.
- b) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories which are considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.
- c) Related-party transactions, unless this prior reporting duty has been assigned to another supervision and control committee.

See sections B.2.2 and B.2.3

Complies

53. The Board should endeavour to avoid a qualified auditor's report on the accounts laid before the General Meeting, and in exceptional circumstances when such qualifications exist, both the Chairman of the Audit Committee and the auditors shall clearly explain to the shareholders their content and scope.

See section B.1.38

Complies

54. The majority of the members of the Nomination Committee – or Nomination and Remuneration Committee if there is just one – should be independent directors.

See section B.2.1

Explanation

The Nomination and Remuneration Committee currently consists of three proprietary and two independent directors.

55. Apart from the duties specified in preceding Recommendations, the Nomination Committee should:

- a) Assess the expertise, knowledge and experience of Board members; define the duties and skills required of candidates to fill vacancies; and determine the time and dedication considered necessary for them to adequately perform their duties.
- b) Study or organise as appropriate the succession of the Chairman or Chief Executive Officer and, if necessary, make recommendations to the Board to secure an orderly, well-planned handover.
- c) Report on any appointments and removals of senior officers proposed by the Chief Executive Officer.
- d) Report to the Board on the gender issues contemplated in Recommendation 14.

See section B.2.3

Partial Compliance

All the duties contemplated in this Recommendation correspond to the Nomination and Remuneration Committee except the duty mentioned in d).

56. The Nomination Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning Executive Directors.

Any director may request the Nomination Committee to consider potential candidates they consider suitable to fill vacancies on the Board.

Complies

57. Apart from the duties indicated in the preceding Recommendations, the Remuneration Committee should:

- a) Submit proposals to the Board on:
 - i) The remuneration policy for directors and senior officers;
 - ii) The individual remuneration of executive directors and other terms of contract.
 - iii) The basic conditions of senior executive contracts.

- b) Ensure compliance with the remuneration policy established by the company.

See sections B.1.14 and B.2.3

Complies

58. The Remuneration Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning executive directors and senior officers.

Complies

G. OTHER INFORMATION OF INTEREST

If you consider there to be an important principle or aspect regarding the corporate governance practices applied by your company that have not been mentioned in this report, indicate them below and explain the contents.

EXPLANATORY NOTE ONE, CONCERNING SECTION A.5.

For relations between the Ebro Puleva companies and their significant shareholders, see section C.2 of this report.

EXPLANATORY NOTE TWO, CONCERNING SECTION B.1.3.

Eugenio Ruiz-Gálvez Priego is an executive director by virtue of his position as CEO of Azucarera Ebro, S.L.U., which at 31 December 2008 was a wholly-owned subsidiary of Ebro Puleva, S.A.

Félix Hernández Callejas is General Manager of Herba Ricemills, S.L.U., a wholly-owned subsidiary of Ebro Puleva, S.A.

EXPLANATORY NOTE THREE, CONCERNING SECTION B.1.4.

No requests for presence on the board were made during 2008 by shareholders with interests equal to or greater than others at whose request, had it been made, proprietary directors would have been appointed.

EXPLANATORY NOTE FOUR, CONCERNING SECTION B.1.7.

María Blanca Hernández Rodríguez is also Chairman of the Board of Trustees of the Ebro Puleva Foundation.

EXPLANATORY NOTE FIVE, CONCERNING SECTION B.1.11.

Explanations concerning the following pay items and other benefits mentioned in that section:

1. Bylaw provisions: share in profits stipulated in Article 22 of the Bylaws. See section B.1.14 of this Report.
2. Pension Funds and Schemes. Contributions: it is not actually a pension fund & scheme, but a Retirement System.

EXPLANATORY NOTE SIX, CONCERNING SECTION B.1.13.

The Chairman, Antonio Hernández Callejas, informed the board in 2006 of his total, irrevocable waiver of the golden handshake clause originally established in his contract, consisting of a net compensation equivalent to the gross annual salary of two years.

