09 Annual Report

EBRO PULEVA AT A GLANCE

World leader in the rice sector.

Second manufacturer worldwide in the pasta sector.

Leading food group in Spain in term of turnover, profits, market capitalisation and international presence.

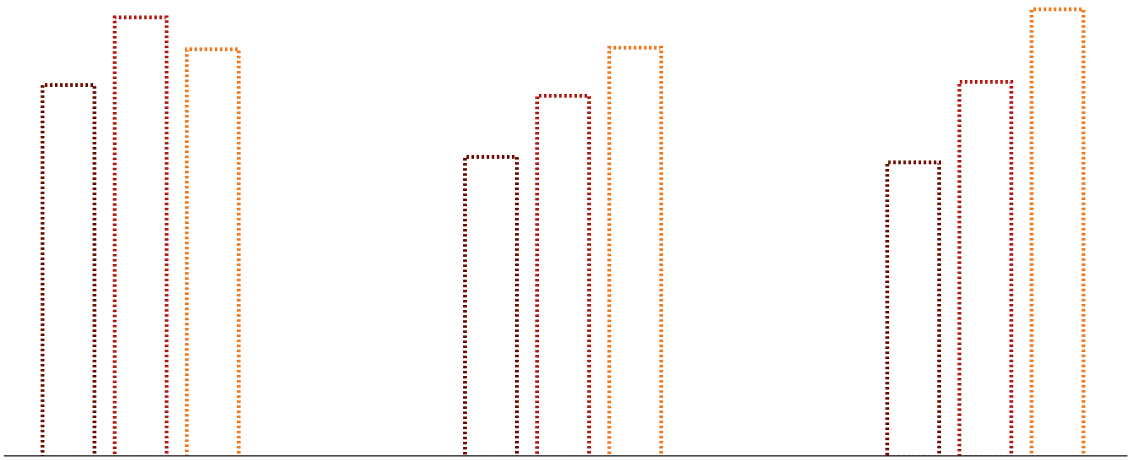
No. 1 in marketing of dairy products with a high value added in Spain.

Leading rice and pasta manufacturer in the USA and Canada.

More than 60 brands in 26 countries in Europe, America, North Africa and Asia.

