



09

## Annual Financial Report

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



# Analysis of the Financial Information

## SOLID, BALANCED GROWTH

2009 was marked by the economic recession. In general, the developed economies, in which most of our business is concentrated, bottomed out in the first half of the year, giving way to a slight upturn achieved through measures to promote expansion in the tax and monetary policies.

As a result of waning confidence, the need to deal with heavy public and private debt and the high levels of unemployment, household consumption slowed down and consumer purchasing habits began to change.

These changes affected the food markets. With slight variations among the different OECD countries, consumers have begun to eat more at home, cut back on eating out, change their perception of products and seek greater economy in both products and distributors.

In this crisis situation, we have nevertheless achieved a growth in our principal business ratios. Net earnings rose by 35.1% to €176,539 thousand. This increase is even greater if we take just the continuing operations, which were up 75% to €129,635 thousand.

A 13.5% year-on-year growth was achieved in the generation of resources, EBITDA, giving a 16.6% CAGR over the period 2007-2009. All the margins on the profit and loss account improved as a result of the efforts made in cost and supply management, constant investment in production (CAPEX €87 million), innovation and adaptation to consumer needs.

The earnings from discontinued operations reflect the sale of our sugar business. On 15 December 2008, Ebro Puleva, S.A., sole shareholder of Azucarera Ebro, S.L., and Associated British Foods (ABF), sole shareholder of British Sugar, signed a contract of sale for Azucarera Ebro, S.L. This sale was completed on 30 April 2009, once approved by the anti-trust authorities.

Following this transaction and in accordance with the International Financial Reporting Standards, the results of the sugar business up to the effective date of sale and the net profit earned thereon are shown as discontinued operations on the consolidated profit and loss account for the year and for the previous periods since its incorporation and the assets and liabilities tied to that business are shown on a separate line of the balance sheet. The information included in this Directors' Report reflects that circumstance unless otherwise expressly stated.



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

CONSOLIDATED FIGURES						
(Thousand of euros)	2007	2008	2008-2007	2009	2009-2008	CAGR 2009-2007
Net Sales	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%
% Net Sales	11.3%	11.5%		14.0%		
EBIT	158,919	201,821	27.0%	240,447	19.1%	23.0%
% Net Sales	7.9%	8.5%		10.9%		
Profit before tax	82,851	103,454	24.9%	172,991	67.2%	44.5%
% Net Sales	4.1%	4.4%		7.9%		
Taxes	(20,629)	(29,549)	43.2%	(43,356)	46.7%	45.0%
% Net Sales	(1.0%)	(1.2%)		(2.0%)		
Consolidated earnings (going concern)	62,222	73,905	18.8%	129,635	75.4%	44.3%
% Net Sales	3.1%	3.1%	0.0%	5.9%	0.0%	
Net earnings discontinued operations	30,251	57,965	91.6%	43,188	(25.5%)	19.5%
% Net Sales	1.5%	2.4%	0.0%	2.0%	0.0%	
Net profit	90,577	130,637	44.2%	176,539	35.1%	39.6%
% Net Sales	4.5%	5.5%		8.0%		
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%)	
	12-31-07	12-31-08	2008/2007	12-31-09	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	7.0%	716,725	(40.7%)	
Leverage (2)	0.94	1.00		0.56		
Total Assets	3,375,496	3,422,912		2,684,465		

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

Turnover has dropped slightly owing to the lowering of raw material prices and passing on this effect in the retail prices.

**Yield has improved drastically.** The EBITDA/Sales ratio has risen to 14%, way above the ratio recorded in earlier years, with a ROCE of 20.4%. This result has been achieved by concentrating on our most profitable businesses and a favourable evolution of current assets.

The improvement in yield is concentrated in the pasta and dairy divisions, but if the results of rice trading in 2008 –which contributed approx. €20 million to the profit– are stripped out, a balanced growth of around or above 10% year on year is obtained in all the business areas.

The profit on continuing operations improved due to the increased yield on funds generated from the operations and smaller financial expenses. The financial expense benefited from lower interest rates, a smaller debt following the sale of the sugar business and lightening of its current assets. On the other hand, the restructuring of assets (partly substituted with new, more efficient investments) and the partial reduction of the goodwill in Exxentia had an adverse effect on results.

The year-end debt position was especially satisfactory.

CONSOLIDATED					
NET DEBT (000 €)	2007	2008	2008-2007	2009	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	7.0%	716,725	(40.7%)
Leverage	82.5%	87.8%	6.4%	43.5%	(50.4%)
Leverage AD (1)	94.2%	100.4%	6.5%	56.0%	(44.2%)
EBITDA	226,854	271,821	19.8%	308,491	13.5%
Hedging	4.36	3.88		1.80	

(1) Ratio of average net financial interest-earning debt to equity (excl. minority shareholders)

The ratios are even better considering that the results have worsened in most sectors, with smaller yields and very high debt positions.

The group was able to reduce its debt basically as a result of the considerable generation of cash from operations and the sale of the sugar business. Thanks to this cash generation capacity, we have been able to pay a dividend of €145 million, €110 million of it in cash.

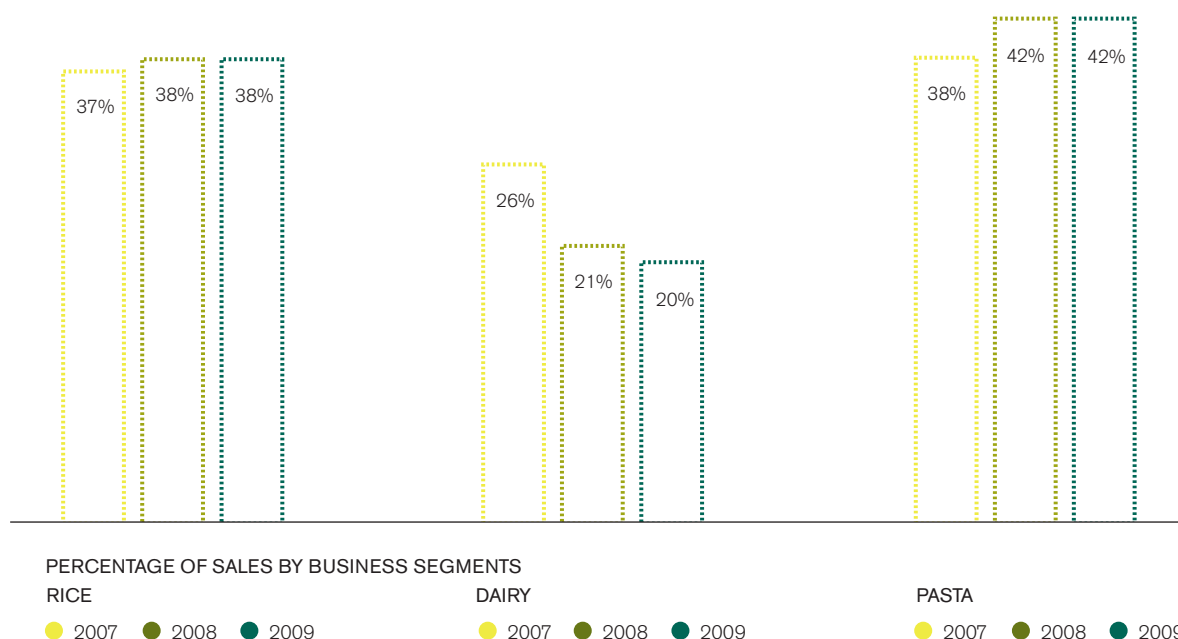
Our current position has earned us a vote of confidence by the market, pushing our share price up 48%, far outstripping other companies in the sector and the principle reference indexes.

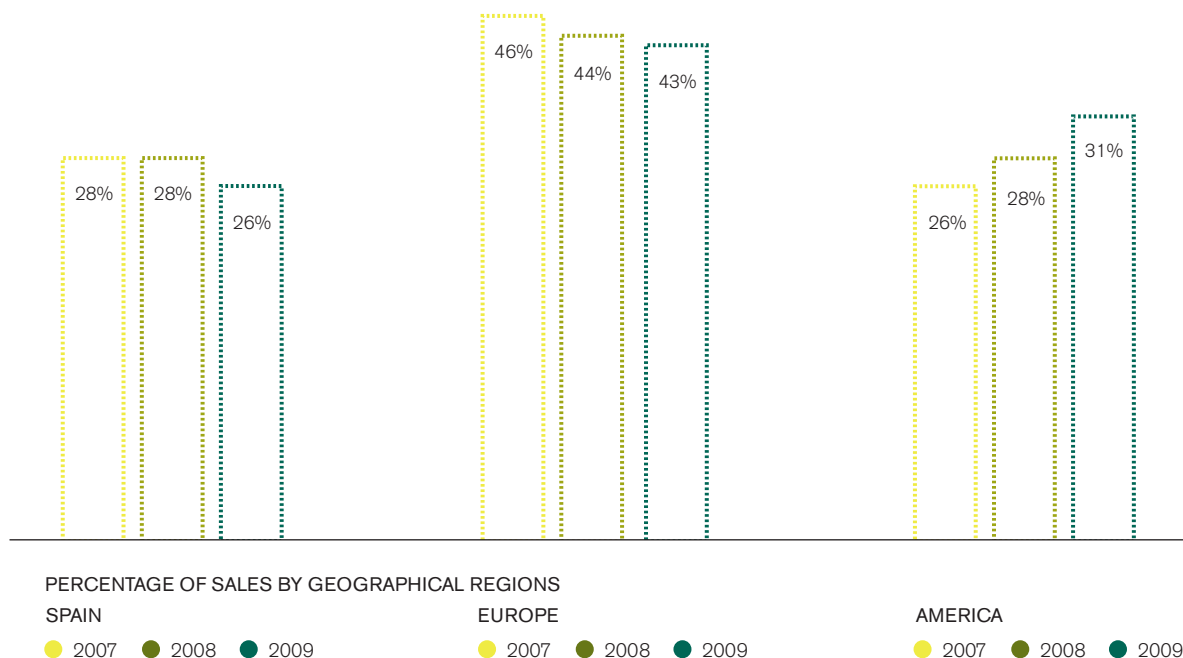
## FULFILMENT OF THE EBRO PULEVA STRATEGY

The Group's Strategic Plan for the three-year period ending this year was structured around the Meal Solutions concept. This responded to consumer needs and required an enormous capacity to adapt to a changing environment. Considering the situation of the markets and the results obtained, we believe this target was met.

In addition, our strategy was based on the following principles:

- **Stability and diversification:** our structure provides us with a very balanced source of income with a vast capacity to face crisis situations. The breakdown of sales by businesses and geographical areas is shown below:





Of the total funds generated (EBITDA), 38% was obtained in dollars (compared with 33% in 2008) and 32% of the assets are situated in North America.

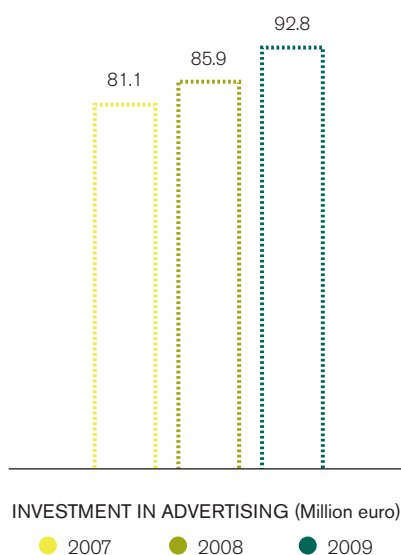
We have obtained a constant growth of recurrent earnings in recent years (including pre-tax profit if we deduct the income from the sale of properties, which are very volatile and were significant in 2006).

In our search for business opportunities and, in particular, seeking diversification in the sources of raw material supplies, we have set up in production regions such as Maghreb, Thailand and India.

■ **Differentiation and innovation:** consumers are increasingly more demanding and the economic crisis has sharpened this trend. In Ebro Puleva we believe in investing in the product from two points of view: strong innovation and development and commitment to leading brands in the respective business segment. Leading products that respond to the needs of pleasure, quality, guarantee and convenience come out stronger from crisis situations.

During the year we launched baby foods for microwave preparation, new varieties of high-calcium milk, new dairy products for teenagers (Puleva), dry gnocchi for the frying pan, new varieties of sauces for risotto, new "heat-and-serve" pasta products (Panzani), fast-cooking and vegetable pasta (NWP), at the same time extending the distribution markets of different microwave products (Herba and Riviana).

We have constantly stepped up our investment in advertising to back new products and bolster the identity of existing ones. This investment is equivalent to 4.23% of turnover, or over 5.5% stripping out industrial sales. The following graph shows the evolution of this investment in recent years:



■ **Growth and consolidation of synergies:** our Group specialises in food and is strongly established in North America and Europe. During the year we have worked on the integration of the Group's IT systems in North America and the logistics and commercial integration has been consolidated throughout the United States.

The end result of this strategy is an adequate remuneration of shareholders. During 2009 we have distributed €145 million among shareholders, both in cash and in company shares.

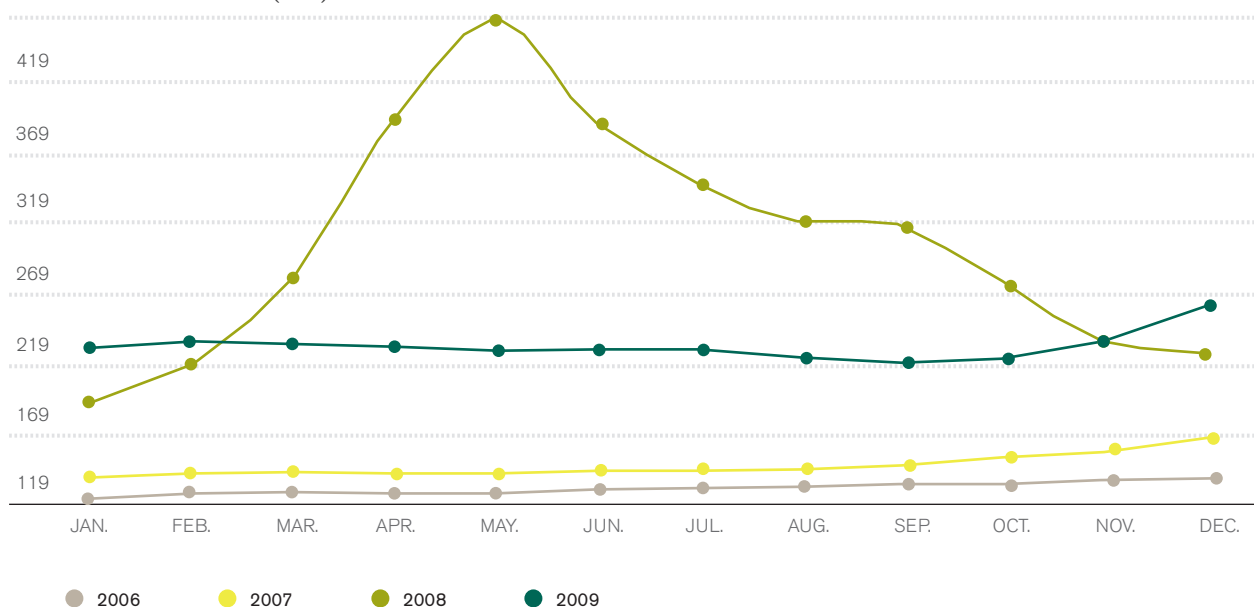
## INFORMATION ON THE CORE BUSINESSES

### Rice

RICE BUSINESS						
(Thousand of euros)	2007	2008	2008-2007	2009	2009-2008	CAGR 2009-2007
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%
% Turnover	13.0%	14.2%		14.2%		
EBIT	75,297	105,724	40.4%	97,575	(7.7%)	13.8%
% Turnover	10.2%	11.9%		11.7%		
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		19.7		
Capex	22,046	20,044	(9.1%)	55,138	175.1%	

Rice prices remained stable throughout the year, with some pressure at the end of the year due to the extraordinary purchases made by some Asian countries following a number of typhoons, although this trend does not look as if it will continue. Stability returned in early 2010 and is likely to be maintained up to the summer.

Index of World Rice Prices (IPO)



In keeping with the change on the raw materials market, the Group redefined its supply strategy, cutting its stocks of product to a minimum. This stock had been maintained at high levels in view of the evolution of the market in the first half of the previous year and enabled us to trade with extra margins.

Sales dropped as a result of rising market prices and the sale of our rice biscuit business in 2008, which for the first time did not contribute a full year's results.

In general, our brands have defended their volume despite strong pressure on consumption by private brands and "first prices". The distribution chains that offer primarily their own private brands and a very small selection of leading brands are becoming increasingly successful. Leadership and adequate support for our brands (in which we invested €24 million in 2009, 19% more than in the previous year) are especially important in this situation.

Despite the current situation on the market, the performance of ready-to-serve rices was above average, with a 14.3% growth in volume in the USA and a stable volume in Spain (Nielsen Scantrack). The Minute brand has maintained its growth in this category, completing its expansion through the USA and with a successful start to its distribution in Canada.

Nielsen 52 weeks (02-01-10)	Volume	Value
<b>Minute Ready to Serve</b>		
Current period	15.2%	15.2%
Previous year	12.8%	12.6%
Absolute year-on-year variation	43.1%	50.7%

The division earnings are slightly down on the previous year, due to the absence of trading operations affecting the Herba business, while in the USA margins have grown.

Through the efforts made in the management of current assets, a ROCE of 19.7% was achieved, improving on that recorded in 2008, which was itself an all-time high in the division.

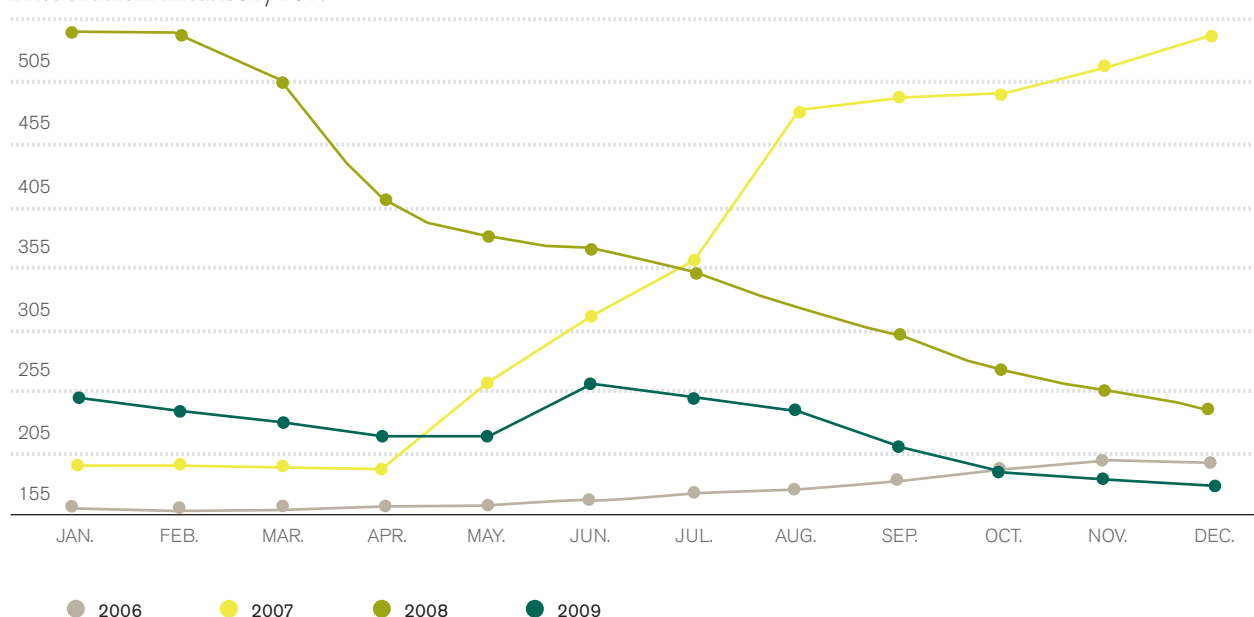
The principal investments made by this division were in the new factory in Memphis, which has been at the test phase since the end of 2009, following an investment of €60 million dollars during the year; the new line of ready-to-serve and boil-in-the-bag products at the San Juan de Aznalfarache plant; and the new frozen pasta and rice production plant in Denmark (€6 million).