The General Manager, Jaime Carbó Fernández, and the Secretary, Miguel Angel Pérez Álvarez, also waived the golden handshake clauses originally established in their respective contracts, consisting of a net compensation equivalent to the gross annual salary of two years. The board resolved in both cases to substitute a compensation in the event of removal from office or change of control of the company equivalent in net terms to the amount that would correspond to them applying the current regime established in the Workers' Statute.

The director Eugenio Ruiz-Gálvez Priego (also CEO of Azucarera Ebro, S.L.U., subsidiary of Ebro Puleva, S.A.) also waived the golden handshake clauses originally established in his contract, likewise consisting of a net compensation equivalent to the gross annual salary of two years. The board resolved to substitute a compensation in the event of removal from office or change of control of the company equivalent to the remuneration outstanding for all concepts up to the age of 65, hence diminishing progressively up to the date on which the interested party reaches that age, without prejudice to the possibility that he may remain in active employment if so agreed between the parties.

EXPLANATORY NOTE SEVEN, CONCERNING SECTION B.1.21.

Any of the directors, not only independent directors, may request the calling of a board meeting or inclusion of new items on the agenda.

EXPLANATORY NOTE EIGHT, CONCERNING SECTION B.1.40.

Antonio Hernández Callejas, Félix Hernández Callejas and María Blanca Hernández Rodríguez hold an indirect interest in Ebro Puleva, S.A. through the 15.344% interest held in the company by Instituto Hispánico del Arroz, S.A., directly and through Hispafoods Invest, S.L.

Juan Domingo Ortega Martínez has an indirect interest in Quesos Forlasa, S.A., through his 60.84% stake in Forlasa Alimentación, S.L., which in turn holds a stake of 99.75% in Quesos Forlasa, S.A.

See sections A.3 and C.5 of this Report.

EXPLANATORY NOTE NINE, CONCERNING SECTION B.2.1.

The Audit Committee of Ebro Puleva, S.A. is called the Audit and Compliance Committee.

[NOTA: La siguiente frase sobre la Comisión de Nombramientos y Retribuciones se ha omitido por ser innecesario en inglés]

EXPLANATORY NOTE TEN, CONCERNING SECTION C.5.

Potential conflicts of interest are described in section C.5 of this Report.

This section may be used to include any other information, clarification or qualification relating to the previous sections of the report, provided it is relevant and not repetitive.

In particular, state whether the company is subject to any laws other than the laws of Spain on corporate governance and, if this is the case, include whatever information the company may be obliged to supply that differs from the information included in this report.

Binding definition of independent director:

State whether any of the independent directors have or have had any relationship with the company, its significant shareholders or its executives which, if sufficiently large or significant, would have disqualified the director from being considered independent pursuant to the definition set out in section 5 of the Unified Code of Good Governance.

NO

Date and signature:

This annual corporate governance report was approved by the Board of Directors of the company on 25/03/2009.

State whether any directors voted against approval of this Report or abstained in the corresponding vote.

NO



◁ ANNUAL FINANCIAL REPORT

1. ANALYSIS OF THE FINANCIAL INFORMATION
2. STOCK MARKET INFORMATION
3. AUDITORS' REPORT ON SEPARATE ANNUAL ACCOUNTS
4. SEPARATE ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT
5. AUDITORS' REPORT ON CONSOLIDATED ANNUAL ACCOUNTS
6. CONSOLIDATED ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT
7. **DISCLAIMER**

DISCLAIMER BY THE DIRECTORS OF EBRO PULEVA, S.A

In pursuance of the Corporations Act s. 208 and Royal Decree 1362/2007 Art. 8.1b, the members of the Board of Directors of Ebro Puleva, S.A. declare, in respect of the Annual Financial Report of the company for 2008 containing the separate and consolidated annual accounts and directors' reports, that:

To the best of the knowledge and belief of the Directors, the annual accounts prepared in accordance with the applicable accounting principles give a true and fair view of the net worth, financial position and results of the issuer and the companies in its consolidated group, and that the directors' report includes an accurate analysis of the business development and results and the position of the issuer and the companies in its consolidated group, together with a description of the main risks and uncertainties they face.

This declaration is made in respect of the separate and consolidated annual accounts of Ebro Puleva, S.A. for 2008, as drawn up by the Board of Directors of the company on the twenty-fifth of March two thousand and nine.