FINANCIAL HIGHLIGHTS

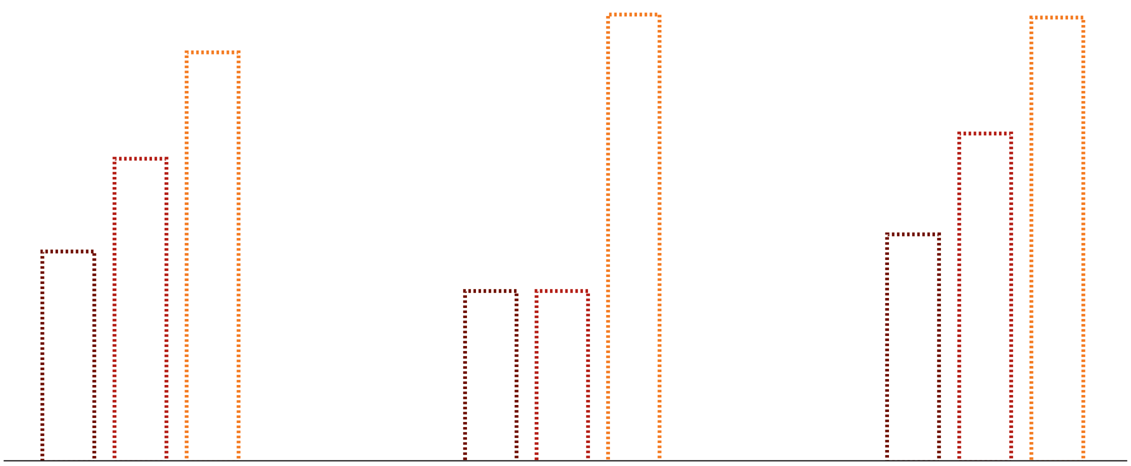
Evolution Graphs



SALES (Thousand euro)
- 2007: 2,004,182
- 2008: 2,367,902
- 2009: 2,197,731

EBITDA (Thousand euro)
- 2007: 226,854
- 2008: 271,821
- 2009: 308,491

EBIT (Thousand euro)
- 2007: 158,919
- 2008: 201,821
- 2009: 240,447



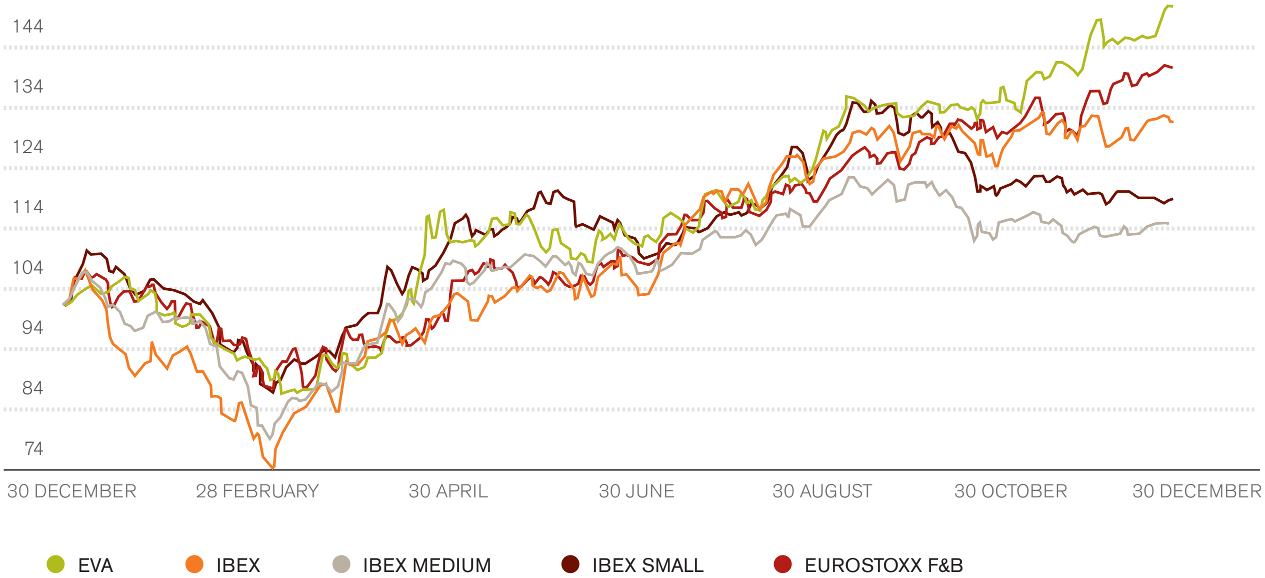
NET PROFIT (Thousand euro)
- 2007: 90,577
- 2008: 130,637
- 2009: 176,539