## Pasta

PASTA BUSINESS						
(Thousand of euros)	2007	2008	2008-2007	2009	2009-2008	CAGR 2009-2007
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%
% Turnover	11.6%	10.7%		14.8%		
EBIT	58,274	75,581	29.7%	108,831	44.0%	36.7%
% Turnover	7.6%	7.6%		11.7%		
Average current assets	69,642	121,795	74.9%	91,292	(25.0%)	
Capital employed	441,731	511,570	15.8%	469,915	(8.1%)	
ROCE	12.0	14.8		23.2		
Capex	23,677	20,747	(12.4%)	18,359	(11.5%)	

Durum wheat prices remained stable, with a gentle decline during the year. This trend is expected to continue, with good harvests in the main wheat-producing countries, which will maintain a positive world stock.

Price of durum wheat EUR/TON



Pasta consumption has increased on the market in which Ebro Puleva is present, with growth in volume between 6% (Canada) and 1.9% (France). (Source: Nielsen Scantrack S53)

As in other divisions, the turnover reflects the rapid lowering of raw material prices, which have been passed on in retail prices. Meanwhile, volumes grew, following the current market trend.

Some €48.8 million was invested in advertising, more than 5% of turnover, to back the launching of numerous products, which requires a large initial investment in media.

The division EBITDA grew 29% in the period to €137 million, the margins having fully recovered from the price shock, which enabled us to launch a number of quick-cooking products, pasta with vegetables, new pasta and fibre products, precooked heat-and-serve pastas and new sauce varieties.

The division obtained a ROCE of 23.2%.

CAPEX remained more or less on a par with the previous year. An ambitious investment project has been approved for this division, to be implemented over a period of three years, consisting of a major renovation of the dry pasta plant.

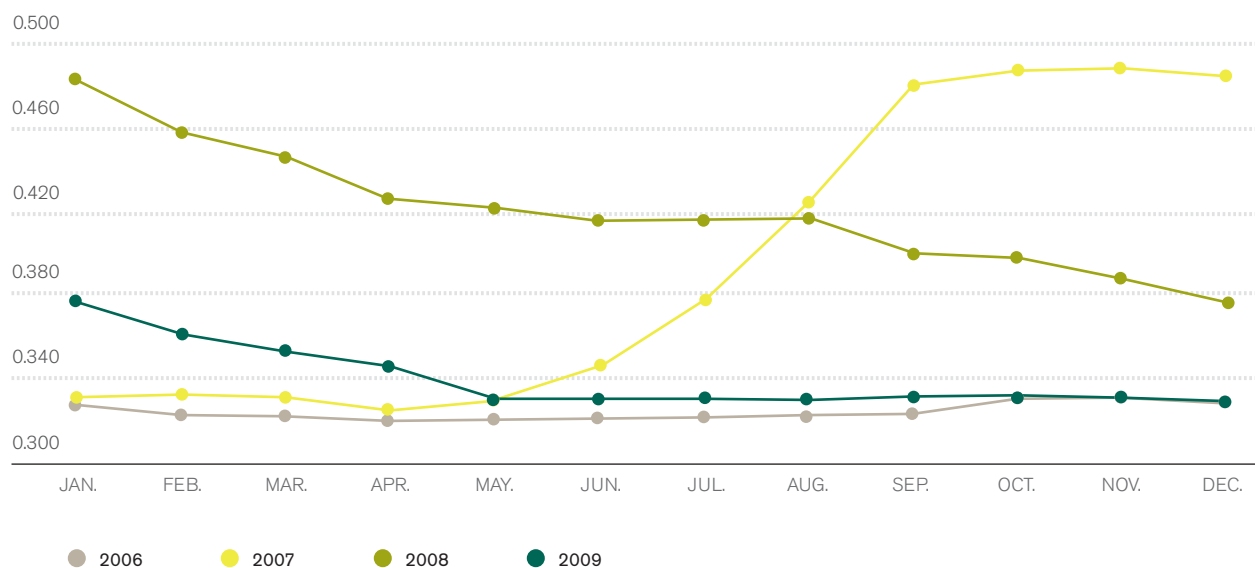
## Dairy

DAIRY BUSINESS						
(Thousand of euros)	2007	2008	2008-2007	2009	2009-2008	CAGR 2009-2007
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%
% Turnover	10.1%	9.9%		15.1%		
EBIT	37,541	34,993	(6.8%)	52,198	49.2%	17.9%
% Turnover	7.1%	6.9%		11.7%		
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%)	

Once pressure on raw material prices eased off, they started to come down in the first half of the year, reaching 2006-2007 levels, where they have stabilised.

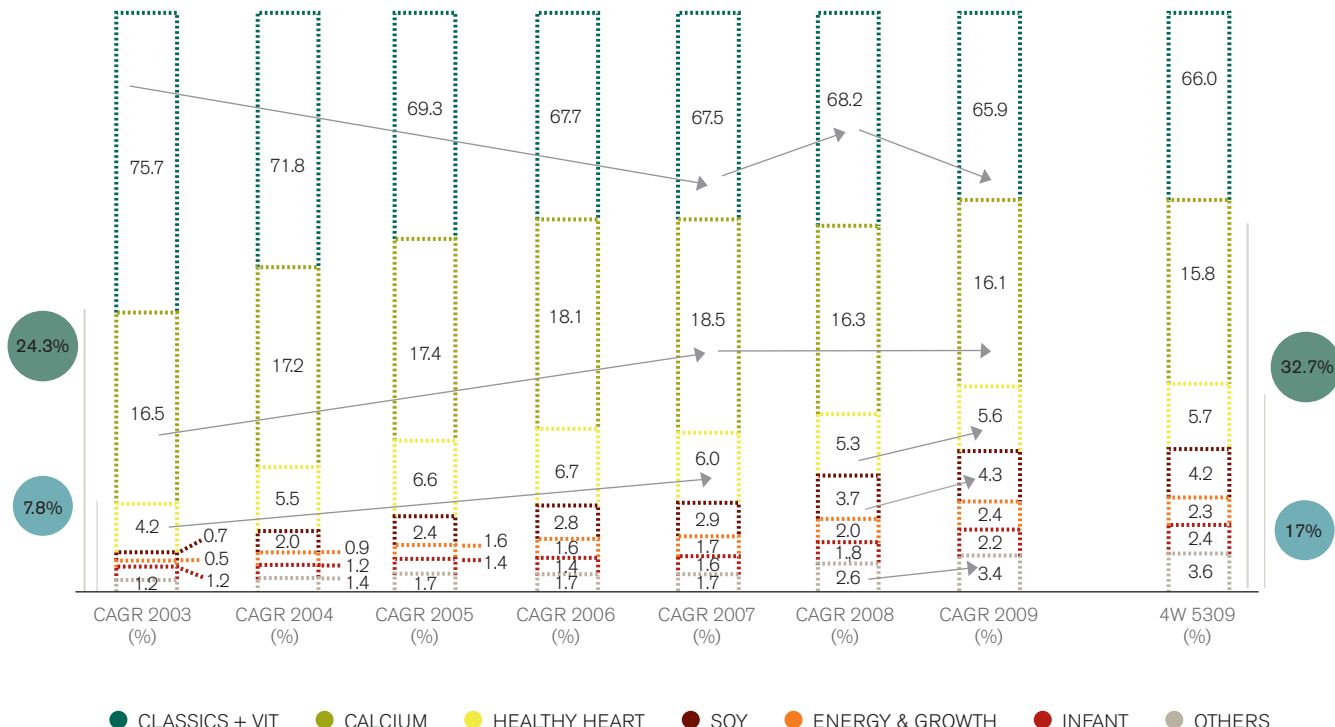


## Price of milk EUR/Litre



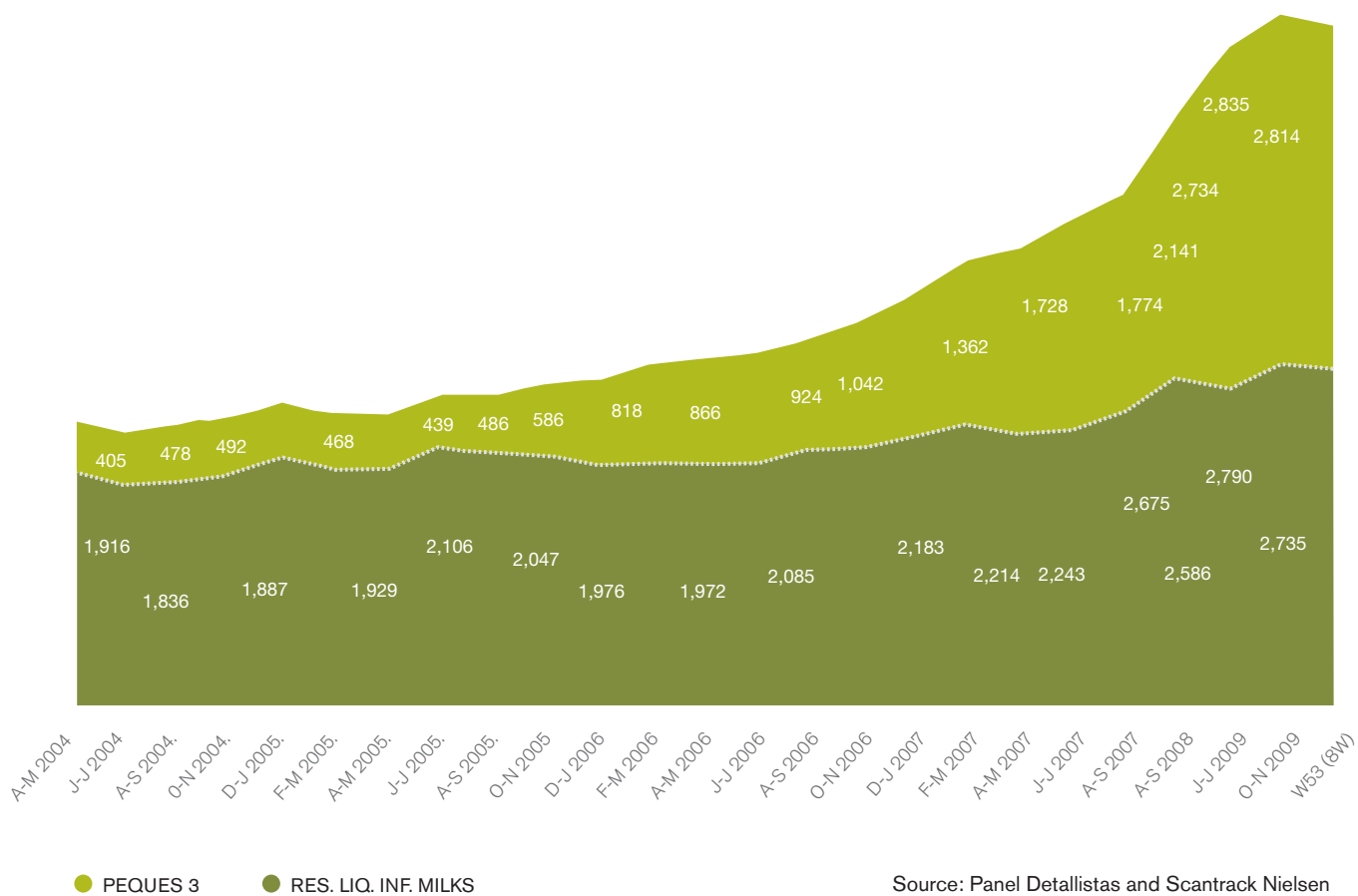
The trends observed in 2008 on the liquid milk market continued in 2009. The recession pushed consumers with a smaller purchasing power towards classic milks with special promotions, while distributors competed to attract this segment. As a result, sales grew in volume with a smaller participation in value, eliminating the profit margins on these products.

Value-added milks, in which Puleva specialises, maintain their vitality thanks to the categories energy and growth, soy, digestive and infant, while the growth of healthy heart milks levelled off and sales of calcium-enriched milks fell.



Source: Nielsen Scantrack 52 weeks

Infant milks, on which Puleva focuses a large part of its value creation strategy, performed particularly well, with a 12.6% growth in volume, where Puleva Peques accounted for 57% of the total volume, completely revolutionising this category.



Turnover fell by 12% due to the lowering of prices and decline in volumes of sales of classic and high calcium milk. However, the product mix was favourable, so with the improvement in margins the division EBITDA was up 33% year on year, ROCE stood at 32.8% (19.2% in 2008) and the company posted its best ever results in this sector.

In keeping with our commitment to brands and leadership in new products with value added, investment in advertising was stepped up by 9.2% year on year to €17.1 million.

The largest investments were made in changing the packaging line, increasing single-serving bottles and cartons and the use of PET.



09

## Annual Financial Report

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

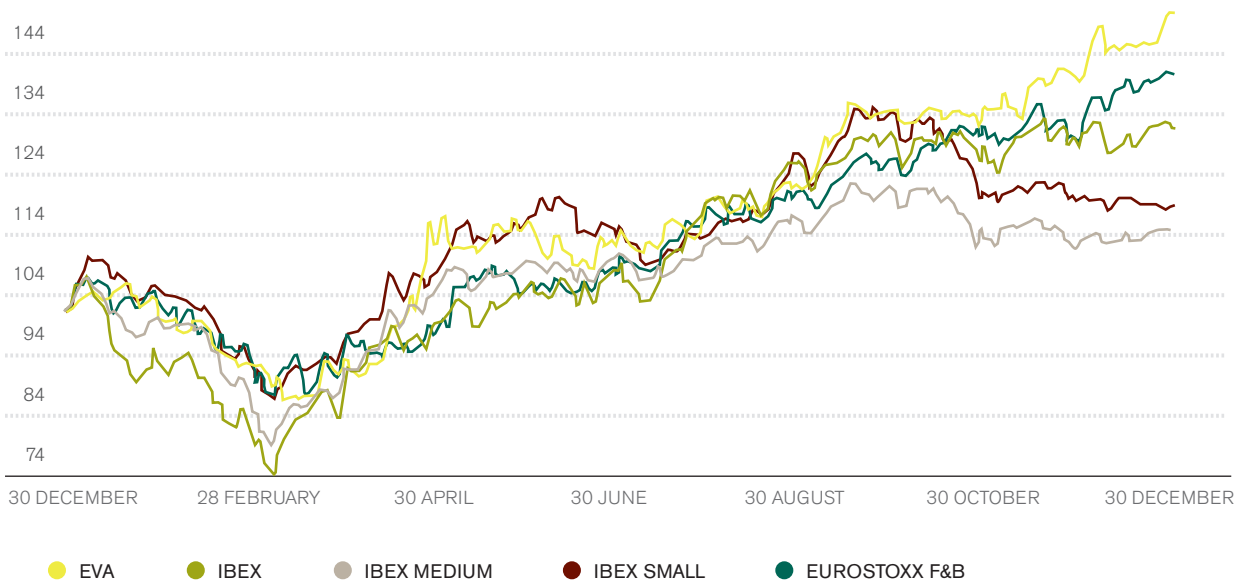


# Stock Market Information 2009

## SHARE PERFORMANCE

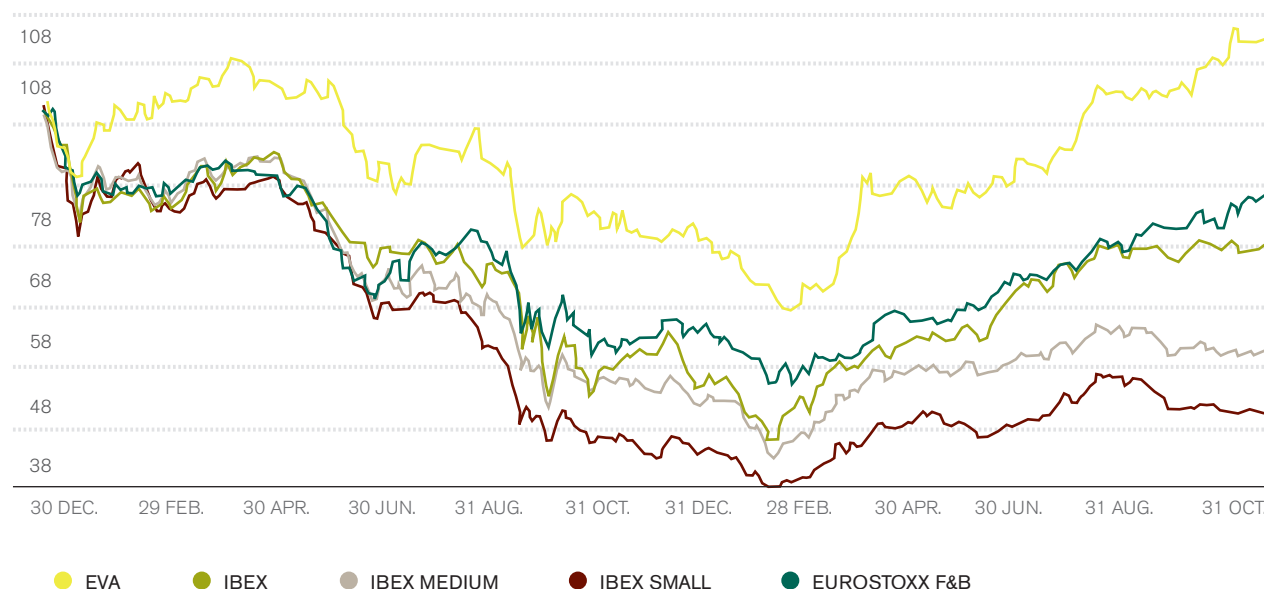
The Ebro Puleva share (EVA) rose by 48% in 2009. In the same period, Ibex 35 rose 30%, Ibex Med 14% and Ibex Small 17%, while the Eurostoxx Food and Beverage, benchmark of European food shares, rose 38.5%.

EVA vs. Indexes 2009



Analysing the performance over the past two years, Ibex 35 fell by 22%, Ibex Med by 40%, Ibex Small by 50% and Eurostoxx Food and Beverage by 13%. In contrast, EVA rose by 16%.

#### EVA vs. Indexes 2008–2009



The average price of the share in 2009 was 11.25 euro and market capitalisation at 30 December 2009 was €2,235 million, closing that day at 14.53 €/share.

The EVA share turnover was equivalent to 0.64 times the total number of shares of the company, compared to 0.62 times in 2008. In this regard, the average daily volume of trading was up 3% year on year, at 384,071 shares.

The EVA share performance in 2009 was very stable in comparison with that of the reference indexes, with a fluctuation (maximum price/minimum price) of 1.8. The ratio between the maximum and minimum prices of the 125 companies on the Spanish electronic dealing system was over 2.5 in 30 companies, over 2 in 60 and between 1 and 2 in the remaining 35 companies.

According to the information filed with the National Securities Market Commission (CNMV), 47.48% of the shares is free float and the remainder is held by shareholders represented on the Board.

#### ACTIVITIES OF THE INVESTOR RELATIONS DEPARTMENT

In a study published recently by Cheuvreux on the communication strategy of 247 European companies through the number of events they organise ("The European Corporate Survey 2009"), the average number of events per organisation was established at 25 days of roadshows, 15 days of conferences and 100 one-on-ones.

Contrasting with these figures, the Ebro Puleva Investor Relations Department held the following events in 2009: 46 days of roadshows, 16 days of seminars and/or conferences, visits to 21 cities on 44 trips and one-on-one meetings with 506 agents, 16% of whom were Spanish and 84% foreign. This is 8% more than in 2008 and 66% more than in 2007.

CITIES	Trips	Days
Andorra	1	1
Barcelona	2	2
Boston	3	4
Chicago	1	1
Copenhagen	1	1
Dublin	1	1
Edinburgh	1	1
Frankfurt	3	4
Geneva	2	2
Lisbon	2	2
London	7	10
Madrid	0	8
Milan	2	2
Munich	1	1
New York	5	7
Nice	1	1
Oslo	1	1
Paris	5	8
Stockholm	1	1
Vienna	1	1
Zaragoza	1	1
Zurich	2	2
<b>Total</b>	<b>44</b>	<b>62</b>

The EVA Investor Relations team was present at the conferences organised by Espirito Santo Investment Iberian Event Madrid, SCH S&M Cap Conference Madrid, Spanish Mid Cap Event Paris, Cheuvreux Emea Paris Conference, ESN European Mid & Small Cap Conference London, Société Générale European Small and Mid Nice, Cheuvreux Western Europe & Emerging Conference London, BPI Iberian Small & Mid Cap Conference Lisbon, Banesto S&M Cap Conference Madrid, Banesto European Corporate Forum London, ESN Conference New York and Cheuvreux Pan European Management Conference New York.

The following presentations were also given in 2009, in addition to the four quarterly presentations of results:

- **"Trading down, trading through, trading in":** prepared for the Small & Mid Caps Seminar organised by Banco Santander in Madrid.
- **"ENA: the new world of Ebro Puleva":** prepared for the roadshow organised by Merrill Lynch in Madrid, London, Boston and New York.

## EVA COVERAGE

Our policy of transparency and constant communication with analysts and investors has permitted a good coverage of our company by analysts, who continue to value EVA positively. At 31 December 2009, the recommendations regarding EVA were 77% "buy", 12% "hold" and 11% "sell".

Moreover, two new firms started to cover EVA in 2009. In September, Bank of America Merrill Lynch began coverage with a "buy" recommendation and a target price of 14.5 €/share, which was raised in December to 16 euro. On 17 December, JP Morgan started covering the company with a "hold" recommendation and a target price of 14 euro.

At present, EVA is covered by the following analysts:

Ahorro Corporación	JB Capital Markets, S. V.
Banesto Bolsa	J.P. Morgan
Banco Espirito Santo	Kepler Capital Markets
Banco Sabadell	La Caixa
BBVA	Link Securities
BPI	Merrill Lynch BOA
Caja Madrid	Nmás1
Cheuvreux	Santander Investment
ESN	UBS
Fidentiis	Venture Finanzas
Fortis Bank	

At year-end 2009, the average value assigned by analysts to EVA was a target price of 15.5 €/share, 7% higher than our market price at that date.

## EVA DIVIDEND

An ordinary dividend of €55.4 million was distributed during 2009 against the 2008 profits.

In turn, following the sale of the sugar business, two extraordinary dividends were distributed:

- The first, in kind, involved distribution of treasury stock for a value of €34.3 million, i.e. 3,640,827 shares at a price of 9.43 euro/share.
- The second, in cash, involved the distribution among shareholders of €55.4 million euro.

The distribution of these dividends almost tripled the shareholders' returns, totalling €144.7 million euro during the year.

For this year, the Ebro Puleva Board unanimously resolved on 17 December 2009 to put a motion to the AGM proposing a distribution of dividends of 0.40 €/share against the 2009 profits, payable in quarterly payments of 0.10 €/share throughout 2010. This is a year-on-year increase of 11% in the ordinary dividend for 2009.

Furthermore, subject to completion of the sale of the dairy business, the board has already approved in 2010 to propose at the AGM the distribution of an extraordinary dividend in cash of 0.60 €/share.

The extraordinary dividend would be distributed in four quarterly payments of 0.15 €/share, in principle on the following dates: 1 October 2010, 23 December 2010, 4 April 2011 and 4 July 2011.

## INCLUSION IN IBEX 35

On 10 December 2009, the Ibex 35 Technical Advisory Committee decided to approve the inclusion of Ebro Puleva in this selective index, effective from 4 January 2010. The inclusion in Ibex 35 gives EVA greater visibility, which will have a favourable effect on the liquidity of the share.



## Annual Financial Report

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





*Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.*

## AUDITORS' REPORT ON FINANCIAL STATEMENTS

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

We have audited the financial statements of Ebro Puleva, S.A. comprising the balance sheet at 31 December 2009 and the related income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of their presentation, of the accounting policies applied and of the estimates made.

As required by Spanish corporate and commercial law, for comparison purposes the directors present, in addition to the figures for 2009 for each item in the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements, the figures for 2008. Our opinion refers only to the 2009 financial statements. On 26 March 2009, other auditors issued their auditors' report on the 2008 financial statements, in which they expressed an unqualified opinion.

Since, the Company is the head of a group and meets certain requirements, it is obliged under current legislation to prepare consolidated financial statements separately in accordance with International Financial Reporting Standards as adopted by the European Union, on which we issued our auditors' report on this same date, containing an unqualified opinion. Note 1 to the accompanying financial statements discloses the main consolidated aggregates.

In our opinion, the accompanying financial statements for 2009 present fairly, in all material respects, the equity and financial position of Ebro Puleva, S.A. at 31 December 2009 and the results of its operations, the changes in equity and its cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with the generally accepted accounting principles and standards under the Spanish regulations applicable to the Company applied on a basis consistent with that of the preceding year.

The accompanying directors' report for 2009 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2009. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE, S.L.

Registered in ROAC under no. S0692

Miguel Fiandor Román

26 March 2010



09

## Annual Financial Report

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



# Financial Statements and Directors' Report for the year ended December 31, 2009

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see notes 2 and 21). In the event of a discrepancy, the Spanish language version prevails.

EBRO PULEVA, S.A.

Balance sheets at December 31, 2009 and 2008.

ASSETS (Thousands of euros)	Notes	12-31-09	12-31-08
<b>a) Non-current assets</b>		<b>1,412,773</b>	<b>1,473,808</b>
I. Intangible assets	5	5,515	5,515
3. Patents, licences, trademarks and similar items		5,515	5,515
II. Property, plant and equipment	6	9,149	9,397
1. Land and buildings		7,424	7,468
2. Plant and other items of property, plant and equipment		1,725	1,929
III. Investment property	7	9,604	9,647
1. Land		4,879	4,864
2. Buildings		4,725	4,783
IV. Non-current investments in Group companies and associates	8	1,338,802	1,433,466
1. Equity instruments		1,306,257	1,322,658
2. Loans to companies	8 and 17	32,545	110,808
V. Non-current financial assets	9	27,636	151
1. Equity instruments		0	1
2. Loans to third parties		27,489	0
5. Other financial assets		147	150
VI. Deferred tax assets	15	22,067	15,632
<b>b) Current assets</b>		<b>73,682</b>	<b>200,243</b>
I. Non-current assets classified as held for sale	8	0	148,481
III. Trade and other receivables	9 and 10	33,125	49,347
1. Trade receivables for sales and services		37	24,035
2. Receivable from Group companies and associates	17	7,675	22,791
3. Sundry accounts receivable		2,207	2,189
4. Employee receivables		8	12
5. Current tax assets	15	23,043	0
6. Other accounts receivable from public authorities	15	155	320
V. Current financial assets	9	13,365	0
2. Loans to third parties		13,365	0
VI. Current prepayments and accrued income		67	2,399
VII. Cash and cash equivalents	11	27,125	16
1. Cash		11,106	16
2. Cash equivalents		16,019	0
<b>Total assets</b>		<b>1,486,455</b>	<b>1,674,051</b>

The accompanying Notes 1 to 21 are an integral part of the balance sheet at December 31, 2009.



EBRO PULEVA, S.A.

Balance sheets at December 31, 2009 and 2008.

EQUITY AND LIABILITIES (Thousands of euros)	Notes	12-31-09	12-31-08
<b>a) Equity</b>		<b>827,574</b>	<b>763,970</b>
<b>a.1) Shareholders' equity</b>	<b>12</b>	<b>827,574</b>	<b>763,970</b>
I. Share capital		92,319	92,319
1. Registered share capital		92,319	92,319
II. Share premium		5	34,334
III. Reserves		578,832	711,932
1. Legal and bylaw reserves		18,464	18,464
2. Other reserves		560,368	693,468
IV. Treasury shares		(7,727)	(62,031)
VII. Profit (Loss) for the year		164,145	(12,584)
a.2) Valuation adjustments		0	0
a.3) Grants, donations or gifts and legacies received		0	0
<b>b) Non-current liabilities</b>		<b>568,233</b>	<b>723,122</b>
I. Long-term provisions	14	65,417	4,575
1. Provisions for long-term employee benefit obligations		4,151	2,327
4. Other provisions		61,266	2,248
II. Non-current payables	9	405,764	522,332
2. Bank borrowings	13	405,737	522,303
5. Other financial liabilities		27	29
III. Non-current payables to Group companies and associates	17	66,159	168,966
IV. Deferred tax liabilities	15	30,893	27,249
<b>c) Current liabilities</b>		<b>90,648</b>	<b>186,959</b>
I. Liabilities associated with non-current assets classified as held for sale	8	0	45,878
III. Current payables	9	79,224	127,994
2. Bank borrowings	13	78,537	125,824
5. Other financial liabilities		687	2,170
IV. Current payables to Group companies and associates	17	2,011	620
V. Trade and other payables	9	9,413	12,467
1. Payable to suppliers		1,870	2,830
2. Payable to suppliers - Group companies and associates	17	928	4,594
4. Remuneration payable		2,530	2,257
5. Current tax liabilities	15	0	1,035
6. Other accounts payable to public authorities	15	4,085	1,751
<b>Total equity and liabilities</b>		<b>1,486,455</b>	<b>1,674,051</b>

The accompanying Notes 1 to 21 are an integral part of the balance sheet at December 31, 2009.

**EBRO PULEVA, S.A.**

Income Statements for the years ended December 31, 2009 and 2008.

(Thousands of euros)	Notes	2009	2008
<b>Continuing operations</b>			
Revenue		74,823	31,214
Dividends from Group companies	8 and 17	73,174	26,327
Interest revenue from Group companies	17	1,649	4,887
Other operating income		7,009	4,412
Non-core and other current operating income		7,009	4,412
Staff costs		(10,138)	(9,344)
Wages, salaries and similar expenses		(7,501)	(7,227)
Employee benefit costs		(813)	(776)
Provisions		(1,824)	(1,341)
Other operating expenses		(14,022)	(10,699)
Outside services		(10,814)	(7,723)
Taxes other than income tax		(1,414)	(755)
Other current operating expenses		(1,794)	(2,221)
Depreciation and amortisation charge	6 and 7	(360)	(344)
Excessive provisions		59	0
Impairment and gains or losses on disposals of non-current assets		17,667	(119)
Gains or losses on disposals and other	5 and 7	17,667	(119)
<b>Profit from operations</b>		<b>75,038</b>	<b>15,120</b>
Finance income		2,519	404
From marketable securities and other financial instruments:			
Associates	17	105	209
Third parties		2,414	195
Finance costs		(17,807)	(50,798)
On debts to Group companies and associates	17	(3,223)	(18,074)
On debts to third parties		(12,894)	(32,724)
Interest cost relating to provisions		(1,690)	0
Exchange differences	9	879	102
Impairment and gains or losses on disposals of financial instruments		103,349	4,073
Impairment and other losses	8	(4,329)	(7,469)
Gains or losses on disposals and other	8	107,678	11,542
<b>Financial profit (Loss)</b>		<b>88,940</b>	<b>(46,219)</b>
<b>Profit (Loss) before tax</b>		<b>163,978</b>	<b>(31,099)</b>
Income tax	15	167	18,515
<b>Profit (Loss) for the year from continuing operations</b>		<b>164,145</b>	<b>(12,584)</b>
<b>Discontinued operations</b>			
<b>Profit (Loss) for the year from discontinued operations net of tax</b>		<b>0</b>	<b>0</b>
<b>Profit (Loss) for the year</b>		<b>164,145</b>	<b>(12,584)</b>

The accompanying Notes 1 to 21 are an integral part of the income statement for the year ended December 31, 2009.

**EBRO PULEVA, S.A.**

Statements of recognised income and expense for the years ended December 31, 2009 and 2008.

(Thousands of euros)	2009	2008
<b>a) Profit (Loss) per income statement</b>	<b>164,145</b>	<b>(12,584)</b>
Income and expense recognised directly in equity		
I. Arising from revaluation of financial instruments		
1. Available-for-sale financial assets		
2. Other income/expenses		
II. Arising from cash flow hedges		
III. Grants, donations or gifts and legacies received		
IV. Arising from actuarial gains and losses and other adjustments		
V. Tax effect		
<b>b) Total income and expense recognised directly in equity</b>	<b>0</b>	<b>0</b>
Transfers to profit or loss		
VI. Arising from revaluation of financial instruments		
1. Available-for-sale financial assets		
2. Other income/expenses		
VII. Arising from cash flow hedges		
VIII. Grants, donations or gifts and legacies received		
IX. Tax effect		
<b>c) Total transfers to profit or loss</b>	<b>0</b>	<b>0</b>
<b>Total recognised income and expense (a + b + c)</b>	<b>164,145</b>	<b>(12,584)</b>

The accompanying Notes 1 to 21 are an integral part of the statement of recognised income and expense for the year ended December 31, 2009.



EBRO PULEVA, S.A.

Statements of changes in total equity for the years ended December 31, 2009 and 2008.

	Share capital	Share premium	Reserves	Treasury shares	Prior years' profits (losses)	Profit (Loss) for the year	Other equity instruments	Valuation Adjustments	Grants, donations or gifts and legacies received	Total
(Thousands of euros)										
<b>Beginning balance at 01-01-08</b>	<b>92,319</b>	<b>34,333</b>	<b>765,745</b>	<b>(10,740)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>881,657</b>
<b>I. Total recognised income and expense</b>						<b>(12,584)</b>				<b>(12,584)</b>
<b>II. Transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>(55,382)</b>	<b>(51,291)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(106,673)</b>
Capital increases										0
Capital reductions										0
Conversion of financial liabilities into equity										0
Dividends paid			(55,391)							(55,391)
Treasury share transactions (net)			9	(51,291)						(51,282)
Other transactions with shareholders										0
<b>III. Other changes in equity</b>		<b>1</b>	<b>1,569</b>							<b>1,570</b>
<b>Ending balance at 12-31-08</b>	<b>92,319</b>	<b>34,334</b>	<b>711,932</b>	<b>(62,031)</b>	<b>0</b>	<b>(12,584)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>763,970</b>
<b>I. Adjustments due to changes in policies</b>										<b>0</b>
<b>II. Adjustments due to errors</b>										<b>0</b>
<b>Adjusted balance at 01-01-09</b>	<b>92,319</b>	<b>34,334</b>	<b>711,932</b>	<b>(62,031)</b>	<b>0</b>	<b>(12,584)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>763,970</b>
<b>I. Total recognised income and expense</b>						<b>164,145</b>				<b>164,145</b>
<b>II. Transactions with shareholders</b>	<b>0</b>	<b>(34,329)</b>	<b>(133,100)</b>	<b>54,304</b>	<b>0</b>	<b>12,584</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(100,541)</b>
Capital increases										0
Capital reductions										0
Conversion of financial liabilities into equity										0
Dividends paid			(123,367)			12,584				(110,783)
Treasury share transactions (net)			(9,733)	20,091						10,358
Other transactions with shareholders		(34,329)		34,213						(116)
<b>III. Other changes in equity</b>										<b>0</b>
<b>Ending balance at 12-31-09</b>	<b>92,319</b>	<b>5</b>	<b>578,832</b>	<b>(7,727)</b>	<b>0</b>	<b>164,145</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>827,574</b>

The accompanying Notes 1 to 21 are an integral part of the statement of changes in total equity for the year ended December 31, 2009.



**EBRO PULEVA, S.A.**

Statements of cash flows for the years ended December 31, 2009 and 2008.

(Thousands of euros)	Notes	12-31-09	12-31-08
<b>Cash flows from operating activities</b>		<b>26,359</b>	<b>98</b>
1. Profit (Loss) for the year before tax		163,978	(31,099)
2. Adjustments for:		(179,697)	18,998
a) Depreciation and amortisation charge	5,6 and 7	360	344
b) Impairment losses (+/-)	8	4,329	7,469
c) Changes in provisions (+/-)(+)	14	1,666	3,530
e) Gains/Losses on derecognition and disposal of non-current assets (+/-)	7	(17,667)	119
f) Gains/Losses on derecognition and disposal of financial instruments (+/-)	8	(107,678)	(11,542)
g) Finance income (-)		(2,519)	(404)
h) Finance costs (+)		17,807	50,798
i) Exchange differences (+/-)	9.1	(879)	(102)
k) Other income and expenses (-/+)		(75,116)	(31,214)
3. Changes in working capital		690	(859)
b) Trade and other receivables (+/-)		(1,632)	(306)
d) Trade and other payables (+/-)		2,322	(553)
4. Other cash flows from operating activities		41,388	13,058
a) Interest paid (-)		(14,764)	(40,138)
b) Dividends received (+)		62,674	26,327
c) Interest received (+)		2,886	4,580
d) Income tax recovered (paid) (+/-)		(9,408)	22,289
<b>Cash flows from investing activities</b>		<b>314,976</b>	<b>16,407</b>
6. Payments due to investment (-)		(2,760)	(752)
a) Group companies and associates		(2,658)	0
c) Property, plant and equipment	6	(60)	(625)
d) Investment property	7	(40)	(111)
e) Other financial assets		(2)	(16)
7. Proceeds from disposal (+)		317,736	17,159
a) Group companies and associates		282,170	15,647
b) Intangible assets		30,006	0
c) Property, plant and equipment		9	1,142
d) Investment property		2,434	48
e) Other financial assets		2	1
g) Other assets		3,115	321
<b>Cash flows from financing activities</b>		<b>(314,208)</b>	<b>(16,458)</b>
9. Proceeds and payments relating to equity instruments		9,062	(51,282)
c) Purchase of treasury shares (-)		(10,211)	(52,854)
d) Disposal of treasury shares (+)		19,273	1,572
10. Proceeds and payments relating to financial liability instruments		(214,927)	88,645
a) Issue of		4,050	142,288
2. Bank borrowings (+)		0	49,171
3. Borrowings from Group companies and associates (+)		4,050	93,117
b) Repayment of		(218,977)	(53,643)
2. Bank borrowings (-)		(149,404)	(71,000)
3. Borrowings from Group companies and associates (-)		(69,573)	17,357
11. Dividends and returns on other equity instruments paid		(108,343)	(53,821)
a) Dividends (-)		(108,343)	(53,821)
<b>Effect of foreign exchange rate changes</b>		<b>(18)</b>	<b>(77)</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>27,109</b>	<b>(30)</b>
Cash and cash equivalents at beginning of year		16	46
Cash and cash equivalents at end of year		27,125	16

The accompanying Notes 1 to 21 are an integral part of the statement of cash flows for the year ended December 31, 2009.

# Notes to the financial statement for the year ended December 31, 2009

## 1. COMPANY ACTIVITIES

The Spanish public limited liability company Ebro Puleva, S.A. ("the Company") arose from the merger by absorption of Puleva, S.A. into Azucarera Ebro Agrícolas, S.A. on January 1, 2001. As a result of that transaction, the post-merger company's name was changed from Azucarera Ebro Agrícolas, S.A. to Ebro Puleva, S.A.