DIVIDEND (Thousand euro)
- 2007: 55,392
- 2008: 55,392
- 2009: 144,700

EARNINGS PER SHARE (euro)
- 2007: 0.59
- 2008: 0.85
- 2009: 1.15

FINANCIAL HIGHLIGHTS

Evolution of our share



INTERNATIONAL PRESENCE

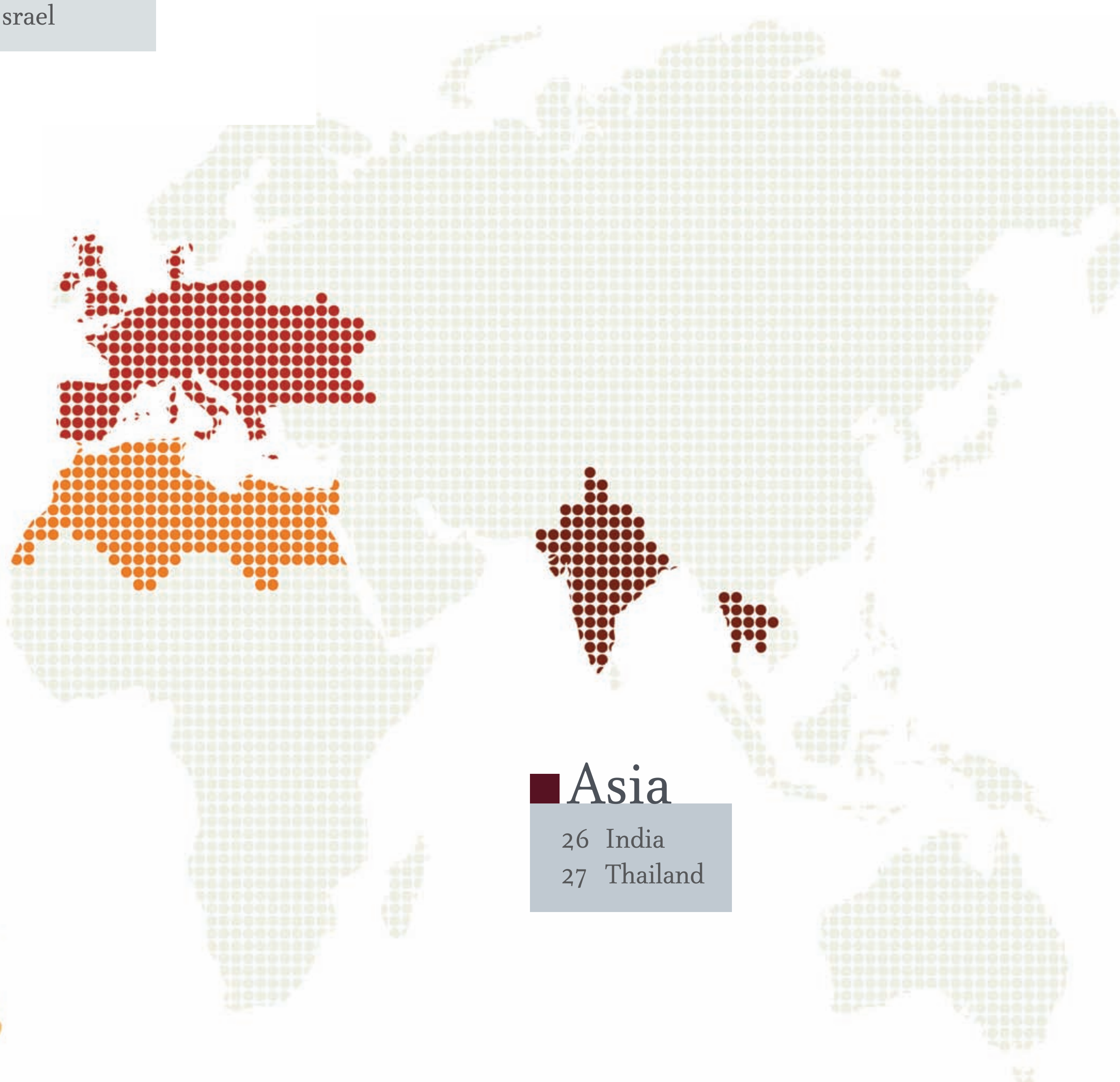
America

1 Canada
2 USA
3 Mexico
4 Puerto Rico
5 Uruguay

INTERNATIONAL PRESENCE

Africa

21 Algeria
22 Egypt
23 Libya
24 Morocco
25 Israel



Asia

26 India
27 Thailand

Europe

6	Germany	11	Finland	16	Poland
7	Belgium	12	France	17	Portugal
8	Czech Republic	13	Greece	18	UK
9	Denmark	14	Hungary	19	Romania
10	Spain	15	Italy	20	Ukraine

Rice

BUSINESS PROFILE

This is the business area in which the Group has world leadership. Its origins in Spain go back to 1950 and its international expansion began in 1986 through the acquisition of leading companies and brands in Europe, USA, Canada and North Africa. We are now also present on the Asian continent. This division, with a broad array of leading products and brands in its category, represents 38% of the Group's business.

Principal brands:

In Spain: Brillante®, Cigala®, Nomen®, La Fallera® and Rocío®.

In Europe, Morocco, Libya, USA and Canada: : Oryza®, Reis Fit®, Ris-Fix®, Bosto®, Riceland®, Risella®, Riziana®, Gourmet House®, Peacok®, Phoenix®, Miura®, Mahatma®, Success®, Carolina®, Water Maid®, River S&W®, Lustucru®, Taureau Ailé®, Minute®, Herba®, Panzani®, etc.

Pasta

BUSINESS PROFILE

This is, together with rice, the Group's most international business. Represented by New World Pasta (leader in USA and Canada), Panzani (no. 1 in France in dry and fresh pasta, sauces, couscous and semolina) and Birkel (no. 1 in Germany), the Group is second pasta manufacturer in the world. Apart from these countries, Ebro Puleva also operates under the Panzani and Birkel brands in Belgium, Hungary, UK, Algeria, Czech Republic and Russia. The division now accounts for 42% of the Group's total business.

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

Dairy

BUSINESS PROFILE

The main business of the dairy division is the manufacturing and marketing of differentiated dairy products with a high value added, backed by a powerful research and innovation line and focusing on consumer health. The division is developing a major business line in the infant nutrition segment with the same focus. All this is complemented with the development of other dairy products geared towards values such as convenience or enhanced flavour. The division's business represents approximately 20% of the Group's turnover.

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

Biotechnology

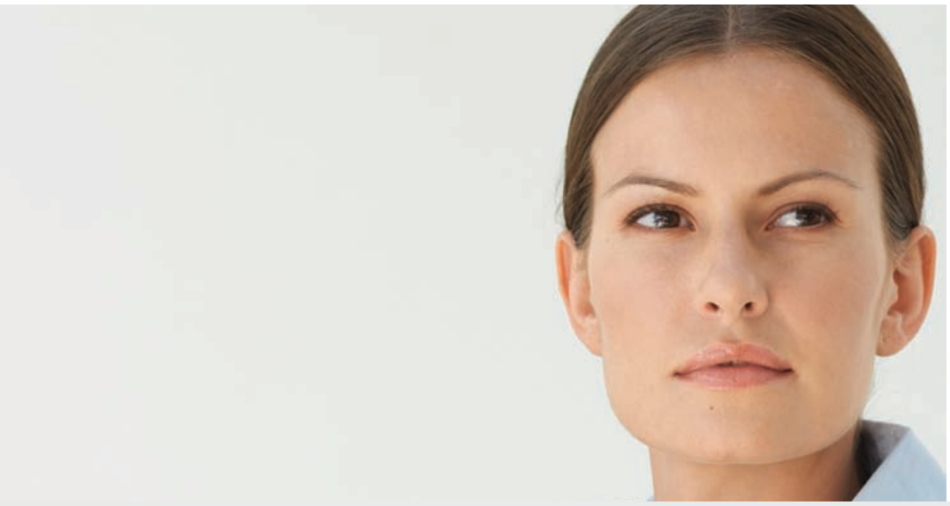
BUSINESS PROFILE

Developed by the Puleva Biotech Group, this business is engaged in the research, development, manufacturing and marketing of new products based on natural ingredients with positive effects on health that can improve people's quality of life.

Principal brands:
Eupoly-EPA®, Eupoly-DHA® and Hereditum®.

Hereditum®

Eupoly-3®



EBRO PULEVA IN FIGURES

Figures in thousand euro

(With Azucarera as net earnings of discontinued operations)

CONSOLIDATED FIGURES	2007	2008	*2008-2007*	2009	*2009-2008*	CAGR 2009-2007
Net turnover	2,004,182	2,367,902	*18.1%*	2,197,731	*(7.2%)*	4.7%
EBITDA	226,854	271,821	*19.8%*	308,491	*13.5%*	16.6%
EBIT	158,919	201,821	*27.0%*	240,447	*19.1%*	23.0%
Operating profit	162,936	194,790	*19.6%*	222,318	*14.1%*	16.8%
Consolidated earnings for year (Going concern)	62,222	73,905	*18.8%*	129,635	*75.4%*	44.3%
Net earnings of discontinued operations	30,251	57,965	*91.6%*	43,188	*(25.5%)*	19.5%
Net profit	90,577	130,637	*44.2%*	176,539	*35.1%*	39.6%
Average current assets **(*)**	472,497	587,423	*24.3%*	323,230	*(45.0%)*	
Capital employed **(*)**	1,675,831	1,669,991	*(0.3%)*	1,176,282	*(29.6%)*	
ROCE **(1) (*)**	12.4	13.3		20.4		
Capex **(*)**	87,199	96,497	*10.7%*	87,414	*(9.4%)*	
Average headcount	6,064	5,829	*(3.9%)*	5,693	*(2.3%)*	

STOCK MARKET HIGHLIGHTS	2007	2008	*2008-2007*	2009	*2009-2008*
Number of shares	153,865,392	153,865,392	*0.0%*	153,865,392	*0.0%*
Market capitalisation at year-end	1,929,472	1,507,881	*(21.9%)*	2,235,664	*48.3%*
EPS	0.59	0.85	*44.2%*	1.15	*35.1%*
Dividend per share	0.36	0.36	*0.0%*	0.94	*161.1%*
Theoretical book value per share	7.79	7.82	*0.4%*	8.32	*6.4%*
	31-12-07	31-12-08	*2008-2007*	31-12-09	*2009-2008*
Equity	1,198,245	1,203,131	*0.4%*	1.280,322	*6.4%*
Net Debt **(*)**	988,249	1,055,853	*6.8%*	556,800	*(47.3%)*
Average Debt **(*)**	1,129,254	1,208,078		716,725	
Leverage **(2)**	0.94	1.00		0.56	
Total Assets	3,375,496	3,422,912	*1.4%*	2,684,465	*(21.6%)*

(*) *To keep these items consistent, they are calculated including both the results and the associated assets and liabilities of the sugar business in 2007 & 2008*

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

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

CORE BUSINESSES

Figures in thousand euro

RICE BUSINESS	2007	2008	2008-2007	2009	2009-2008	CAGR 2009-2007
Net turnover	741,107	890,969	*20.2%*	836,147	*(6.2%)*	6.2%
EBITDA	96,194	126,560	*31.6%*	118,561	*(6.3%)*	11.0%
EBIT	75,297	105,724	*40.4%*	97,575	*(7.7%)*	13.8%
Operating profit	74,287	104,365	*40.5%*	82,157	*(21.3%)*	5.2%
Average current assets	188,294	263,281	*39.8%*	185,446	*(29.6%)*	
Capital employed	498,237	556,299	*11.7%*	495,768	*(10.9%)*	
ROCE	15.1	19.0				
Capex	22,046	20,044	*(9.1%)*	55,138	*175.1%*	

PASTA BUSINESS	2007	2008	2008-2007	2009	2009-2008	CAGR 2009-2007
Net turnover	762,489	993,696	*30.3%*	928,077	*(6.6%)*	*10.3%*
EBITDA	88,450	105,993	*19.8%*	137,057	*29.3%*	24.5%
EBIT	58,274	75,581	*29.7%*	108,831	*44.0%*	36.7%
Operating profit	56,709	65,312	*15.2%*	104,066	*59.3%*	35.5%
Average current assets	69,642	121,795	*74.9%*	91,292	*(25.0%)*	
Capital employed	441,731	511,570	*18.8%*	469,915	*(8.1%)*	
ROCE	12.0	14.8		23.2		
Capex	23,677	20,747	*(12.4%)*	18,359	*(11.5%)*	

DAIRY BUSINESS	2007	2008	2008-2007	2009	2009-2008	CAGR 2009-2007
Net turnover	527,489	506,064	*(4.1%)*	444,419	*(12.2%)*	*(8.2%)*
EBITDA	53,033	50,135	*(5.5%)*	67,084	*33.8%*	12.5%
EBIT	37,541	34,993	*(6.8%)*	52,198	*49.2%*	17.9%
Operating profit	36,379	31,572	*(13.2%)*	49,694	*57.4%*	16.9%
Average current assets	74,072	60,738	*(18.0%)*	43,961	*(27.6%)*	
Capital employed	196,938	182,363	*(7.4%)*	159,043	*(12.8%)*	
ROCE	19.1	19.2		32.8		
Capex	16,872	10,879	*(35.5%)*	8,756	*(19.5%)*	

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CHAIRMAN'S STATEMENT

Antonio Hernández Callejas

DEAR SHAREHOLDERS,

Once again it is a pleasure for me to inform you on the most significant developments in the company during 2009. The year we have just closed was yet another successful year for Ebro Puleva, as proved by the results posted by the company, with significant increases in yield and net profit. In particular, the EBITDA grew by more than 13%, outstripping that posted in 2007, when the sugar business was still consolidated, and net profit rose to over €176 million, up 35% on 2008.

As I mentioned in our previous Annual Report, we had a significant competitive edge in Ebro Puleva to face the changes observed in consumer habits as a result of the severe economic crisis: a defensive, non-cyclical product portfolio, consisting of basic categories; products which, apart from being staple foods, were not expensive; and products which, although differentiated, being the outcome of major R+D+I work, operated under leading brands in their respective categories.

Thanks to this positioning, together with an investment in advertising of more than €93 million to underpin our brands, in most of the countries in which we operate, except Spain and Portugal where the growth of private brands has been much stronger, we have maintained and in some cases even increased our market shares, as in France, the USA or Canada.