The Company's current registered office is in Madrid (28046), at Paseo de la Castellana, 20. The Company's object is to perform the following business activities in Spanish and foreign markets:

- a) The production, preparation, sale, research, export and import of all manner of food and dietary products for both human and animal consumption, in addition to energy food products, including their by-products and waste, and, in particular, of sugar and agricultural products, dairy products, rice, pasta and all manner of nutritional products, including special diets for clinical feeding and special formulas, products and compounds for sale in the pharmaceutical, healthcare, veterinary and biofuel industries.
- b) The production, exploitation and sale of all manner of food, soft and alcoholic beverages.
- c) The use of by-products and the provision of services or products of all types relating to the aforementioned activities, including refrigeration units, ice, industrial gas, steam, cooling and energy.
- d) The acquisition, lease, creation, installation, promotion, development and management of industrial, farming and livestock facilities in the food, nutrition and beverage (including alcohol) industries.
- e) The performance of projects and installation work and the provision of all manner of technical assistance for other companies in the aforementioned industries; the creation, promotion, protection and use of patents, trademarks and items of other kinds covered by intellectual property rights.
- f) Staff training, computer programming or management, investment and optimisation of resources, advertising and corporate image, transport, distribution and sale activities that are ancillary or complementary to the aforementioned activities.

The activities making up the Company's object may be carried on through the subscription or acquisition of shares or other equity interests in companies with an identical or similar company object.

Ebro Puleva, S.A. is the head of the consolidated Group consisting of it, as the parent, and the subsidiaries and associates with which it presented separately consolidated financial statements for 2009, authorised for issue by the directors of Ebro Puleva, S.A. on March 25, 2010. The consolidated financial statements for 2008 were approved by the shareholders at the Annual General Meeting of Ebro Puleva, S.A. on April 28, 2009 and were filed at the Madrid Mercantile Registry.

This fact should be taken into consideration when assessing the purely circumstantial working capital position at the end of the year in the separate financial statements of Ebro Puleva, S.A., which, as the head of the Group, has other financing options available to it, through the application of the dividend policy, for example.

The main aggregates in the consolidated financial statements for 2009 and 2008, prepared in accordance with Final Provision Eleven of Law 62/2003, of December 30, applying International Financial Reporting Standards as approved by the Regulations of the European Commission, are as follows:

(Thousands of euros)	12-31-2009	12-31-2008
<b>Total assets</b>	<b>2,684,465</b>	<b>3,422,912</b>
<b>Equity</b>	<b>1,298,160</b>	<b>1,228,686</b>
Of the Parent	1,280,322	1,203,131
Of non-controlling interests	17,838	25,555
<b>Revenue</b>	<b>2,197,731</b>	<b>2,367,902</b>
<b>Profit for the year</b>	<b>172,823</b>	<b>131,870</b>
Of the Parent	176,539	130,637
Non-controlling interests	(3,716)	1,233

## 2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements were prepared in accordance with the Spanish National Chart of Accounts approved by Royal Decree 1514/2007, of 16 November, and the other Spanish corporate law in force.

The figures included in the financial statements are expressed in thousands of euros unless otherwise indicated.

### **Fair presentation**

The financial statements were prepared from the Company's accounting records in accordance with current accounting legislation in order to present fairly the equity, financial position and results of operations of the Company. The statement of cash flows was prepared in order to accurately disclose the source and application of the monetary assets representing the Company's cash and cash equivalents.

These financial statements, which were prepared by the Company's directors for submission for the approval of the shareholders at the Annual General Meeting, and it is considered that they will be approved without any changes. The financial statements for 2008 were approved by the shareholders at the Annual General Meeting of Ebro Puleva, S.A. held on April 28, 2009.

### **Comparative information**

The financial statements for 2008 are presented for comparison purposes with those for 2009. The changes in the presentation of the figures for the year ended December 31, 2008 in these financial statements for 2009 with respect to those included in the financial statements for 2008 are as follows:

Under the Ruling of the Spanish Accounting and Audit Institute (ICAC) published in September 2009, the dividend income and finance income arising from the financing of investees must be classified and recognised under "Revenue". Accordingly, EUR 31,204 thousand presented as finance income in the financial statements for 2008 were reclassified to "Revenue".

### **Key issues in relation to the measurement and estimation of uncertainty**

In preparing the Company's financial statements, the directors made estimates based on historical experience and other factors that they considered reasonable in view of current circumstances, which constitute the basis for establishing the carrying amounts of assets and liabilities that cannot be easily identified using other sources. The Company reviews its estimates on an ongoing basis. However, in view of the uncertainty of these sources, there is a significant risk that material adjustments might have to be made in the future to the carrying amount of the assets and liabilities affected if there is a significant change in the assumptions, events or circumstances upon which they are based.

The key assumptions regarding the future and other relevant data relating to the estimation of uncertainty at the end of the reporting period that entail a significant risk because they represent significant changes in the value of the assets and liabilities in the coming year are as follows:

#### ■ **Taxation**

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the four-year statute-of-limitations period has expired from the date the corresponding tax returns have been filed. The directors consider that there are no contingencies that might result in additional material liabilities for the Company in the event of a tax audit (see Note 15).

#### ■ **Impairment of non-financial assets**

The Company analyses once a year whether there are indications of impairment of non-financial assets. Intangible assets with an indefinite useful life are tested for impairment at least once a year. The other non-financial assets are tested for impairment whenever there are indications of impairment (see Note 5), and they are depreciated/amortised based on their estimated useful life.

#### ■ Deferred tax assets

Deferred tax assets are recognised on the basis of the future estimates made by the Company in relation to the probability that it will have taxable profits in the future (see Note 15).

#### ■ Provisions

The Company recognises provisions for contingencies in accordance with the accounting policy indicated in Note 4-n to these financial statements. The Company made judgments and estimates as to the probability that these contingencies will become liabilities and the amount thereof, recognising a provision whenever the risk was considered probable, estimating the cost that gave rise to the related obligation (see Note 14).

#### Corporate transactions performed in 2009 affecting the basis of presentation

In 2009 no corporate transactions took place that affected presentation comparability with prior years. However, the detail of prior years' corporate transactions for which information must be included in the financial statements of subsequent years is as follows:

**a) Merger by absorption of Productos La Fallera, S.A.:**

See financial statements for 2003.

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

See financial statements for 2003.

### 3. DISTRIBUTION OF PROFIT

(Thousands of euros)	Amount
<b>Basis of distribution</b>	
Unrestricted reserves	560,368
Profit for the year	164,145
	<b>724,513</b>

The profit distribution proposal prepared by the directors of Ebro Puleva, S.A. at the Board of Directors Meeting of 25 March 2010, which has not yet been approved by the shareholders at the Annual General Meeting, is as follows:

The consolidated profit of the Ebro Puleva Group for 2009 makes it possible to propose, as in prior years, to distribute an ordinary dividend payable in cash with a charge to unrestricted reserves of EUR 0.40 per share to be settled in four quarterly payments of EUR 0.10 each on April 2, July 2, October 2 and December 22, 2010 for a total of EUR 61,546 thousand.

#### Limitations on the distribution of dividends

The Company must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. Otherwise, until the legal reserve exceeds 20% of share capital, it cannot be distributed to shareholders (see Note 12-c).

Once the appropriations provided for by law or by the bylaws have been covered, dividends may only be distributed out of the profit for the year or unrestricted reserves if the value of the equity is not already, or as a result of the distribution, lower than that of the share capital. For this purpose, the profit recognised directly in equity may not be directly or indirectly distributed. If prior years' losses existed that reduced the value of the Company's equity to below that of the share capital, the profit would have to be used to offset those losses.

## 4. ACCOUNTING POLICIES AND MEASUREMENT BASES

### a) Intangible assets

Intangible assets are initially recognised at acquisition or production cost. The cost of intangible assets acquired through business combinations is its fair value at the date of acquisition.

Following initial recognition, intangible assets are measured at cost, less any accumulated amortisation and, where applicable, any accumulated impairment losses recognised.

Each intangible asset is analysed to determine whether the useful life is finite or indefinite.

Intangible assets with a finite useful life are amortised systematically based on the estimated useful life of the assets and their residual value. The amortisation methods and periods are reviewed at the end of each year and, where appropriate, they are adjusted prospectively. Intangible assets are assessed for indications of impairment at least at the end of each reporting period and, if there are indications of impairment, the recoverable amount is estimated and the appropriate impairment losses are recognised. Patents, licences, trademarks and similar items are amortised using the straight-line method over their years of useful life, which, in general, is estimated to be four years, as in the case of computer software.

Intangible assets with an indefinite useful life are not amortised and they are analysed for possible impairment at least once a year. This indefinite useful life assessment is reviewed at each reporting date.

### b) Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition or production cost. The cost of property, plant and equipment acquired through business combinations is fair value at the acquisition date. Following initial recognition, property, plant and equipment are measured at cost, less any accumulated depreciation and any accumulated impairment losses recognised.

The cost of certain assets acquired or produced on or after January 1, 2008 that require more than twelve months to get ready for their intended use includes such borrowing costs as might have been incurred before the non-current assets are ready for their intended use that meet the requirements for capitalisation.

In addition, the value of the property, plant and equipment includes the initial estimate of the present value of the obligations assumed as a result of dismantling or disposal, and other obligations associated with the asset, such as refurbishment costs, whenever these obligations lead to the recognition of provisions.

Repair costs that do not lead to a lengthening of the useful lives of the assets and maintenance costs are charged to the income statement for the year in which they are incurred. The costs of expansion or improvements leading to increased productivity or capacity or to a lengthening of the useful lives of the assets are capitalised.

The depreciation charge is recognised in the income statement. Property, plant and equipment are depreciated from the moment they become ready for use. Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful life of the respective assets, based on the actual decline in value caused by their use and by wear and tear, the detail being as follows:

	Depreciation rate
Buildings	2.0 a 3.0%
Machinery, plant and tools	2.0 a 8.0%
Furniture	10.0 a 25.0%
Transport equipment	5.5 a 16.0%

At the end of each reporting period the Company reviews and adjusts, where appropriate, the residual values, useful lives and the depreciation method relating to property, plant and equipment, and the appropriate adjustments are made prospectively.

### **c) Investment property**

"Investment Property" comprises land and buildings leased to third parties or out of use. Buildings are depreciated using the straight-line method over an estimated useful life of 50 years.

The accounting policies for property, plant and equipment fully apply to investment property. Assets are transferred to investment property when, and only when, there is a change in use.

### **d) Asset exchange transactions**

In the case of assets received in an exchange transaction, the Company analyses each transaction in order to establish whether or not the exchange has commercial substance.

The asset received in an exchange with commercial substance is recognised at the fair value of the asset given up plus, where appropriate, any monetary consideration paid, except in the case of transactions in which there is clearer evidence of the fair value of the asset received, in which case it will be recognised at the latter amount. The valuation differences arising on derecognition of the asset given up in the exchange are recognised in the income statement.

Whenever the swap lacks commercial substance or it is not possible to obtain a reliable estimate of the fair value of the assets involved in the transaction, the asset received in the exchange is recognised at the carrying amount of the asset given up plus, where appropriate, any monetary consideration paid.

### **e) Impairment of non-financial non-current assets**

The Company tests non-financial non-current assets or, where applicable cash-generating units, for indications of impairment at least once a year. At the end of each reporting period (for goodwill and intangible assets with indefinite useful lives) or whenever there are indications of impairment (for other assets) the Company estimates the recoverable amount of the assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. Whenever the carrying amount exceeds the recoverable amount, an impairment loss is recognised. Value in use is the present value of the estimated future cash flows, using risk-free market interest rates, adjusted for the specific risks associated with the asset. Where the asset itself does not generate cash flows that are largely independent from those generated by other assets or groups of assets, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses and reversals thereof are recognised in the income statement. Impairment losses are reversed when the circumstances giving rise to them cease to exist, except for those relating to goodwill. Impairment losses may be reversed up to the limit of the carrying amount that would have been determined had no impairment loss been recognised in prior years.

### **f) Leases**

Leases are classified as finance leases whenever the economic terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

#### **If the company acts as the lessee:**

Assets held under a finance lease are recognised on the basis of their nature at the lower of the fair value of the asset and the present value, at inception of the lease, of the agreed minimum lease payments and a financial liability is also recognised for the same amount. Lease payments are recognised as finance costs and as a reduction in the liability. The same criteria concerning depreciation, impairment and derecognition as are applied to assets that are owned are also used for leased assets.

Operating lease payments are recognised as an expense in the income statement on an accrual basis.

#### **If the Company acts as the lessor:**

Lease income from operating leases is recognised in income on an accrual basis. The costs directly attributable to the lease are capitalised to the leased asset and are recognised as an expense over the lease term, applying the same method as that used to recognise lease income.

## **g) Financial assets**

### **1. Classification and measurement**

#### **1.1. *Loans and receivables***

"Loans And Receivables" includes trade and non-trade receivables, including the financial assets that have fixed or determinable payments and are not traded in an active market, for which the Company expects to recover the full amount paid except, where applicable, for reasons attributable to the solvency of the debtor.

Loans and receivables are initially recognised in the balance sheet at fair value which, unless there is evidence to the contrary, is the transaction price, which is equal to the fair value of the consideration paid plus any directly attributable transaction costs. These financial assets are subsequently measured at amortised cost.

However, trade receivables maturing within one year, with no contractual interest rate, and advances and loans to employees, dividends receivable and capital calls, expected to be received at short term are initially recognised and subsequently measured at their nominal value, whenever the effect of not discounting the cash flows is not material.

#### **1.2. *Held-to-maturity investments***

"Held-to-Maturity Investments" includes the debt securities with fixed maturity and fixed or determinable payments that are traded in an active market and which the Company has the positive intention and financial capacity to hold until maturity.

They are initially recognised in the balance sheet at fair value which, unless there is evidence to the contrary, is the price of the transaction, which is equal to the fair value of the consideration paid plus any directly attributable transaction costs. These financial assets are subsequently measured at amortised cost.

#### **1.3. *Investments in Group companies, jointly controlled entities and associates***

These include equity investments in companies over which control, joint control by way of a bylaw or contractual agreement, or significant influence is exercised. They are initially recognised in the balance sheet at fair value which, unless there is evidence to the contrary, is the transaction price, which is equal to the fair value of the consideration paid plus any directly attributable transaction costs, except in the case of non-monetary contributions to a Group company in which the object is a business, when the investment is recognised at the carrying amount of the assets composing the business. The amount initially recognised includes the amount of the pre-emptive subscription and similar rights acquired.

These financial assets are subsequently measured at cost less any accumulated impairment losses.

When an investment is classified as an investment in a Group company, jointly controlled entity or associate, the cost is considered to be the amount at which it had been carried previously, and any valuation adjustments previously recognised in equity are retained in equity until the investment is disposed of or becomes impaired.

If the pre-emptive subscription and similar rights are sold or are segregated for exercise, the carrying amount of the respective assets will be reduced by the cost of the rights.

#### **1.4. *Held-for-trading financial assets***

"Held-for-Trading Financial Assets" includes the financial assets originated or acquired with the intention of obtaining a short-term gain. Derivative instruments that have not been designated as hedging instruments also form part of "Held-for-Trading Financial Assets".

They are initially recognised at fair value in the balance sheet which, unless there is evidence to the contrary, is the transaction price. Any directly attributable transaction costs are recognised in the income statement. The initial fair value of equity instruments includes the amount of pre-emptive subscription and similar rights acquired.

"Held-for-Trading Financial Assets" are initially recognised at fair value including any transaction costs that might be incurred on disposal. Any changes in fair value are recognised in profit or loss.

### 1.5. *Available-for-sale financial assets*

"Available-For-Sale Financial Assets" includes debt securities and equity instruments that are not included in any of the aforementioned categories.

"Available-for-Sale Financial Assets" are initially recognised at fair value which, unless there is evidence to the contrary, is the transaction price, which is equal to the fair value of the consideration given, plus any directly attributable transaction costs. The initial fair value of the equity instruments includes the pre-emptive subscription and similar rights acquired. These financial assets are subsequently measured at fair value including any transaction costs that might be incurred on disposal. Any changes in the fair value are recognised directly in equity until the financial asset is derecognised or becomes impaired, at which time the amount recognised in equity will be transferred to profit or loss. However, any exchange gains or losses on monetary financial assets denominated in foreign currency are recognised in the income statement.

Equity instruments the fair value of which cannot be estimated reliably are measured at cost, less, where applicable, any accumulated impairment losses.

If the pre-emptive subscription and similar rights are sold or are segregated for exercise, the carrying amount of the respective assets will be reduced by the cost of the rights.

### 1.6. *Hedging derivatives*

Hedging derivatives include the financial derivatives classified as hedging instruments.

Financial instruments designated as hedging instruments or hedged items are accounted for as described in Note 4-j.

## 2. **Derecognition**

Financial assets are derecognised from the Company's balance sheet when the contractual rights on the cash flows of the financial asset have expired or have been transferred, provided that substantially all the risks and rewards incidental to ownership are transferred.

If the Company has neither substantially transferred nor retained all the risks and rewards of ownership of the financial asset, it is derecognised once control is relinquished. If the Company still exercises control over the asset, it continues to recognise it at the amount for which it is exposed to changes in the value of the asset transferred, i.e., to the extent of its continuing involvement, and the associated liability is recognised.

The difference between the consideration received, net of the attributable transaction costs, including any new asset obtained less any new liability assumed, and the carrying amount of the financial asset transferred, plus any accumulated amount recognised directly in equity, will be the gain or loss on derecognition of the financial asset and will be recognised in profit or loss.

The Company does not derecognise financial assets in transfers in which substantially all the risks and rewards of ownership are retained, such as in the case of note and bill discounting, factoring transactions, sales of financial assets subject to an agreement to buy them back at a fixed price or at the selling price plus a lender's return and the securitisation of financial assets in which the Company retains a subordinated interest or any other kind of guarantee that absorbs substantially all the expected losses. In these cases, the Company recognises a financial liability for an amount equal to the consideration received.

## 3. **Interest and dividends received from financial assets**

Interest and dividends from financial assets earned after the date of acquisition are recognised as revenue. Interest must be recognised using the effective interest method and dividend revenue must be recognised when the shareholder's right to receive payment is established.

For this purpose, financial assets are initially recognised separately, based on their maturity, from the amount of the unmatured explicit interest earned at that date, and the amount of the dividends declared by the competent body up to the acquisition date. Explicit interest is understood to be the interest obtained from applying the contractual interest rate of the financial instrument.

In addition, when the dividends are clearly paid out of the profit obtained prior to the acquisition date because amounts were paid in excess of the profit earned by the investee since its acquisition, they are not recognised as revenue and are deducted from the carrying amount of the investment.



#### **h) Impairment of financial assets**

The carrying amount of the financial assets is adjusted by the Company with a charge to the income statement when objective evidence of an impairment loss exists.

The Company calculates impairment losses on financial assets by assessing the possible impairment losses on individual assets and groups of assets with similar risk characteristics.

#### **Debt instruments**

There is objective evidence of impairment on debt instruments, taken to be accounts receivable, loans and debt securities, when an event occurs after the initial recognition of the asset that has an adverse impact on the estimated future cash flows of the asset.

The Company considers as impaired assets (doubtful assets) to be debt instruments for which there is objective evidence of impairment, due mainly to the existence of delinquency, default, re-financing and the existence of observable data indicating the possibility that all the future flows agreed upon might not be recovered or that there might be a delay in their collection.

In the case of a financial asset valued at amortised cost, the amount of impairment losses is equal to the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate. Financial assets tied to floating interest rates are discounted using the effective interest rate prevailing at the end of the reporting period. The Company considers trade and other receivables to be doubtful assets when they are more than six months past-due for which there is no guarantee of collection, together with balances relating to companies that have filed for insolvency.

The Company considers the fair value of listed instruments to be a substitute for the present value of the future cash flows, provided that it is sufficiently reliable.

In the case of "Available-for-Sale Financial Assets", whenever there is objective evidence that a decrease in fair value is due to its impairment, the unrealised losses included under "Equity – Valuation Adjustments" are transferred to profit or loss.

A reversal of an impairment loss is recognised as income in the income statement up to the limit of the carrying amount that would have been recognised at the date of reversal had no impairment loss been recognised.

#### **Equity instruments**

There is objective evidence that equity instruments have become impaired when an event or a combination of events occurs after initial recognition that indicates that it will not be possible to recover the carrying amount due to a prolonged or significant decline in its fair value. In this regard, the Company considers that an instrument has become impaired if the market value has fallen by 40% over a period of 18 months without the value having recovered.

In the case of equity instruments measured at fair value included in "Available-for-Sale Financial Assets", the impairment loss is calculated as the difference between its acquisition cost and fair value less any previously recognised impairment losses. The unrealised losses recognised under "Equity – Valuation Adjustments" are recognised immediately in the income statement when the decline in fair value is deemed to be a result of its impairment. If all or a portion of the impairment loss subsequently reverses, these amounts are recognised under "Equity – Valuation Adjustments".

In the case of equity instruments measured at cost included under "Available-for-Sale Financial Assets" and equity investments in Group companies, jointly controlled entities and associates, impairment losses are calculated as the difference between the carrying amount and the recoverable amount, which is the higher of fair value less costs to sell and the present value of the future cash flows arising from the investment. Unless there is better evidence, the estimated impairment loss is based on the equity of the investee, adjusted for any unrealised gains existing at the date of measurement. These losses are recognised in the income statement as a direct reduction in the value of the equity instrument.

In the case of equity investments in Group companies, jointly controlled entities and associates that would have been determined for the investment at the date of reversal had no impairment loss been recognised, a reversal of an impairment loss is recognised as income up to the limit of the carrying amount. In the case of available-for-sale financial assets measured at cost, impairment losses recognised in prior years must not be reversed in a subsequent period.

## **i) Financial liabilities**

### **1. Classification and measurement**

#### **1.1. Accounts payable**

Accounts payable include the financial liabilities arising from the purchase of goods or services in the normal course of the Company's business and non-trade payables that are not derivative instruments.

They are initially recognised in the balance sheet at their fair value which, unless there is evidence to the contrary, is the transaction price, which is equal to the fair value of the consideration received, adjusted by the directly attributable transaction costs.

Subsequent to initial recognition, these financial liabilities are measured at amortised cost. The interest incurred is recognised in the income statement applying the effective interest method.

However, trade payables maturing within one year which do not have a contractual interest rate, and capital payments called by third parties which are expected to be paid at short term are measured at the related nominal value whenever the effect of not discounting the cash flows is not significant.

#### **1.2. Held-for-trading financial liabilities:**

"Held-for-Trading Financial Liabilities" includes financial liabilities issued in order to re-acquire them at short term and derivative instruments not designated as hedges. These financial liabilities are recognised and measured using the same criteria as those applied to held-for-trading financial assets.

#### **1.3) Hedging derivatives**

Hedging derivatives include financial derivatives classified as hedging instruments. Financial instruments designated as hedging instruments or hedged items are measured as established in Note 4-j.

### **2) Derecognition**

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

An exchange of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability is accounted for in the same way.

The difference between the carrying amount of a financial liability or part of a financial liability derecognised, and the consideration paid, including the attributable transaction costs and any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

In an exchange of debt instruments with terms that are not substantially different, the original financial liability is not derecognised and the amount of fees paid is recognised as an adjustment to its carrying amount. The new amortised cost of the financial liability is determined by applying the effective interest rate, which is the rate that exactly discounts estimated cash payments to the carrying amount of the liability under the new terms.

## **j) Hedge accounting**

The Company usually arranges fair value hedges to hedge the accounts receivable in foreign currency, cash flow hedges to hedge the loans received at floating interest rates and hedges of net investments in foreign operations in the US.

Hedges are only designated as such when they effectively eliminate the risk associated with the asset or the hedged position over the entire estimated term of the hedge, which signifies that they are expected to be highly effective (prospectively) from the inception of the hedge and that there must be sufficient evidence to indicate that the hedge has been effective over the entire life of the asset or hedged position (retrospective effectiveness).

The hedges are documented adequately, including the way in which the Company expects to be able to achieve and assess hedge effectiveness, in accordance with the Company's risk management policy.

The Company assesses the effectiveness of the hedges by performing tests to check that the differences in the changes in value of the cash flows of the hedged item and the related hedge are within a range of 80% to 125% over the life of the transactions, thereby fulfilling the forecasts at the inception of the hedge.

If at any time this relationship is not achieved, the hedges no longer qualify for hedge accounting and are reclassified as trading derivatives.

For measurement purposes, the Company classifies the hedges into the following categories:

- **Fair value hedges:** these cover the risk of the exposure to changes in the fair value of receivables arising from exchange rate fluctuations. Changes due to exchange differences, in the value of both the hedging instrument and the hedged item, are recognised in the income statement.
- **Cash flow hedges:** cash flow hedges hedge exposure to the risk of changes in the cash flows attributable to changes in the interest rates on the loans received. Interest rate swaps are arranged to change floating rates for fixed rates. The portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised temporarily in equity and is transferred to profit or loss in the year or years in which the hedge affects profit or loss.
- **Hedges of a net investment in foreign operations:** these hedge the foreign currency risk associated with the net investment in the US subsidiaries. The hedge is achieved through the USD loans that financed the acquisition of these investments. Any changes in value arising from the effects of changes in the exchange rate on hedging instruments and the effects of the investments in subsidiaries are recognised in the income statement.

#### k) Treasury shares

Treasury shares are deducted from equity for the amount of the consideration paid at the acquisition date, and gains or losses arising from their sale or retirement are not recognised in the income statement. The costs relating to treasury share transactions are recognised directly in equity as a reduction of reserves.

#### l) Cash and cash equivalents

"Cash and Cash Equivalents" includes cash on hand and in bank accounts and the short-term deposits and reverse repos that meet the following requirements:

- They are convertible into cash.
- They matured within three months from the acquisition date.
- They are not subject to a significant risk of changes in value.
- They form part of the ordinary cash management policy of the Company.

For the purpose of the statement of cash flows, the circumstantial overdrafts that form part of the Company's cash management are deducted from the balances of cash and cash equivalents.

#### m) Government grants

Grants are classified as non-refundable when the conditions established for their award have been met, at which time they are recognised directly in equity net of the related tax effect.

Refundable grants are recognised as liabilities until they become non-refundable. No income is recognised until that time.

Grants received to finance specific expenses are allocated to income in the year in which the related expenses are incurred. The grants received to acquire property, plant and equipment are recognised as income for the year in proportion to the depreciation taken on the assets for which the grants were received.

#### **n) Provisions and contingencies**

Provisions are recognised in the balance sheet when the Company has a present obligation (legal, contractual, constructive or implied) arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the amount of which can be estimated reliably.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer an obligation to a third party. When discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis. In the case of provisions maturing within or at one year, discounting is not used if the effect thereof is not material. Provisions are reviewed at the end of each reporting period and are adjusted in order to reflect the best current estimate of the related liability at any given time.

#### **o) Long-term employee benefit obligations**

In accordance with the current collective agreements and other agreements, the Company is obliged to pay annual supplementary payments of various kinds and other bonuses for long service and retirement to its permanent employees who retire at the legally stipulated age or who take early retirement. At present, the Company only has these possible obligations to certain of its current employees.

The provision recognised for long-service bonuses represents the present value, calculated by an independent actuary, of the possible future payment obligations of the Company to these employees.

The provision for possible retirement and similar obligations was externalised pursuant to current legislation. As a result of this externalisation, the Company is obliged to make annual contributions to an external pension fund for an estimated annual amount that is not material for the employees affected taken as a whole.

In addition, the Company grants its employees certain voluntary retirement bonuses of undetermined amount. These bonuses, which are scantily material, are recognised as an expense when they are paid.

#### **p) Income tax**

The current income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit (tax loss) for the year, after deduction of the tax relief and credits, plus the changes in deferred tax assets and liabilities recognised in the year. The current income tax expense is recognised in the income statement, except when it corresponds to transactions recognised directly in equity, in which case the related tax is also recognised in equity, and to business combinations, in which case it is charged or credited to goodwill.

Deferred taxes are recognised for temporary differences existing at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is taken to be the amount attributed to that asset or liability for tax purposes.

The tax effect of temporary differences is recognised under "Deferred Tax Assets" and "Deferred Tax Liabilities" in the balance sheet.

The Company recognises deferred tax liabilities for all taxable temporary differences, with the exceptions provided for in current legislation.

The Company recognises deferred tax assets for all deductible temporary differences, unused tax assets and tax loss carryforwards to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised, with the exceptions provided for in current legislation.

At the end of each reporting period, the Company assesses the deferred tax assets recognised and those that were previously unrecognised. On the basis of this assessment, the Company derecognises a previously recognised asset if its recovery is no longer probable and recognises a previously unrecognised deferred tax asset whenever it is probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, pursuant to the approved legislation in force, and based on the way in which the deferred tax asset is reasonably expected to be recovered or the deferred tax liability is reasonably expected to be settled.

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

#### **q) Non-current assets and disposal groups classified as held for sale**

The Company classifies assets under "Non-Current Assets Classified as Held for Sale" if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the following requirements are met:

- They are available for immediate sale in their present condition, subject to the usual terms and conditions of sale.
- Their sale is highly probable.

Non-current assets classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell, except for deferred tax assets, assets arising from employee benefits and financial assets that do not relate to investments in Group companies, jointly controlled entities and associates, all of which are accounted for in accordance with the standards applicable to them. These assets are not depreciated but rather, whenever necessary, the appropriate valuation adjustments are made to ensure that the carrying amount is not higher than fair value less costs to sell.

The disposal groups classified as held for sale are measured in accordance with the same rules indicated in the previous paragraph. Once this measurement has been made, the disposal group as a whole is measured at the lower of carrying amount and fair value less costs to sell.

The associated liabilities are classified under "Liabilities Associated with Non-Current Assets Classified as Held for Sale".

#### **r) Current/non-current classification**

Assets and liabilities are classified in the balance sheet as current and non-current items. For this purpose, assets and liabilities are classified as current when they relate to the Company's normal operating cycle and are expected to be sold, consumed, realised or settled during its normal operating cycle. Current assets and liabilities also include items expected to mature or be disposed of or realised within a maximum of twelve months, items held for trading and cash or cash equivalents of which is unrestricted for a period exceeding one year.

#### **s) Revenue and expense recognition**

Revenue and expenses are recognised on an accrual basis, regardless of the related collection or payment date.

##### **Revenue from sales and services rendered**

Revenue is recognised when it is probable that the economic benefits or returns associated with the transaction will flow to the Company and these benefits and the costs incurred or to be incurred can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any discounts, price rebates and any other similar items that the Company might grant, and any interest included in the nominal amount of the receivables. Indirect taxes on the transactions chargeable to third parties do not form part of revenue.

Revenue is accounted for in accordance with the economic substance of the transaction and is recognised when all of the following conditions have been met:

- a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods, irrespective of their date of transfer for legal purposes;
- b) The Company 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 Company; 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 discontinued operations are included in a single line item, net of the related tax effect, under "Profit (Loss) for the Year from Discontinued Operations Net of Tax". It also includes the gain or loss after tax resulting from the measurement at fair value less costs to sell of the assets or disposal groups constituting the discontinued operation.

#### **u) Foreign currency transactions**

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

Foreign currency transactions are translated on initial recognition at the spot exchange rate prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated to euros at the spot exchange rates prevailing at year-end. Any resulting gains or losses or those arising when the assets are realised or the liabilities are settled are recognised directly in the income statement in the year in which they arise.

Non-monetary assets and liabilities carried at historical cost are translated to euros at the exchange rates prevailing at the transaction date. As an exception, as indicated in Note 4-j, changes in value arising from the effect of exchange rates on the investments in US subsidiaries are recognised by adjusting the value of these investments with a charge or credit to income.

Non-monetary items carried at fair value are translated to euros at the exchange rates prevailing at the date on which the fair value was determined. The resulting gains or losses are recognised directly in equity if the non-monetary item is recognised in equity and in the income statement if the non-monetary item is recognised in profit or loss for the year.

#### **v) Environmental assets and liabilities**

Expenses relating to the decontamination and restoration of polluted sites, waste disposal and other expenses arising from compliance with environmental legislation are recognised as an expense in the year in which they are incurred, unless they relate to the cost of acquiring assets to be used on a lasting basis whose main purpose is to minimise environmental impact and to protect and improve the environment, in which case they are recognised in the corresponding line items under "Property, Plant and Equipment" and are depreciated using the same criteria.

#### **x) Termination benefits**

Under current legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken. The accompanying financial statements do not include any provision in this connection, since no situations of this nature are expected to arise.

#### **y) Related party transactions**

The Company performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Company's directors consider that there are no material risks in this connection that might give rise to liabilities in the future.

## 5. INTANGIBLE ASSETS

The detail of "Intangible Assets" and of the changes therein in 2009 and 2008 is as follows:

CARRYING AMOUNTS	Trademarks and patents	Computer software	Total
Balance at January 1, 2008	5,515	0	5,515
Balance at December 31, 2008	5,515	0	5,515
Balance at December 31, 2009	5,515	0	5,515

GROSS COST	Trademarks and patents	Computer software	Total
Balance at January 1, 2008	12,210	94	12,304
Increases in the year			0
Decreases in the year			0
Transfers			0
Balance at December 31, 2008	12,210	94	12,304
Increases in the year			0
Decreases in the year	(195)		(195)
Transfers			0
Balance at December 31, 2009	12,015	94	12,109

ACCUMULATED AMORTISATION	Trademarks and patents	Computer software	Total
Balance at January 1, 2008	(6,695)	(94)	(6,789)
Increases in the year			0
Decreases in the year			0
Transfers			0
Balance at December 31, 2008	(6,695)	(94)	(6,789)
Increases in the year			0
Decreases in the year	195		195
Transfers			0
Balance at December 31, 2009	(6,500)	(94)	(6,594)

At December 31, 2009, the Company had fully amortised patents and trademarks amounting to EUR 3,028 thousand (December 31, 2008: EUR 3,028 thousand). None of the intangible assets are located outside Spain. At the end of 2009 there were no firm intangible asset purchase commitments.

As part of the sale of the sugar business (see Note 8-e), in 2009 the proprietary trademarks and trade names related to the aforementioned business were sold, giving rise to a gain of EUR 30,000 thousand, which was recognised under "Impairment and Gains or Losses on Disposals of Non-Current Assets" in the accompanying income statement for 2009.

Intangible assets include a trademark considered to have an infinite useful life. This trademark has been licensed to one of the wholly-owned subsidiaries of Ebro Puleva, S.A.

At December 31, 2009, the carrying amounts and tax bases of this trademark were EUR 5,490 thousand (2008: EUR 5,490 thousand) and EUR 3,660 thousand (2008: EUR 4,575 thousand), respectively.

Since this trademark is considered to have an indefinite useful life, since 1 January 2008 it has not been amortised for accounting purposes (however, it has been amortised for tax purposes using tax amortisation criteria consistent with those of prior years). However, this trademark is tested for impairment each year to determine its recoverable amount.

In 2009 and 2008 this test was conducted by independent valuers (American Appraisal Iberia). In 2009 and 2008, the recoverable amount of this trademark was calculated through its value in use, using cash flow projections based on budgets approved by

management for the next five years. The discount rate applied to the cash flow projections in 2009 was 9.67% (2008: 9.7%) and the cash flows after the five-year period were extrapolated using a growth rate of 1.5% (2008: 2.0%), which is the average long-term growth rate for the type of product involved, which is lower than the estimated growth rate for the previous five years. With respect to the assumptions to calculate the value in use of this trademark, management considers that no reasonable or possible changes in any of the assumptions used would cause the carrying amount of the unit to exceed its recoverable amount.

## 6. PROPERTY, PLANT AND EQUIPMENT

The detail of "Property, Plant and Equipment" and of the changes therein in 2009 and 2008 is as follows:

CARRYING AMOUNTS	Land	Buildings	Plant and other items of property, plant and equipment	Property, plant and equipment in the course of construction	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
Balance at December 31, 2009	6,711	713	1,725	0	9,149

GROSS COST	Land	Buildings	Plant and other items of property, plant and equipment	Property, plant and equipment in the course of construction	Total
Balance at January 1, 2008	6,498	2,329	2,459	42	11,328
Increases in the year	213		412		625
Decreases in the year					0
Transfers		(96)		(42)	(138)
Balance at December 31, 2008	6,711	2,233	2,871	0	11,815
Increases in the year			63		63
Decreases in the year			(28)		(28)
Transfers					0
Balance at December 31, 2009	6,711	2,233	2,906	0	11,850

ACCUMULATED DEPRECIATION	Land	Buildings	Plant and other items of property, plant and equipment	Property, plant and equipment in the course of construction	Total
Balance at January 1, 2008	0	(1,455)	(700)	0	(2,155)
Increases in the year		(44)	(242)		(286)
Decreases in the year					0
Transfers		23			23
Balance at December 31, 2008	0	(1,476)	(942)	0	(2,418)
Increases in the year		(44)	(258)		(302)
Decreases in the year			19		19
Transfers					0
Balance at December 31, 2009	0	(1,520)	(1,181)	0	(2,701)

There were no significant changes in property, plant and equipment in 2009 and 2008.

Based on the estimates and projections available to the Company's directors, no impairment losses exist on these items of property, plant and equipment.

The Company has taken out insurance policies that cover the carrying amount of the property, plant and equipment.

The detail of the fully depreciated assets included in property, plant and equipment at December 31, 2009 and 2008 is as follows:

	2008	2009
Other plant, tools and furniture	185	185
Other items of property, plant and equipment	152	170



At year-end there were no significant firm purchase commitments relating to new items of property, plant and equipment. There are no items of property, plant and equipment outside Spain.

### Operating leases

The Company has leased its central offices in Madrid until April 6, 2015 and the Barcelona office (which opened in 2009) until December 1, 2013. These leases will subsequently be automatically renewed if none of the parties object. In 2009 the expenses relating to these leases amounted to EUR 985 thousand (2008: EUR 932 thousand). The non-cancellable future minimum lease payments at December 31, 2009 were as follows:

	12-31-2009
Within one year	985
Between one and five years	3,898
After five years	236
	5,119

## 7. INVESTMENT PROPERTY

The detail of "Investment Property" and of the changes therein in 2009 and 2008 is as follows:

CARRYING 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
Balance at December 31, 2009	4,879	4,725	9,604

GROSS COST	Land	Buildings	Total
Balance at January 1, 2008	4,814	5,749	10,563
Increases in the year	111		111
Decreases in the year	(103)	(89)	(192)
Transfers	42	96	138
Balance at December 31, 2008	4,864	5,756	10,620
Increases in the year	66		66
Decreases in the year	(51)		(51)
Transfers			0
Balance at December 31, 2009	4,879	5,756	10,635

ACCUMULATED DEPRECIATION	Land	Buildings	Total
Balance at January 1, 2008	0	(902)	(902)
Increases in the year		(58)	(58)
Decreases in the year		10	10
Transfers		(23)	(23)
Balance at December 31, 2008	0	(973)	(973)
Increases in the year		(58)	(58)
Decreases in the year			0
Transfers			0
Balance at December 31, 2009	0	(1,031)	(1,031)

In 2009 items of investment property were disposed for a carrying amount of EUR 51 thousand (2008: EUR 182 thousand), giving rise to a gain (loss in 2008) on these transactions of EUR 538 thousand (2008: EUR 119 thousand).