The work we have done throughout the Strategic Plan 2007/2009 was undoubtedly extremely important for achieving these results. During this period we forged a business model sufficiently diversified in geographical markets, concentrated on a global, brand-based strategy, focusing on the business lines in which we can establish a strong international leadership, while creating value through research, development and innovation, being at the same time financially healthy.

All this work was brought to a close in 2009 and the results are highly satisfactory for the company. At year end, Ebro Puleva had a debt of only €556 million and leverage of 44%, and in the comparable periods of 2007 and 2009 our company recorded growth rates of the order of 36% in EBITDA and 96% in net profit. We are, therefore, in a position to take on a new development phase as from 2010, starting out from a very privileged situation.

The evolution of all our divisions was very positive during the year. One aspect they all had in common was the downturn in raw material prices, which, in the case of durum wheat and milk, dropped more or less to 2006 levels. Just as we originally passed on the price rises in the end price of our products, in 2009 we also passed this lower cost on to our consumers, without at any time surrendering yield. On the contrary, the three business areas have completed a fantastic year, with major growth in both yield and market share in all the categories with high value added, proving that the future of our company is in the development of the Meal Solutions segment. Accordingly, bolstered by an advanced R+D+I policy, we paid special attention in 2009 to the creation and launching of new products based on the concepts of health, individuality and convenience, broadening our references, ranges and formats in the ready-to-eat segments of all our divisions in practically all the countries in which we operate.

Moreover, with the aim of continuing to focus on our core businesses, we have pressed ahead with our policy of shedding non-strategic businesses. Within this process, in September we reached an agreement with Abengoa to sell the 50% interest we held in Biocarburantes de Castilla y León, S.A. for 17 million euro. There was no point in our remaining in the biofuels sector when we were no longer in the sugar business.

This year, with the commencement of a new Strategic Plan, we started to debate the convenience of keeping our dairy business in the company. On the one hand, Puleva was still growing and very profitable, having managed to position itself in the part of the category with the highest value thanks to the health-related aspects of its products and its successful entry in the world of infant nutrition. But on the other hand, the dairy sector beyond our borders and in the high-value areas is controlled by large multinationals with which we are unable to compete. This made it very difficult for us to establish our business effectively outside Spain, in spite of attempts already made in Morocco and Portugal.

In view of this situation, we considered the possibility of selling our dairy business to someone large enough to make the most of the division's huge development potential in the areas of both health and infant nutrition. A very fast process concluded with the sale of our dairy division to Lactalis Group for €630 million. We are convinced that the incorporation of what has up to now been our dairy division in this major group will have very positive results for the future development of Puleva. We are now just waiting for approval from the Community anti-trust authorities.

The company's excellent year was reflected in a positive stock market performance. The value of our share rose by 48% in 2009, compared to a 30% rise in Ibex 35, 14% in Ibex Med, 17% in Ibex Small and 38.5% in Eurostoxx Food and Beverage. Furthermore, at the end of the year we were informed, to our enormous satisfaction, that the Ibex 35 Technical Advisory Committee had decided to approve our inclusion in this selective index as from 4 January 2010. Thanks to this decision, our share will enjoy greater visibility on the international financial markets.

Finally, I should like to say that we have a project under way with major prospects for the future. We are embarking on a new strategic plan, in which our main goal is for the company to attain a significant position in the international food sector and I am sure that we will succeed. So once again, I take this opportunity to ask you to maintain your support and the confidence you have placed in us up to now.

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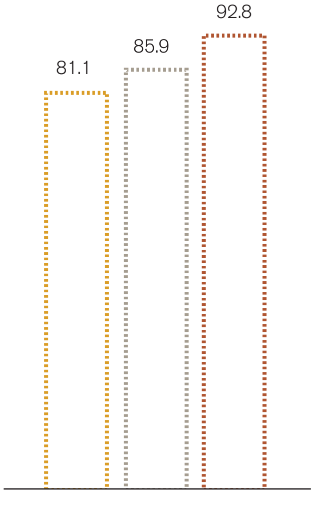
A HEALTHY COMPANY



In 2009 we completed a development phase begun three years ago when we embarked on our Strategic Plan 2007/2009. During this period, the company worked mainly on building up its business in the Meal Solutions segment, diversifying its work in different markets and businesses, generating synergies, shaping up a global, brand-orientated company, enhancing all its operating figures and securing the maximum yield for its shareholders.

Back in 2007 Ebro Puleva publicly announced its intention of becoming a leader in the meal solutions segment, a company with the mission of providing the best possible food solutions for consumers in terms of functionality, convenience and pleasure, from a standpoint of constant innovation geared at market demands.

This commitment turned out to be crucial for the development of the Group in subsequent years and, as a result, our brands have successfully withstood the global decline of consumption and the boom of private brands brought about by the financial recession. This was achieved because only products that avoid commoditization and satisfy consumers' needs regarding nutrition, convenience or individualization come out of a crisis situation stronger, produce value added for a company and raise barriers against rivals through permanent renovation.

This strategic vision has been underpinned throughout the development of the Plan by a constant growth of investment in advertising, to support the launching of new products and reinforce the identity of existing those already on the market.