Investment property located outside Spain amounts to EUR 82 thousand (2008: EUR 82 thousand) and corresponds to a small rural property not in use relating to the permanent establishment in Paraguay. The fully depreciated assets amount to EUR 81 thousand (2008: EUR 81 thousand).

The expenses associated with investment property correspond to those relating to their annual depreciation and maintenance costs. In 2009 the latter amounted to EUR 484 thousand (2008: EUR 468 thousand). All the expenses are recognised in the income statement on an accrual basis. There are no contractual obligations relating to the acquisition, construction or development of investment property or repairs, maintenance or improvements.

The detail of the non-cancellable future minimum operating lease payments is as follows:

	12-31-2009
Within one year	49
Between one and five years	196
After five years	0
	245

Except as indicated below, there are no restrictions on the realisation of the investment property, on the collection of the income therefrom or on the funds obtained from its disposal.

One of the sale agreements, entered into at the end of 2006, which gave rise to a pre-tax gain of EUR 28 million in that year, was subject to the effective approval of the modification of the urban zoning classification by the Alagón (Zaragoza) Municipal Council. Under this sale agreement, after the change of urban zoning classification approved by the Alagón Municipal Council had been published in November 2008 and because the buyer did not attend the execution of the public deed of sale for the payment of the outstanding amount of EUR 24,000 thousand (recognised under "Trade Receivables for Sales and Services" – see Note 10–), in January 2009 a claim was filed against the buyer demanding fulfilment of its obligations in relation to the formalisation and payment of the outstanding amounts. However, in June 2009 an out-of-court settlement was reached with the buyer of the land of the old sugar refinery in Alagón (Zaragoza) resolving the dispute.

Through this agreement, Ebro Puleva, S.A. recovered 40% of the land sold (which was recognised at the historical acquisition cost prior to the sale) as consideration for 40% of the total original price of the transaction. The rest of the price, net of the amount already received, was deferred and secured with a bank guarantee. The balance receivable of EUR 12,000 thousand will be paid in five annual instalments of EUR 2,400 thousand each, the first of which was collected in July 2009. This transaction gave rise to an expense (reduction in the proceeds from the sale) of EUR 12,877 thousand, which was recognised under "Impairment and Gains or Losses on Disposals of Non-Current Assets" in the accompanying income statement for 2009.



## 8. NON-CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

The detail of the investments in Group companies and of the changes therein in 2009 and 2008 were as follows:

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

CONCEPT	Balance at 12-31-2008	Increases	Decreases	Transfers	Balance at 12-31-2009
Equity instruments of Group companies	1,336,466	1,863	(13,935)	0	1,324,394
Equity instruments of associates	0	0	0	0	0
Valuation adjustments	(13,808)	(4,329)	0	0	(18,137)
	<b>1,322,658</b>	<b>(2,466)</b>	<b>(13,935)</b>	<b>0</b>	<b>1,306,257</b>
Loans to Group companies	107,691	7,437	(82,583)	0	32,545
Loans to associates	3,117	105	(3,222)	0	0
	<b>110,808</b>	<b>7,542</b>	<b>(85,805)</b>	<b>0</b>	<b>32,545</b>
<b>Total investments in group companies and associates</b>	<b>1,433,466</b>	<b>5,076</b>	<b>(99,740)</b>	<b>0</b>	<b>1,338,802</b>

### a) Equity instruments of Group companies

The increases and decreases each year relate mainly to:

#### 2008

1. Decrease of EUR 4,438 thousand: sale of 11.09% of the ownership interest in Puleva Biotech, S.A., giving rise to a gain of EUR 11,542 thousand in 2008.
2. Increase of EUR 10,880 thousand: the historical acquisition cost of the investment in Riviana Foods Inc. is EUR 240,753 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value give rise to an adjustment that changes the aforementioned historical cost. In 2008 the adjustment led to an increase of EUR 10,880 thousand in its value with a charge to the income statement for the year. The negative net accumulated total adjustment at 31 December 2008 amounted to EUR 24,780 thousand.
3. Increase of EUR 13,843 thousand: the historical acquisition cost of the investment in New World Pasta Co. is EUR 285,884 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value give rise to an adjustment that changes the aforementioned historical cost.  
In 2008 the adjustment led to an increase of EUR 13,843 thousand in its value with a charge to the income statement for the year. The negative net accumulated total adjustment at 31 December 2008 amounted to EUR 16,647 thousand.
4. Decrease of EUR 263,113 thousand: in December 2008 Azucarera Ebro, S.L. decided to distribute a portion of its share premium (EUR 263,113 thousand) to the sole shareholder Ebro Puleva, S.L. This amount was recognised by the Company as a reduction in the value of its investment in Azucarera Ebro, S.L.
5. Transfer of EUR 148,481 thousand in 2008: this corresponds to the transfer of the investment in Azucarera Ebro, S.L. to "Non-Current Assets Classified as Held for Sale" On 15 December 2008, the Company, which owns 100% of Azucarera Ebro, S.L., and Associated British Foods (ABF), which owns all of the shares of British Sugar, entered into an agreement for the acquisition of Azucarera Ebro, S.L.

## 2009

1. Decrease of EUR 5,617 thousand: the historical acquisition cost of the investment in Riviana Foods Inc. is EUR 240,753 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value, will give rise to an adjustment that changes the aforementioned historical cost. In 2009 the adjustment gave rise to a reduction of EUR 5,617 thousand in its value with a charge to the income statement for the year and the total accumulated negative net adjustment amounted to EUR 30,397 thousand at December 31, 2009.
2. Reduction of EUR 7,147 thousand: the historical acquisition cost of the investment in New World Pasta Co. is EUR 285,884 thousand. However, an effective hedge was assigned to this financial asset that hedges its full value with the liability that finances it and, accordingly, any changes in value between the original currency, the US dollar, and its equivalent euro value, will give rise to an adjustment that changes the aforementioned historical cost. In 2009 the adjustment gave rise to a reduction of EUR 7,147 thousand in its value with a charge to the income statement for the year and the total accumulated negative net adjustment amounted to EUR 23,794 thousand at December 31, 2009.
3. Decrease of EUR 47 thousand: sale of 0.12% of the ownership interest in Puleva Biotech, S.A., giving rise to a gain of EUR 49 thousand in 2009.
4. Reduction of EUR 919 thousand as a result of the reimbursement of share capital of the subsidiary Lince Insurance Ltd.
5. Decrease of EUR 205 thousand as a result of the reimbursement of the acquisition cost of the subsidiary Birkel Teigwaren GmbH.
6. Increase of EUR 1,848 thousand as a result of the acquisition of 60% of the share capital of Azucarera Energías, S.A. This acquisition was made from Azucarera Ebro, S.L., a wholly-owned subsidiary, prior to its sale on April 30, 2009 (see Note 8-e).
7. Increase of EUR 15 thousand due to the acquisition of an additional 0.06% of the share capital of Arotz Foods, S.A. (to increase the percentage of ownership of this company to 100%).

### b) Long-term loans to Group companies:

The most significant items under loans to Group companies at December 31, 2009 (see Note 17), relate to the following: the loan granted in 2001 to Beira Terrace Soc. de Construções, Ltda., a wholly-owned Portuguese subsidiary, for the purchase of properties in Portugal; the loan granted in 2007 to Birkel, GmbH, a wholly-owned German subsidiary; the loan granted in 2008 to Dosbio 2010, S.L., a wholly-owned Spanish subsidiary; and the loan granted in 2009 to Azucarera Energías, S.A. (due to the subrogation of the loan previously granted to Azucarera Ebro, S.L.) a wholly-owned Spanish subsidiary. None of these loans have a specific maturity and they earn interest at 3-month Euribor plus 0.9%.

### c) Long-term loans to associates:

At the end of 2009 the balance was zero. In 2009 the participating loan granted in 2004 to Biocarburantes de Castilla y León, S.A. (an associate of the Ebro Puleva Group that was sold in 2009) was sold to third parties outside the Ebro Puleva Group.

### d) Valuation adjustments:

The increases in 2008 correspond to the impairment loss recognised for the investments in Beira Terrace Soc. de Construções, Ltda. and Dosbio 2010, S.L., and those in 2009 relate to the additional impairment loss recognised for the investments in Beira Terrace Soc. de Construções, Ltda. and Birkel Teigwaren, GmbH.

### e) Sale of the investment in Azucarera Ebro, S.L.

On 15 December 2008, Ebro Puleva, S.A., which owned all the shares of Azucarera Ebro, S.L., and Associated British Foods (ABF), which owns all the shares of British Sugar, executed the agreement for the sale of Azucarera Ebro, S.L. The sale took place, following the approval of the competition authorities, on 30 April 2009. The terms and conditions of the transaction that took place on April 30, 2009 were as follows:

- ABF acquired the sugar business for a debt-free amount of EUR 385 million. The amount of the debt discounted was that existing at the date on which the transaction was concluded.

- Also, Ebro Puleva received approximately EUR 150 million of other compensation relating mainly to the restructuring funds provided for in the reform of the common organisation of the markets (CMO) in the sugar sector.
- In addition, the agreement states that two Group companies wholly owned by Ebro Puleva, S.A. have added to their real estate assets, through acquisitions, more than 200 hectares of land of various urban zoning classifications from Azucarera Ebro, S.L., valued at an estimated EUR 42 million.

Based on all the foregoing, and in accordance with current accounting legislation, the investment and other assets and liabilities relating to Azucarera Ebro, S.L., classified in the balance sheet at December 31, 2008 as held-for-sale, were derecognised in 2009.

The accounting effects of the sale of Azucarera Ebro, S.L. (AE) recognised in 2009 are summarised as follows:

	Cash flow realised	Cash flow not yet realised	Profit before tax
Distribution of the share premium by AE prior to its sale (recognised as a reduction in the value of the investment)	88,481	0	0
Dividends paid by AE prior to its sale	46,447	0	46,447
Sale of trademarks relating to the sugar business	30,000	0	30,000
Sale of all the shares of AE	193,219	31,800	165,019
Provisions for litigation guaranteed by EP (Note 14)	0	(57,387)	(57,387)
	358,147	(25,587)	184,079

A portion of the selling price of the shares of Azucarera Ebro, S.L. was deferred in the form of two instalments of EUR 10,000 thousand each payable in April 2010 and 2011 (with explicit interest of 12-month Euribor). The remaining EUR 11,800 thousand, is expected to be collected or settled in 2010 or 2011 at the latest.

The results of the Group companies indicated in the table at the end of this Note correspond in full to continuing operations. However, it must be borne in mind that the investment in Azucarera Ebro, S.L. was reclassified in 2008 to "Non-Current Assets Classified as Held for Sale" (see Note 8-e).

None of the Group companies are officially listed, except for Puleva Biotech, S.A., which has been listed on the stock market since December 17, 2001. The average market price in the last quarter of 2009 and the year-end market price were EUR 1.19 (2008: EUR 1.20) and EUR 0.94 (2008: EUR 0.89), respectively, per share.

The Company made the notifications corresponding to investees provided for in Article 86 of the Consolidated Spanish Public Limited Liability Companies Law.

The direct ownership interests of Ebro Puleva, S.A. in Group companies and associates at December 31, 2009 are presented in the following table:

SUBSIDIARIES (a)	Investment	Impairment loss	Percentage of ownership	Registered office	Line of business	(a) Share capital and reserves	(a) 2009 profit (loss)	Dividend paid in 2009	Total shareholders' equity	Profit (Loss) from operations
Dosbio 2010, S.L.	21,519	(7,104)	100.00%	Madrid (Spain)	Farming	14,415	297	–	14,712	710
Fincas e Inversiones Ebro, S.A.	4,926	–	100.00%	Madrid (Spain)	Real estate	13,332	5,326	10,500	29,158	6,702
Azucarera Energías, S.A.	1,848	–	60.00%	Madrid (Spain)	Combined heat and power generation	3,528	(1,547)	–	–	(686)
Arotz Foods, S.A.	22,864	–	100.00%	Madrid (Spain)	Preservation of vegetables	29,354	105	–	29,459	(468)
Puleva Food, S.L. (Group)	180,612	–	100.00%	Granada (Spain)	Production of dairy products	269,318	29,537	10,876	309,731	38,131
Lactimilk, S.A. (Group)	10,292	–	100.00%	Granada (Spain)	Production of dairy products	21,315	5,148	–	26,463	9,146
Herba Foods S.L.	50,676	–	100.00%	Madrid (Spain)	Investment management	83,653	(560)	–	83,093	(424)
Herba Ricemills S.L.	69,078	–	100.00%	Madrid (Spain)	Production and sale of rice	75,583	949	–	76,532	2,778
Herba Nutrición S,L	526	–	100.00%	Madrid (Spain)	Production and sale of rice	11,977	7,110	4,988	24,075	9,293
Puleva Biotech, S.A. (Group)	20,365	–	50.90%	Granada (Spain)	Development and marketing of new products	37,018	(9,427)	–	27,591	(235)
Jiloca Industrial, S.A.	1,500	–	100.00%	Teruel (Spain)	Production of organic fertilizer	1,668	330	363	2,361	534
Beira Terrace Soc,de Const,, Ltda,	3,360	(2,741)	100.00%	Oporto (Portugal)	Real estate	948	(329)	–	619	(172)
Riceland, Ltda, (*)	597	–	20.00%	Budapest (Hungary)	Production and sale of rice	1,180	(214)	–	966	38
Riviana Foods Inc (Group) (**)	210,356	–	75.00%	Houston (Texas-US)	Production and sale of rice	285,047	32,859	–	317,906	42,166
Panzani, SAS (Group)	440,838	–	100.00%	Lyon (France)	Production and sale of pasta and sauces	518,802	37,772	–	556,574	58,982
New World Pasta Comp, (Group)	262,091	–	100.00%	Harrisburg (US)	Production and sale of pasta and sauces	294,017	30,349	–	324,366	48,029
Lince Insurance Ltd,	2,581	–	100.00%	Dublin (Ireland)	Insurance	3,168	249	–	3,417	249
Birkel Teigwaren GmbH (Group)	20,365	(8,292)	100.00%	Germany	Production and sale of pasta and sauces	15,996	(3,021)	–	12,975	(2,806)
<b>Total</b>	<b>1,324,394</b>	<b>(18,137)</b>						<b>26,727</b>		
Dividend paid by Azucarera Ebro, S.L. prior to its sale								<b>46,447</b>		
								<b>73,174</b>		

(a) Whenever "Group" appears after the name of the subsidiary, the figures relating to share capital, reserves and results correspond to the consolidated figures of the aforementioned company and its subsidiaries and associates before the dividend for 2009 was paid. To unify the information presented relating to the various groups or companies, the figures relating to share capital, reserves and results are those obtained by applying the International Financial Reporting Standards adopted by the European Union.

(\*) This company is a wholly-owned investee of Ebro Puleva, S.A., which holds 20% directly and 80% indirectly through Herba Foods, S.L.

(\*\*) Ebro Puleva, S.A. owns all the shares of this company, of which 75% are held directly and 25% indirectly through Rivana's wholly-owned subsidiaries.

The direct ownership interests of Ebro Puleva, S.A. in Group companies and associates at December 31, 2008 are presented in the following table:

SUBSIDIARIES (a)	Investment	Impairment loss	Percentage of ownership	Registered office	Line of business	(a) Share capital and reserves	(a) 2009 profit (loss)	Dividend paid in 2008	Total shareholders' equity	Profit (Loss) from operations
Azucarera Ebro, SI (Group)	148,841		100.00%	Madrid (Spain)	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 (Spain)	Farming	23,572	(9,157)	–	14,415	(12,891)
Fincas e Inversiones Ebro, S.A.	4,926	–	100.00%	Madrid (Spain)	Real estate	13,206	126	–	13,332	162
Arotz Foods, S.A.	22,849	–	99.94%	Madrid (Spain)	Preservation of vegetables	27,637	1,717	–	29,354	415
Puleva Food, S.L. (Group)	180,612	–	100.00%	Granada (Spain)	Production of dairy products	256,564	16,692	(14,818)	258,438	19,209
Lactimilk, S.A. (Group)	10,292	–	100.00%	Granada (Spain)	Production of dairy products	18,988	6,004	–	24,992	9,975
Herba Foods S.L.	50,676	–	100.00%	Madrid (Spain)	Investment management	80,706	1,659	–	82,365	(390)
Herba Ricemills S.L.	69,078	–	100.00%	Madrid (Spain)	Production and sale of rice	73,180	2,372	–	75,552	10,131
Herba Nutrición S,L	526	–	100.00%	Madrid (Spain)	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 (Spain)	Development and marketing of new products	37,086	(135)	–	36,951	689
Jiloca Industrial, S.A.	1,500	–	100.00%	Teruel (Spain)	Production of organic fertilizer	1,305	612	(250)	1,667	533
Beira Terrace Soc,de Const,, Ltda,	3,360	(2,412)	100.00%	Oporto (Portugal)	Real estate	1,313	(365)	–	948	(50)
Riceland, Ltda, (*)	597	–	20.00%	Budapest (Hungary)	Production and sale of rice	1,209	(5)	–	1,204	200
Riviana Foods Inc (Group) (**)	215,973	–	75.00%	Houston (Texas-US)	Production and sale of rice	265,769	30,734	–	296,503	45,871
Panzani, SAS (Group)	440,838	–	100.00%	Lyon (France)	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 (US)	Production and sale of pasta and sauces	274,669	17,719	–	292,388	26,031
Lince Insurance Ltd,	3,500	–	100.00%	Dublin (Ireland)	Insurance	3,594	493	–	4,087	352
Birkel Teigwaren GmbH (Group)	20,571	(4,292)	100.00%	Germany	Production and sale of pasta and sauces	17,660	(151)	–	17,509	933
<b>TOTAL</b>	<b>1,485,307</b>	<b>(13,808)</b>						<b>(26,327)</b>		
Reclasification of Azucarera Ebro's Investment to a non current assets held for sale	(148,481)									
	<b>1,336,826</b>									



## 9. FINANCIAL INSTRUMENTS

### 9.1 Financial assets

The detail of financial assets, except for the equity investments in Group companies, jointly controlled entities and associates (see Note 8) at December 31, 2009 and 2008 is as follows:

NON-CURRENT FINANCIAL INSTRUMENTS (Assets)	Equity instruments		Debt securities		Loans and receivables and derivatives		Total	
Categories	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08
Assets at fair value through profit or loss:								
a) Held for trading	0	1					0	1
b) Other							0	
Held-to-maturity investments							0	0
Loans and receivables					60,181	110,958	60,181	110,958
Loans and receivables								
a) At fair value							0	0
b) At cost							0	0
Hedging derivatives							0	0
Total	0	1	0	0	60,181	110,958	60,181	110,959

CURRENT FINANCIAL INSTRUMENTS (Assets)	Equity instruments		Debt securities		Loans and receivables and derivatives		Total	
Categories	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08
Assets at fair value through profit or loss:								
a) Held for trading							0	0
b) Other							0	0
Held-to-maturity investments			0				0	0
Loans and receivables					46,490	49,347	46,490	49,347
Loans and receivables								
a) At fair value							0	0
b) At cost							0	0
Hedging derivatives							0	0
Total	0	0	0	0	46,490	49,347	46,490	49,347

LOANS AND RECEIVABLES	12-31-09	12-31-08
Non-current financial instruments		
Loans to Group companies (Notes 8 and 17)	32,545	110,808
Loans to third parties	27,489	0
Long-term deposits	147	150
	60,181	110,958
Current financial instruments		
Trade and other receivables (Note 10)	33,125	49,347
Loans to third parties	13,365	0
	46,490	49,347
Total	106,671	160,305

The increase in "Loans to Third Parties" in 2009 relates mainly to the deferred amount of the collection from the sale of the sugar business (see Note 8) amounting to EUR 20,800 thousand at long term and EUR 11,000 thousand at short term, and the deferred amount of the Alagón land sale (see Note 7) amounting to EUR 6,689 thousand at long term and EUR 2,365 thousand at short term.

## Exchange differences recognised in profit or loss

The detail, by class of financial instrument, of the exchange differences recognised in profit or loss in 2009 and 2008 is as follows:

EXCHANGE DIFFERENCES RECOGNISED IN PROFIT OR LOSS AS (EXPENSE)/INCOME	Loans and receivables		Equity instruments of Group companies		Loans and payables		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Due to transactions settled in the year	24	(324)	0	0	(291)	(737)	(267)	(1,061)
Due to transactions yet to be settled at the end of the year	(33)	(7)	0	0	(579)	966	(612)	959
Due to foreign currency hedges	0	0	12,764	(24,723)	(12,764)	24,723	0	0
<b>Total expense/(income) recognised in the income statement for the year</b>	<b>(9)</b>	<b>(331)</b>	<b>12,764</b>	<b>(24,723)</b>	<b>(13,634)</b>	<b>24,952</b>	<b>(879)</b>	<b>(102)</b>

## 9.2 Financial liabilities

The detail of "Financial Liabilities" at December 31, 2009 and 2008 is as follows:

NON-CURRENT FINANCIAL INSTRUMENTS (LIABILITIES)	Bank borrowings		Debt instruments and other marketable securities		Derivatives and other accounts payable		Total	
	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08
Categories								
Loans and accounts payable	405,737	522,303			27	29	405,764	522,332
Liabilities at fair value through profit or loss								
a) Held-for-trading							0	0
b) Other							0	0
Hedging derivatives					0		0	0
<b>Total</b>	<b>405,737</b>	<b>522,303</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>29</b>	<b>405,764</b>	<b>522,332</b>

CURRENT FINANCIAL INSTRUMENTS (LIABILITIES)	Bank borrowings		Debt instruments and other marketable securities		Derivatives and other accounts payable		Total	
	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08
Categories								
Loans and accounts payable	78,537	125,824			10,100	14,637	88,637	140,461
Liabilities at fair value through profit or loss								
a) Held-for-trading							0	0
b) Other							0	0
Hedging derivatives					0		0	0
<b>Total</b>	<b>78,537</b>	<b>125,824</b>	<b>0</b>	<b>0</b>	<b>10,100</b>	<b>14,637</b>	<b>88,637</b>	<b>140,461</b>

a) **Bank borrowings:** see Note 13

b) **Derivatives and other payables:**

The detail of the financial liabilities classified under "Derivatives and Other Accounts Payables" is as follows:

(Thousands of euros)	2009	2008
<b>Non-current</b>		
Derivatives	0	0
Guarantees	27	29
	<b>27</b>	<b>29</b>
<b>Current</b>		
Derivatives	0	0
Trade and other payables	10,100	14,637
	<b>10,100</b>	<b>14,637</b>

### c) Information on the nature and level of risk of financial instruments

The main objective of the capital management policy is to guarantee a financial structure based on compliance with prevailing legislation in the countries where the Group operates. In addition, the Group's capital management policy seeks to guarantee the maintenance of stable credit ratings and to maximise value for shareholders.

As a result of the business activities and operations performed, the Company has financial risks such as foreign currency and interest rate risks.

**Interest rate risk:** the Company is exposed to the risk of changes in market interest rates, mainly due to long-term payment obligations bearing floating interest. The policy consists of managing borrowing costs using, whenever necessary, a combination of fixed and floating interest rates. The policy is to reduce as far as possible the Company's exposure to this risk and, accordingly, it monitors intensively the changes in interest rates with the support required from external experts.

Whenever it is considered necessary, interest rate derivatives are arranged in which it is agreed to exchange, in certain periods, the difference between the amounts of fixed and floating interest calculated on the basis of the notional amount of the principal agreed upon between the parties. These derivative or structured instruments are designed to hedge the underlying payment obligations.

**Foreign currency risk:** as a result of the significant investments in the US, the Company's balance sheet could be significantly affected by fluctuations in the USD/EUR exchange rate. The Company attempts to mitigate the effect of its exposure to structural foreign currency risk by obtaining loans in USD. Accordingly, 90% of the investment in the US is hedged in this way.

At 31 December 2009, "Non-Current Payables - Bank Borrowings" included two loans totalling USD 586 million (2008: USD 630 million) (see Note 13) which were designated as a hedge of the net investments in US subsidiaries, and are used to hedge the Company's exposure to the foreign currency risk on these investments. The gains or losses on the translation of these loans to euros are recognised in the income statement and the gains or losses recognised in the translation of the net investments in subsidiaries are offset for the same amount (see Note 9.1).

**Liquidity risk:** the Company manages the risk of a short-term lack of cash through a liquidity planning tool. This tool takes into account the maturity of the financial investments and the financial assets, as well as the cash flow projections relating to the transactions.

Ebro Puleva, S.A. is the head of the consolidated Group consisting of it, as the parent, and the subsidiaries and associates with which it presents separately consolidated financial statements. This fact should be taken into consideration when assessing the purely circumstantial working capital position at the end of the year in the separate financial statements of Ebro Puleva, S.A., which, as the head of the Group, has other financing options available to it, through the application of the dividend policy, for example.

## 10. TRADE AND OTHER RECEIVABLES

The detail of the trade receivables in 2009 and 2008 is as follows:

(Thousands of euros)	12-31-09	12-31-08
Trade receivables for sales and services	37	24,035
Receivable from Group companies and associates (Note 17)	7,675	22,791
Sundry accounts receivable	2,207	2,189
Employee receivables	8	12
Current tax assets (Note 15)	23,043	0
Other accounts receivable from public authorities	155	320
	33,125	49,347

**Valuation adjustments:** "Trade Receivables for Sales and Services" is presented net of write-downs. In 2009 (and 2008) there were no changes, and the impairment losses at December 31, 2009 amounted to EUR 15 thousand (2008: EUR 15 thousand).

The balance of "Trade Receivables for Sales and Services" is denominated in full in euros.

## 11. CASH AND CASH EQUIVALENTS

Cash equivalents normally relate to bank deposits which mature within three months from the acquisition date, and bank deposits maturing over three months, immediately available without any type of penalty. There are no restrictions on the availability of cash.

## 12. SHAREHOLDERS' EQUITY

- a) Registered share capital:** at December 31, 2009 and 2008 the share capital was represented by 153,865,392 fully subscribed and paid bearer shares of EUR 0.60 par value each traded on the Spanish Stock Exchanges. All the shares are of the same class and confer the same rights.

Per the most up-to-date information available, the total direct and indirect ownership interests in the share capital of Ebro Puleva, S.A. held by companies owning more than 5% of the capital at 31 December 2009 were 15.721% held by Instituto Hispánico del Arroz, S.A. (2008: 15.344%), owned 8.831% directly (2008: 8.620%) and 6.889% indirectly (2008: 6.724%) through Hispafoods Invest, S.L.; 8.654% held by Alimentos y Aceites, S.A. (2008: 8.446%); 6.309% held by Casa Grande de Cartagena, S.L. (2008: 6.158%); 6.158% held by Caja de Ahorros de Salamanca y Soria (2008: 6.01%); 5.161% held indirectly by Caja España (2008: 5.037%) through Invergestión, Sociedad de Inversiones y Gestión, S.A.; and 6.694% held by Corporación Económica DAMM, S.A. (2008: 5.011%).

- b) Share premium:** The Consolidated Spanish Public Limited Liability Companies Law expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.
- c) Legal reserve:** companies that report a profit for the year must transfer 10% of that net profit to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed except in the event of dissolution but it can be used to offset losses, provided that sufficient other reserves are not available, for this purpose, and to increase capital, provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. At December 31, 2009 and 2008, the legal reserve had reached the legally required minimum.
- d) Voluntary reserve:** this is an unrestricted reserve with the limitations imposed by Spanish corporate law in relation to unamortised research and development expenditure.
- e) Revaluation reserve Law 7/1996, of June 7:** as a result of revaluations made in the past by Sociedad General Azucarera de España, S.A. and Puleva S.A. pursuant to Royal Decree-Law 7/1996, of June 7, revaluation reserves of EUR 21,767 thousand were recognised. Following the spin-off of the sugar line of business in 2001 and the dissolution of A.E. Gestión de Patrimonio, S.L. in 2003, EUR 3,169 thousand of these reserves remained in the Company's balance sheet (included in "Other Reserves").

This balance can be used, free of tax, to offset accounting losses (both prior years' accumulated losses and current year losses) or losses which might arise in the future, and to increase share capital. From April 1, 2007, the balance of this account can be taken to unrestricted reserves, provided that the monetary surplus has been realised. The surplus will be deemed to have been realised in respect of the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been transferred or derecognised. If the balance of this account were used in a manner other than that provided for in Royal Decree-Law 7/1996, it would be subject to tax.

- f) Treasury shares:** in 2008 the Company made treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on April 18, 2007 and June 9, 2008 and, in accordance with current legislation, the Spanish National Securities Market Commission (CNMV) was notified accordingly. In 2008 4,483,601 treasury shares were acquired and 126,521 were sold. At 2008 year-end the Company held 5,078,735 treasury shares representing 3.301% of its share capital. At the end of 2008, except for the delivery of certain of these treasury shares through the extraordinary stock dividend mentioned in paragraph g) below, no decision had been taken regarding the specific use to which these treasury shares would be put.

In 2009 the Parent made treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on April 28, 2009 and June 9, 2008 and, in accordance with current legislation, the CNMV was notified accordingly. In 2009 1,064,871 treasury shares were acquired and 1,849,002 were sold and, in addition, 3,628,135 shares were distributed in the form of an extraordinary stock dividend (see paragraph g) below). At 2009 year-end the Company held 666,469 treasury shares representing 0.43% of its share capital. No decision had been taken regarding the specific use to which these treasury shares would be put.

- g) Dividends paid in 2009:** the distribution of dividends approved by the shareholders at the Annual General Meeting held on April 28, 2009 was as follows:

- a)** As a result of the Ebro Puleva Group's consolidated profit for 2008, it was resolved to distribute an ordinary dividend payable in cash out of unrestricted reserves of EUR 0.36 per share in four quarterly payments of EUR 0.09 each, on April 2, July 2, October 2 and December 22, 2009, for a total of EUR 55,391 thousand.
- b)** Also, and on an independent basis, following the successful sale of the sugar business (Azucarera Ebro, S.L. and certain of its subsidiaries), the following extraordinary dividend was approved:
- b.1)** An extraordinary dividend payable in cash out of unrestricted reserves of EUR 0.36 per share (in addition to the ordinary dividend), in three payments of EUR 0.12 each in 2009, coinciding with the dates of the last three payments of the ordinary dividend (July 2, October 2, December 22), and totalling EUR 55,391 thousand.
- b.2)** Extraordinary stock dividend consisting of the delivery of treasury shares until the existing share premium has been used up (EUR 34,329 thousand) with a delivery ratio based on a market price of EUR 9.43 per share, of 1 new share for each 40.73 old shares, which resulted in the delivery of approximately 3.6 million shares (approximately 2.36% of share capital). The delivery ratio was established at the Board of Directors Meeting held immediately prior to the Annual General Meeting once the closing market price on the preceding day became known. This extraordinary stock dividend was paid in early May 2009.

### 13. BANK BORROWINGS

The detail of "Non-Current Payables - Bank Borrowings" and "Current Payables - Bank Borrowings" at December 31, 2009 and 2008 is as follows (in thousands of euros):

	2009 Non-current	2009 Current	2008 Non-current	2008 Current
Non-current bank borrowings drawn down in euros	-	71,000	70,942	71,000
Non-current bank borrowings drawn down in US dollars	405,737	-	451,361	-
Current credit facilities in euros	-	7,017	-	52,562
Unmatured accrued interest	-	520	-	2,262
<b>Total</b>	<b>405,737</b>	<b>78,537</b>	<b>522,303</b>	<b>125,824</b>

The long-term bank loans financed the investments in Riviana Inc (2004), Panzani SAS (2005) and New Word Pasta Company (2006) and are guaranteed by the subsidiaries Puleva Foods, S.L., Herba Food, S.L., Herba Ricemills, S.L., Panzani SAS and Riviana Foods Inc. (although in 2008 it was Azucarera Ebro, S.L., not Riviana Foods Inc.), and relate to:

- A syndicated loan agreement entered into in November 2004, novated in May 2005 and again in November 2006 and April 2009, amounting to EUR 287.9 million, of which at December 31, 2009 EUR 71 million (2008: EUR 142 million) had not yet been repaid. The loan principal has been repaid in eight half-yearly instalments of EUR 35.5 million since May 2007. This euro loan bears annual interest at 1-, 3-, 6- or 12-month EURIBOR plus a market spread.
- A syndicated loan agreement entered into in May 2005, novated in November 2006 and April 2009, amounting to USD 396 million (an initial USD 440 million less USD 44 million repaid early in the April 2009 novation), the principal of which will be repaid in six half-yearly instalments of USD 66 million from October 2011 onwards. This US dollar loan bears annual interest at 1-, 3-, 6- or 12-month LIBOR plus a market spread.
- Bilateral loan agreement entered into in November 2006 and novated in April 2009 amounting to USD 190 million, the principal of which will be repaid in four half-yearly instalments of USD 47.5 million from May 2015 onwards. This US dollar loan bears annual interest at 1-, 3-, 6- or 12-month LIBOR plus a market spread.

The Company must achieve at all times certain ratios over the term of the three aforementioned loans based on the consolidated financial statements of the Group of which the Company is the parent. The failure to achieve these ratios would increase borrowing costs and, depending on the cases, lead to a situation that could trigger the early repayment of the loans. At December 31, 2009 and 2008, all the ratios were being achieved.

In addition, at December 31, 2009, the Company had credit facilities at banks with a limit of EUR 46 million (December 31, 2008: EUR 59 million) arranged as unsecured credit facilities, against which a total of EUR 7,017 thousand had been drawn down (December 31, 2008: EUR 52,562 thousand). The average annual interest rate on these borrowings, excluding the long-term loans, is 3-month EURIBOR plus an average market spread of 0.783% (December 31, 2008: 0.424%).

Also, the guarantees and other bank guarantees granted to third parties totalled EUR 67,011 thousand at December 31, 2009 (December 31, 2008: EUR 9,930 thousand) (see Note 16). In addition, in 2009 the bank guarantee of USD 860 thousand (2008: USD 618 thousand) to cover the guarantees given to the buyer in the 2006 sale of the Guatemala business (see Note 16) was discharged. This three-year guarantee (until August 10, 2009) covered possible contingencies that might have arisen in the business sold prior to the date of sale.

The repayment schedule of the non-current bank borrowings is as follows:

Maturing in 2010	EUR 71,000 thousand
Maturing in 2011	USD 66,000 thousand (EUR 44,777 thousand at 12/31/09)
Maturing in 2012	USD 132,000 thousand (EUR 91,628 thousand at 12/31/09)
Maturing in 2013	USD 132,000 thousand (EUR 91,628 thousand at 12/31/09)
Maturing in 2015	USD 161,000 thousand (EUR 111,759 thousand at 12/31/09)
Maturing in 2016	USD 95,000 thousand (EUR 65,945 thousand at 12/31/09)

## 14. LONG-TERM PROVISIONS

The detail of the provisions and of the changes therein in 2009 and 2008 is as follows:

LONG-TERM PROVISIONS (Thousands of euros)	Employee benefit obligations			Other provisions For contingencies	Total
	Long-service bonuses	Long-term remuneration	Total		
Beginning balance: January 1, 2008	140	859	999	59	1,058
Charge for the year	41	1,300	1,341	2,189	3,530
Amounts used	(13)	0	(13)	0	(13)
Interest cost	0	0	0	0	0
Ending balance: December 31, 2008	168	2,159	2,327	2,248	4,575
Charge for the year	183	1,641	1,824	57,387	59,211
Amounts used	0	0	0	(59)	(59)
Interest cost	0	0	0	1,690	1,690
Ending balance: December 31, 2009	351	3,800	4,151	61,266	65,417

### Provision for contingencies

At December 31, 2009, "Provision for Contingencies" included a provision of EUR 59,077 thousand to cover the buyer in the sale of the sugar business from the litigation in progress relating to Azucarera Ebro, S.L.

The provision for the outcome of litigation relating to the sale of the sugar business relates to the guarantees provided to the buyer of the business which, in the event of an unfavourable outcome of the litigation, would lead to a reduction in the selling price of the sugar business. The provision recognised constitutes an adjustment to the selling price and, therefore, it was recognised as a reduction in the gain on the transaction. The situation of this litigation in 2009 did not change with respect to 2008.

The remaining balance of "Provision for Contingencies" corresponds basically to provisions for certain contingencies and other minor claims, with respect to which the Company's directors do not expect any additional material liabilities to arise in connection with their outcome.

### Provision for long-service bonuses

Certain employees of Ebro Puleva, S.A. are beneficiaries of long-service bonuses for 25 and 40 years of service covered by an in-house provision at the Company. The provision of EUR 351 thousand (2008: EUR 168 thousand) recognised for these long-service bonuses at December 31, 2009 represents the present value, calculated by an independent actuary, of the possible future payment obligations of the Company to its employees. The basic assumptions used in the latest actuarial study at December 31, 2009 (2008), were as follows:

- a) Applied annual discount rate of 4.81% (2008: 3.61%)
- b) Increase in salaries: a cumulative annual increase of 3% was assumed (2008: 3%).
- c) Mortality and life expectancy tables: PERM/F 2000P tables

### Provision for long-term remuneration of executives

See Notes 18.4 and 18.6

## 15. TAX MATTERS

The detail of the tax receivables and payables at December 31, 2009 and 2008 is as follows:

(Thousands of euros)	12-31-09	12-31-08
<b>Current</b>		
Current tax assets	22,667	0
Other accounts receivable from public authorities	155	320
Current tax liabilities	0	(1,035)
Other accounts payable to public authorities	(4,085)	(1,751)
	19,113	(2,466)
<b>Non-current</b>		
Deferred tax assets	22,067	15,632
Deferred tax liabilities	(30,893)	(27,249)
	(8,826)	(11,617)

Under current legislation, taxes cannot be deemed to have been definitively settled until the tax returns filed have been reviewed by the tax authorities or until the statute-of-limitations period has expired.

The Company has the last four years open for review for all taxes applicable to it. The Company's directors do not consider it necessary to recognise provisions for any possible further contingencies that could arise from the various interpretations of the tax legislation since it is considered that if the tax authorities conduct a tax audit, the directors have sufficient grounds on which to justify the interpretation applied by the Company in its interpretation of tax legislation.

The taxable profit, calculated pursuant to tax legislation, is taxed at 30%.



**15.1** The consolidated tax group comprises:

Ebro Puleva, S.A. (head of the tax group), Fincas e Inversiones Ebro, S.A., 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. and Jiloca, S.A. In 2008 the group also included Azucarera Ebro, S.L. (group), which was sold in April 2009.