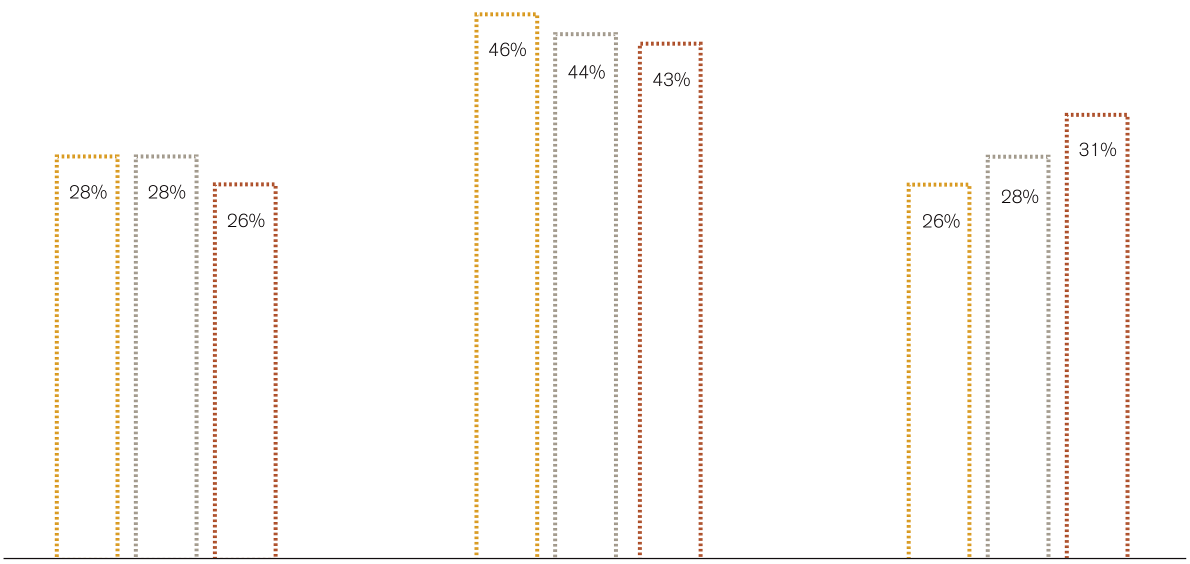
Over the three years of the Plan, Ebro Puleva also continued its progress towards the goal of achieving an increasingly more balanced diversification of its business areas, opening the doors to new business opportunities and to diversification in the sources of supplies of raw materials, establishing itself in production regions such as the Maghreb, Thailand and India.

Another of the most outstanding features of the period is the generation of synergies between the different Group companies. Ebro Puleva has worked hard on consolidating and optimising resources in the rice and pasta divisions in the different countries in which it is present. In the United States it set up Ebro North America, created with the goal of consolidating the main management areas of the subsidiaries Riviana and New World Pasta; so far the work has been successfully concluded for unification of the IT Systems, Logistics, Sales, Purchases, Human Resources and Legal areas, with savings of over $16 million a year.

Another of the objectives was to structure a company entirely geared towards consumers, concentrating on the company's core businesses. This entailed gradually shedding different assets, such as certain production plants, to optimise the company's industrial capacity, certain properties not tied to the company's business or several small companies that did not fit in with the Group's general strategy. However, the most important divestment, beyond any doubt, was the sale of our sugar division to Associated British Foods (ABF), which was completed this year when we finally pulled out of the biofuels business.

As a reward for all this work, we now have a healthy, profitable and extraordinarily solvent company; a company that has fully met its aim of improving all its operating figures while guaranteeing the best possible return for its shareholders:

- EBITDA has grown by over 13% in its compound annual growth rate (CAGR) since 2006; the EBITDA Margin has increased from 12% to 14% and Return on Capital Employed (ROCE) was at 20.4% in 2009, compared to 13.1% in 2006.
- Dividends paid to shareholders during the strategic period totalled €363 million.
- The net debt/EBITDA ratio for the period is 1.8x and leverage 44%.



PERCENTAGE OF SALES BY GEOGRAPHICAL REGIONS

SPAIN: 2007 2008 2009

EUROPE: 2007 2008 2009

AMERICA: 2007 2008 2009

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Rice

After the upheavals in 2008, when international rice prices soared owing to the worldwide raw materials crisis, stability returned to the rice markets in 2009. With the new harvests in the producing countries and relaxation of the government measures limiting exports, greater quantities of rice were available for world trade and prices started to come down.

There was a downturn in European indica rice prices in the spring of 2009, partly due to the international situation in general, but also affected by the prospects of the new crops, which were not affected by any weather conditions such as drought. With the new harvests in September source price levels dropped to levels more than 40% lower than those recorded in the previous crop year.

In this context, the Group's rice division redefined its supply strategy, reducing its stocks to a minimum both internationally and on a European/domestic level, taking short positions in all its actions. Although this change of cycle inevitably required certain value adjustments in inventories, owing to the lower prices of the raw material, the overall result was very satisfactory, since the speed with which the division reduced its stocks helped to minimise losses and take up an ideal position for the new harvest.

In Spain, the 2009 campaign was mostly served by the 2008 rice harvest and was affected by the shortage of local raw material in Andalusia, where irrigation constraints affected the crop for the second year in succession. Consequently, production was maintained at a rather low level for most of the year. However, the 2009 crop harvested in autumn was abundant in quantity and prices were much more moderate, leading to a surge in industrial activity in the fourth quarter. As a result, the production indexes for the year as a whole were higher than those of the previous year in most areas: milling (+27%), parboiled (+42%) and precooked (+13%).

Another significant aspect of the year was the on-going commercial battle between proprietary brands and private brands, heightened by the effects of the world economic crisis. Private brands gained considerable ground in Spain and Portugal, undercutting our market share in both countries. The products hardest hit by this trend were the basic ranges of rice, especially short-grain rice, whereas our products with a higher level of technological development (precooked rices) were much less vulnerable, proving that the future of our business lies in the new precooked products and special rices, whose medium-term development appears to be better shielded from the pressures of private brand prices.

Furthermore, the performance of our brands in the USA and Canada was outstanding, slightly increasing their market shares. The categories with most value added, such as instant and microwave rices, continue growing at a satisfactory pace and we now have a market share of almost 20%. The performance of our ready-to-eat rices was better than average, with a growth of 14.3% in volume, according to Nielsen data.

2009 was also a very positive year in the development of our subsidiaries in northern Europe, especially in the UK and Belgium, some of which had their best year on record.

In the UK, our English subsidiary S&B Herba Foods posted excellent results in both sales and earnings, especially in the ethnic and industrial channels. The key to this success lies in its capacity to supply these markets at competitive prices and provide a service that its rivals have been unable to equal.

In Belgium, Boost considerably increased its industrial rice flour business and developed a flourishing business in the ethnic rice market; between the two, it obtained an EBITDA of more than €7 million, a record for this subsidiary.

Our subsidiary Mundiriso in Italy also had a good year, consolidating its position as processed rice supplier to industrial customers in northern Europe, thanks to the high quality standards of its Vercelli plant.

From the point of view of investment, work continued on the new factory in Memphis during 2009, with a final budget of $120 million, due to be completed in 2011. New lines have also been installed in San Juan de Aznalfarache for ready-to-eat and boil-in-the-bag products and some €6 million has been invested in a frozen pasta and rice production plant in Denmark.

The excellent results reaped by the division during the year show that our rice business has considerable competitive edge, put down to its expertise in interpreting the different situations that the world rice market has undergone, always finding new opportunities in the problematic situations and with an exceptional position for the future.

Pasta

There were two prominent features on the pasta market in 2009:

1. The nose-diving of raw material prices, which in the last quarter even dropped to below the levels recorded in 2006.

2. The increased consumption of pasta on the markets in which Ebro Puleva is present, with a growth in volume of over 5% in the USA and around 2% in France.

Against this backdrop, the division has managed to maintain and in some cases improve its market shares, with the following shares measured in terms of value:

France

Dry pasta	34.70%
Sauces	38.50%
Fresh pasta	33.10%

Germany

Dry pasta	13.20%

North America

United States	23.60%
Canada	43.40%

A number of other factors also boosted the growth of this division, including an aggressive innovation policy with a portfolio geared essentially towards products with a high value added and a sound advertising strategy, in which it has invested €49 million.

In this regard, the three companies comprising this division furthered the association of their brands with the concepts of healthy eating and convenience foods, putting new ranges of products on the market.

New World Pasta developed a category of vegetable pastas for the US market under the brand name Garden Delight®, which has been widely accepted on the market. It has also brought out new pasta references with fibres and other varieties of fast-cooking pastas, broadening the range of five of the division's brands in the United States. In addition, the company extended the Ronzoni® brand, in its dry pasta range, to new States on the west coast, north-east and south-east United States, achieving a sales growth of 13% over the year. The company also continued renewing its range of products under the Ronzoni Bistro® brand. This commitment by New World Pasta to products with a high value added took the company's yield in 2009 to over 62%, as these new products slot perfectly into the new eating trends of North American consumers, who are seeking a new nutrition model based on quality, innovation, speed and health.

The developments of Panzani during the year include the launching of two new concepts of precooked food microwaved in two minutes, under the brands Lustucru® and Panzani®: Lustucru Lunch Box and Panzacup. It has also put new sauces on the market and broadened its range of precooked dishes for the frying pan. All these new products, its commitment to consumers and its constant concern for the quality and reputation of its products have contributed to maintaining the company in its leading position on the French market.

In Birkel we continued redefining the company's strategy with a view to making it more competitive through differentiation. In this line, we continued the relaunching of its most important brands: Birkel's No.1® and Genuss Pur®, which helped to maintain its market positions, withstanding the growth of private brands. Parallel to these relaunchings, the range of convenience foods under the Birkel Express® brand was expanded, a clear example of synergies between our French and American subsidiaries.

From the point of view of investment, modernisation of the St. Louis (USA) plant began in 2009, with around $10 million invested in the installation of a new long pasta line. The second phase will be undertaken in 2010, replacing a further two short pasta lines with a new line. With this investment the plant will increase its production capacity, save costs and enhance its industrial efficiency.

In short, Ebro Puleva continued to display its leadership and vast development capacity in the pasta sector during 2009. Once again the division has marked the difference, managing to maintain its position on a market hit by the price effect while increasing its EBITDA by 30% to €137 million.

Dairy

The liquid milk market in general carried on the trend begun in the previous year due to the severe economic crisis. Consumers with a smaller purchasing power continued to choose classic milks, for which special promotions have been made throughout the year, especially in the large retail outlets, which have made an enormous effort to attract this segment.

Raw material prices fell constantly over the year, levelling off in the last few months of 2009 at levels on a par with those of 2006 and 2007.

Against this backdrop, the division concluded a wonderful year, thanks to the consistency and loyalty achieved within a strategy based on the creation of value, yield and optimisation of costs. Our efforts have been focused on consumers and brands through research and with adequate segmentation, which provide the necessary technological and economic barriers to forestall imitation by rivals and hold onto its leadership in milk-based functional foods.

The performance of the business lines designed for children continued the excellent trend set in the previous two years. The infant milk segment was still, through Puleva Peques®, one of the main levers for growth of the company, with a 9.5 point increase in market share, bringing it to 57%. The Energía y Crecimiento ("Energy and Growth") family also achieved a positive evolution, with an 8.4% growth rate in volume, Puleva Max® leading the segment with a market share of 61%.

Puleva Omega-3® strengthened its leadership on the market of healthy heart milks, increasing its market share from 58.2% in 2008 to 59.7% in 2009.

The calcium category was one of the product families hardest hit by the recession. However, owing to the strength of the brand and by maintaining prices, which widened the gap with private brands, Puleva nevertheless held on to its leadership up to year-end, with a market share in value of 29%, three tenths up on 2008.

In the area of innovation, 2009 was an intense year in the launching of new products.

Puleva Peques Papiya!®, a new concept of infant food which, without any manipulation, is ready to eat with just 45 seconds in the microwave, arrived on the market in 2009. This product is a resounding success among consumers.

Also, with the motto "wherever you are" a new category of products in 175 ml pet containers was brought out in 2009, enriched with 35% more calcium than normal milk and in two varieties, one with a slight touch of coffee and the other with a combination of milk, fruit and cereals (muesli).

For teenagers, a target public where Puleva had previously not been directly present, the division designed the Mixer® territory: three varieties of milk drinks flavoured with a mixture of cocoas, tropical fruits and pineapple & coconut.

And towards the end of the year, Puleva, in keeping with its commitment to healthier products, launched a light cream with a fat content of just 5%, far lower than the traditional single creams available on the market.

With all these new products, combined with the effective strategy of creating value and the excellent position maintained throughout the year, this business is expected to maintain a constant growth rate in the future, consolidating its leadership of the functional foods segment.

Subsequent to year-end, on 8 March 2010, the Boards of Directors of Ebro Puleva, S.A. and Lactalis reached an agreement in principle for the sale of the dairy business of the Ebro Puleva Group for €630 million. The contract of sale was signed on 30 March 2010, final conclusion of the transaction being subject to approval by the European anti-trust authorities.

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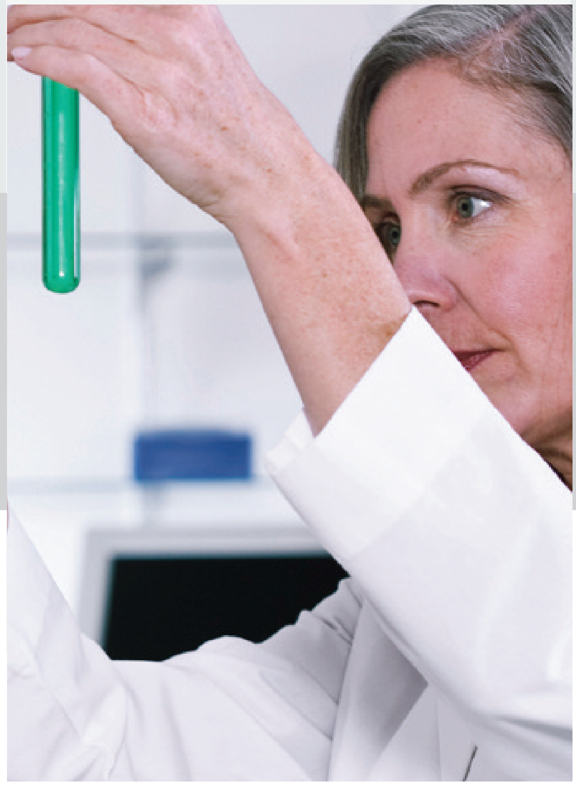
Annual Report



OUR DIFFERENTIATING FEATURES

5 research platforms: Puleva Biotech, CEREC,CRECERPAL, TECH Center and Española de I+D.

180 researchers, of whom 65 are PhDs.

2 production plants: Talayuela (Cáceres) and Granada.

2 plants under design: La Rinconada (Sevilla) and Peñafiel (Valladolid).

1 pilot plant for food applications.

1,200 m^2 laboratories.

AREAS OF R+D+I: PROBIOTICS, LIPIDS, EXTRACTS, CEREALS AND CUSTOMISED DEVELOPMENTS.
FIELDS OF ACTION: FOOD, PHARMACY, DIETETICS AND NUTRICOSMETICS.
PRODUCTS WITH OWN BRAND: EUPOLY OMEGA 3®, HEREDITUM®, EXXENTEROL®.

OUR CENTRES

- **Puleva Biotech,** innovation, research and development centre that applies scientific knowledge to healthy products to improve consumers' quality of life and health. With a staff of 146 professionals, it produces active ingredients which, when added to foods, can produce a healthy physiological effect.

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

  Following the incorporation during 2008 of Exxentia, European leader in biotechnology applied to the extraction of active principles from plants, Puleva Biotech has increased its research potential even further and its work now embraces areas from lipids to probiotics, natural extracts and tailor-made developments, designing products that are beneficial for a healthy heart, weight control and combating obesity, healthy joints, cognitive development and aging, the immune system and nutricosmetics.

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

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

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

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