**15.2** The reconciliation of the net income and expense for the year to the taxable profit (tax loss) for 2009 and 2008 is as follows:

INCOME TAX (Thousands of euros)	2009		2008	
	Accrued	Tax	Accrued	Tax
<b>Profit (Loss) before tax of continuing operations</b>	<b>163,978</b>	<b>163,978</b>	<b>(31,099)</b>	<b>(31,099)</b>
Permanent differences	3,974	3,974	259	259
Permanent differences relating to tax consolidation adjustments	(26,726)	(26,726)	(26,077)	(26,077)
<b>Adjusted accounting profit (accounting loss)</b>	<b>141,226</b>	<b>141,226</b>	<b>(56,917)</b>	<b>(56,917)</b>
Temporary differences arising during the year		909		2,602
Temporary differences arising in other years		(13,237)		(13,237)
Temporary differences relating to tax consolidation adjustments		0		7,104
2007 tax loss carryforwards		(7,536)		(15,036)
Adjustments for conversion to new Spanish National Chart of Accounts		0		(14,283)
<b>Taxable profit (tax loss) of the Company</b>	<b>141,226</b>	<b>121,362</b>	<b>(56,917)</b>	<b>(89,767)</b>
Tax charge at 30%	42,368	36,408	(17,075)	(26,929)
Tax credits	(44,975)	(38,121)	(1,460)	(5,449)
Permanent establishment tax	12		19	
Prior year's tax adjustment	2,428	2,564	1	
<b>Total income tax: expense (income)</b>	<b>(167)</b>	<b>851</b>	<b>(18,515)</b>	<b>(32,378)</b>

The reconciliation of the income tax payable (refundable) of Ebro Puleva, S.A. to the total income tax payable (refundable) arising from the consolidation of all the tax payables of the tax group companies is as follows:

	2009	2008
Net tax payable by Ebro Puleva, S.A.	851	(32,378)
Prepayments made during the year	(36,136)	(282)
Withholdings	(441)	(48)
Net tax payable by the rest of the companies in the tax group	12,683	33,743
<b>Tax payable by (refundable to) the Tax Group</b>	<b>(23,043)</b>	<b>1,035</b>

**15.3** The reconciliation of the income tax expense and the result of multiplying the tax rates applicable to the total recognised income and expense, and the detail of the balance in the income statement, is as follows:

INCOME STATEMENT (Thousands of euros)	2009	2008
<b>Profit (Loss) before tax of continuing operations</b>	<b>163,978</b>	<b>(31,099)</b>
Applicable tax rate	30%	30%
<b>Underlying tax expense (income)</b>	<b>49,193</b>	<b>(9,330)</b>
Effect of:		
Non-deductible expenses	1,243	110
Dividends within the tax group	8,018	(7,823)
Tax credits and other	(58,622)	(1,472)
	<b>(168)</b>	<b>(18,515)</b>
<b>Tax expense (detail):</b>		
Current	851	(32,378)
Deferred	(894)	13,843
Adjustment	(124)	20
<b>Effective tax expense</b>	<b>(167)</b>	<b>(18,515)</b>

**15.4** The detail of the temporary differences in 2009 and 2008 at Ebro Puleva, S.A. is as follows:

TEMPORARY DIFFERENCES	2009	2008
<b>Increases</b>		
Charge to long-term provision for remuneration	1,824	1,328
Charge to provision for contingencies	0	2,189
Deferral of tax credit for foreign investment	7,500	7,500
Impairment loss relating to tax group companies	0	7,104
<b>Total increases</b>	<b>9,324</b>	<b>18,121</b>
<b>Decreases</b>		
Tax expense relating to amortisation of merger goodwill	2,007	2,007
Temporary difference relating to the amortisation of goodwill for tax purposes	18,731	18,731
Amortisation of trademarks for tax purposes	914	914
Other decreases	0	0
<b>Total decreases</b>	<b>21,652</b>	<b>21,652</b>
<b>Total net temporary differences</b>	<b>(12,328)</b>	<b>(3,531)</b>

**15.5** The detail of the permanent differences in 2009 and 2008 at Ebro Puleva, S.A. is as follows:

PERMANENT DIFFERENCES	2009	2008
<b>Increases</b>		
Surcharges and penalties	3	5
Donations	59	350
Impairment loss relating to Group companies	4,000	0
Other non-deductible expenses	80	13
<b>Total increases</b>	<b>4,142</b>	<b>368</b>
<b>Decreases</b>		
Adjustments for dividends of tax group subsidiaries	26,726	26,077
Reversal of impairment losses for investments in subsidiaries	0	0
Amortisation of goodwill for tax purposes	109	109
Other non-computable income	59	0
<b>Total Decreases</b>	<b>26,894</b>	<b>26,186</b>
<b>Total net permanent differences</b>	<b>(22,752)</b>	<b>(25,818)</b>

**15.6** The tax credits at Ebro Puleva, S.A. in 2009 and 2008 relate mainly to the double taxation of dividends (in 2009 due mainly to the tax credit arising on the sale of Azucarera Ebro, S.L.), donations and the reinvestment of income from asset sales. The amount to be reinvested in order to be entitled to take the tax credit for the reinvestment of income generated by the tax group amounted to EUR 258 million (2008: EUR 16.2 million), which must be reinvested by the tax group within three years (EUR 16.2 million; EUR 11.2 million; EUR 76.3 million; EUR 87 million; EUR 65 million; EUR 25 million and EUR 33.6 million in the period from 2008 to 2002, respectively). These amounts were reinvested by the tax group in each of the aforementioned years). Also, the other requirements to be able to take these tax credits were met.



**15.7** The changes in 2009 and 2008 in the deferred tax assets and liabilities of Ebro Puleva, S.A. were as follows:

(Thousands of euros)	1-1-08	Additions	Reductions	Adjustments	12-31-08	Additions	Reductions	Adjustments	12-31-09
<b>Deferred tax assets</b>									
Merger goodwill	7,223		(602)		6,621		(602)		6,019
Intangible assets: Trademarks	3,308				3,308				3,308
Property, plant and equipment: Land	129				129				129
Long-term provisions for remuneration	0	390		258	648	492			1,140
Provisions for long-service bonuses	43	9			52	55			107
Provisions for contingencies	0	656			656				656
Impairment loss relating to companies in the tax group		2,131			2,131				2,131
Tax asset due to 2007 tax base	4,784		(4,511)	(273)	0		(2,261)	2,261	0
Tax credit carryforwards	6,172		(3,989)	(96)	2,087	6,854		(364)	8,577
	<b>21,659</b>	<b>3,186</b>	<b>(9,102)</b>	<b>(111)</b>	<b>15,632</b>	<b>7,401</b>	<b>(2,863)</b>	<b>1,897</b>	<b>22,067</b>
<b>Deferred tax liability</b>									
Amortisation of goodwill for tax purposes	(16,470)	(5,619)		12	(22,077)	(5,619)			(27,696)
Amortisation of trademarks for tax purposes	0	(274)			(274)	(275)			(549)
Deferral of tax credit for foreign investment	(6,750)		2,250		(4,500)		2,250		(2,250)
Deferral of gains relating to the tax group	(398)				(398)				(398)
Exchange differences	4,285		(4,285)		0				0
	<b>(19,333)</b>	<b>(5,893)</b>	<b>(2,035)</b>	<b>12</b>	<b>(27,249)</b>	<b>(5,894)</b>	<b>2,250</b>	<b>0</b>	<b>(30,893)</b>

## 16. GUARANTEE COMMITMENTS

At December 31, 2009 and 2008, the following bank guarantees had been provided:

	2009	2008
<b>Guarantees from banks</b>		
To courts and agencies for economic-administrative claims and tax deferral	66,241	2,907
To third parties to secure the fulfilment of ordinary trading obligations	770	1,023
To third parties to secure the fulfilment of contractual guarantees	0	6,618
<b>Guarantees provided by Ebro Puleva, S.A.</b>		
Guarantees to banks for other companies	51,432	60,491

In 2009 guarantees (counterguarantees) amounting to EUR 64,427 thousand were provided to courts and agencies in relation to claims in order to cover the guarantees provided by Azucarera Ebro, S.L. in the litigation in which it is involved. Based on the contractual agreements entered into, Ebro Puleva, S.A. has guaranteed to the buyer of Azucarera Ebro, S.L. that it will cover any liability that might arise from the resolution of this litigation (see Note 14).

A bank guarantee was provided to third parties to secure the fulfilment of contractual obligations. It was arranged in 2006 for USD 5,160 thousand (EUR 3,918 thousand), which was reduced to USD 860 thousand (EUR 618 thousand) in 2008 and discharged in 2009, to cover the guarantees provided to the buyer in the sale in 2006 of the business of the Guatemalan subsidiary. This guarantee covered possible contingencies that might have arisen in relation to the business sold that originated at a date prior to the sale date for the following three years (until August 10, 2009), when this guarantee was discharged. In addition, at the end of certain guarantees amounting to EUR 6 million had been provided to secure the Alagón land transaction (see Note 7). These guarantees were also discharged in 2009.

The guarantees provided to banks to guarantee the fulfilment of obligations of other companies relate mainly to the guarantees provided by Ebro Puleva, S.A. for Biocarburantes de Castilla y León, S.A. (which until September 2009 was an associate owned indirectly through Dosbio 2010, S.L.) in relation to the syndicated loan arranged by that company with various banks in November

2004, novated in 2007, to finance the project (biofuel plant), and for working capital financing credit lines. It was established contractually that Ebro Puleva, S.A.'s risk exposure in relation to these guarantees will cease to exist before 1 June 2010. At the end of 2009 Ebro Puleva, S.A. had guaranteed a maximum amount of EUR 51.4 million (2008 year-end: EUR 60.5 million).

The aforementioned guarantees provided are not expected to give rise to any loss for the Company.

## 17. ACCOUNTS WITH GROUP COMPANIES AND ASSOCIATES

Note 8 includes a list of subsidiaries and associates of Ebro Puleva, S.A. In 2009 and 2008 transactions with associates did not represent a material amount except as indicated in Note 16 in relation to the loans and guarantees granted by Ebro Puleva, S.A. to Biocarburantes de Castilla y León, S.A.

In 2009 and 2008 the main transactions performed by the Company with Group companies and associates were as follows:

	2009		2008	
	Group companies	Associates	Group companies	Associates
Outside services	(1,750)	0	1,389	0
Staff costs	0	0	0	0
Finance costs	(3,204)	(19)	18,059	15
<b>Total purchases and costs</b>	<b>(4,954)</b>	<b>(19)</b>	<b>19,448</b>	<b>15</b>
Other operating income	6,617		4,335	0
Finance income	1,649	105	4,887	209
Income from dividends received	73,174	0	26,327	0
<b>Total sales and income</b>	<b>81,440</b>	<b>105</b>	<b>35,549</b>	<b>209</b>

The balances of Ebro Puleva, S.A. with Group companies and associates at December 31, 2009 and 2008 were as follows:

AT DECEMBER 31, 2008					
BALANCES WITH GROUP COMPANIES AND ASSOCIATES	Long-term loans	Receivable from companies	Balances payable		Payable to 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 Biotech, S.A.					
Puleva Foods, S.L. (Group)		3,769	(121,773)	(283)	(7)
Lactimilk, S.L. (Group)		695			
Grupo Riviana (Central America)		62	(18,291)	(95)	
New World Pasta Company, Inc (Group)		93			
Birkel Teigwaren, GmbH (Group)	14,395	12			
Nueva Comercial Azucarera, S.L.		80			
Biocarburantes de Castilla y León, S.A.	3,117				
Fallera Nutrición, S.L.					(3)
Jiloca, S.A.		153			
Lince, Ltd.			(900)		
	<b>110,808</b>	<b>22,791</b>	<b>(168,966)</b>	<b>(620)</b>	<b>(4,594)</b>

AT DECEMBER 31, 2009

BALANCES WITH GROUP COMPANIES AND ASSOCIATES	Long-term loans	Receivable from companies	Balances payable		Payable to suppliers
			Non-current	Current	
Panzani SAS		833			(903)
Beira Terrace Soc. de Construções, Ltda.	8,717				
Azucarera Energías, S.A.	2,820				
Herba Foods, S.L.		187			(2)
Dosbio 2010, S.L.	2,748	46			
Herba Ricemills, S.L.		405			(7)
Herba Nutrición, S. L.		52			(5)
Fincas e inversiones Ebro, S.A.		1,447		(1,745)	
Arotz Foods, S.A.		262	(27,018)		
Puleva Biotech, S.A.		44			
Puleva Foods, S.L. (Group)		3,898	(20,640)	(266)	(10)
Lactimilk, S.L. (Group)		33			(1)
Grupo Riviana (Central America)		132	(18,501)		
New World Pasta Company, Inc (Group)		172			
Birkel Teigwaren, GmbH (Group)	18,260	15			
Jiloca, S.A.		139			
Boost Distribution CV		10			
	32,545	7,675	(66,159)	(2,011)	(928)

The non-current payables have no fixed maturity and, therefore, the Company classified them as non-current since they are not expected to be repaid at short term.

The Company has entered into an agreement relating to a corporate current account with most of its Spanish and foreign subsidiaries, guaranteeing coverage of all their financing requirements and, where applicable, interest earned on their cash surpluses, all, as a general rule, at market interest rates.

## 18. RELATED PARTY TRANSACTIONS

The sales to and purchases from related parties were performed on an arm's length basis. At year-end the balances relating to commercial operations are not secured, are not interest bearing and are settled in cash. Except as discussed in Note 16 in relation to Biocarburantes de Castilla y León, S.A., no other guarantees were provided or received in relation to the accounts receivable from or payable to third parties.

During the years ended December 31, 2009 and 2008 the Company did not recognise any allowances for doubtful debts from related parties. The need for allowances is assessed each year on the basis of an examination of the financial position of the related party and of the market in which it operates.

### 18.1 Related-party transactions with significant shareholders (or parties related to them) of Ebro Puleva, S.A., excluding directors

Note 12 lists the companies that have a significant ownership interest in the share capital of Ebro Puleva, S.A.

The transactions, excluding dividends, of Ebro Puleva, S.A. with these significant shareholders (unless they are directors, in which case they are reflected in Note 18.2), are summarised as follows:

■ None in 2009 and 2008.

## 18.2 Related-party transactions with directors and executives (or parties related to them) of Ebro Puleva, S.A.

The transactions, excluding dividends, between Ebro Puleva, S.A. and its directors and executives is as follows:

NAME OR COMPANY NAME OF THE DIRECTORS OR EXECUTIVES	Ebro Puleva Group Company	Type of Transaction	Amount (thousands of euros) 2009	Amount (thousands of euros) 2008
Caja de Ahorros de Salamanca y Soria	Ebro Puleva, S.A.	Financing agreements: loans - borrower	Available: 48,509 Drawn down: 48,509	Available: 55,792 Drawn down: 55,792
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Ebro Puleva, S.A.	Financing agreements: loans - borrower	Available: 24,300 Drawn down: 24,300	Available: 27,927 Drawn down: 27,927
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Ebro Puleva, S.A.	Financing agreements: loans - borrower	Available: 6,000 Drawn down: 144	Available: 6,000 Drawn down: 3,880
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Ebro Puleva, S.A.	Other transactions	11,000	0

## 18.3 Other related-party transactions with significant shareholders, directors and executives: dividends received from Ebro Puleva, S.A.

Within the framework of the overall dividend policy of Ebro Puleva, S.A., the following amounts expressed in thousands of euros, were distributed:

### ■ Dividends 2009 (2008):

- Dividends to significant shareholders: EUR 30,032 thousand (2008: EUR 14,677 thousand)
- Dividends to directors and executives: EUR 24,404 thousand (2008: EUR 11,594 thousand)

## 18.4 Directors' remuneration

Ebro Puleva, S.A.'s Board members earned total remuneration in 2009 amounting to EUR 8,056 thousand (2008: EUR 3,900 thousand), the detail being as follows (in thousands of euros):

DIRECTORS' REMUNERATION AND OTHER BENEFITS	2009	2008
Remuneration		
Attendance fees	278	253
Bylaw-stipulated profit sharing	2,332	2,055
Total non-executive directors	2,610	2,308
Wages, salaries and professional fees	5,446	1,592
Termination benefits and other	0	0
Total executive directors	5,446	1,592
Total Remuneration	8,056	3,900
Other benefits		
Life insurance and retirement benefits	0	0

The Company's current bylaws provide for a bylaw-stipulated share in profits of 2.5% of net consolidated profit for the year, provided that the appropriations to the legal reserve have been made and a dividend of at least 4% of the paid-in capital has been declared for shareholders.

The Board of Directors, at its meeting held on February 26, 2010 and at the proposal of the Recruitment and Remuneration Committee, resolved, for 2009 and for the Chairman and non-executive directors, to increase the bylaw-stipulated profit-sharing by 13.40% (equal to the increase in the 2009 consolidated EBITDA with respect to that of 2008) to EUR 2,332,231 and, accordingly, to propose to the shareholders at the Annual General Meeting the assignation of a percentage of 1.32% of the consolidated net profit attributable to the Company in 2009. The Board also resolved to increase the attendance fees, which had been frozen since February 2005. Specifically, the fee for attending Board Meetings rose to EUR 1,600 from the EUR 1,400 paid in previous years, and the fees for attending the various Committee meetings was increased to EUR 800 from the EUR 700 of prior years.

Of the total remuneration of the executive directors (EUR 5,446 thousand), EUR 3,380 thousand relate to the Multi-Year Incentive Plan associated with the Ebro Puleva Group's Strategic Plan. In 2006 the Board of Directors, at the proposal of the Recruitment and Remuneration Committee, approved this incentive plan for certain executives consisting of the possibility of receiving a given

amount in cash tied to the achievement of certain targets established in the Company's Strategic Plan for 2007-2009. The senior executives of the Ebro Puleva Group, including the executive directors, are the beneficiaries of the Plan. The amount shown was calculated on the basis of the degree of achievement of the EBITDA and EVA targets established in the Group's Strategic Plan for the three-year period from 2007 to 2009.

The separate financial statements for 2007 and 2008 include provisions totalling EUR 2,159 thousand as a provisional estimate of the amount of the Multi-Year Incentive Plan for those years based on the results achieved in 2007 and 2008. These provisions, which cover both the executive directors and the executives of the Parent included in the Plan, were recognised on the basis of the definitive settlement made in 2009 for the three-year period as a whole, as described in the preceding paragraph.

The aforementioned Incentive Plan is not tied to the value of the Ebro Puleva share and does not entail the receipt by the beneficiaries of shares or of any other right thereon.

None of the members of the Board of Directors are the beneficiaries of supplementary life and retirement insurance. Also, the Company has not granted any loans or advances to the members of its Board of Directors and it does not have any guarantee obligations to them.

#### **18.5 Article 127 ter 4 of the Consolidated Spanish Public Limited Liability Companies Law**

Pursuant to Article 127 ter. 4 of the current Consolidated Spanish Public Limited Liability Companies Law, this section of the notes to the financial statements discloses information that the directors, in compliance with their duty of loyalty, have communicated to the Company, relating to the equity interests and positions held at companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Ebro Puleva, S.A., whether or not these companies form part of the Ebro Puleva Group.

- Antonio Hernández Callejas:
  - Direct ownership interest of 16.666% in Instituto Hispánico del Arroz, S.A. No position is held.
  - Indirect ownership interest of 3.620% in Casarone Agroindustrial, S.A. No position is held.
  - Direct ownership interest in Puleva Biotech, S.A. with 101 shares. He holds the position of director.
- Félix Hernández Callejas:
  - Direct ownership interest of 16.666% in Instituto Hispánico del Arroz, S.A. No position is held.
  - Indirect ownership interest of 3.620% in Casarone Agroindustrial, S.A. No position is held.
  - Direct ownership interest of 0.002% in Rivera del Arroz, S.A. He holds the position of director.
  - Direct ownership interest of 0.0002% in Mundi Riz, S.A. He holds the position of director.
- Blanca Hernández Rodríguez:
  - Direct ownership interest of 16.666% in Instituto Hispánico del Arroz, S.A. No position is held.
  - Indirect ownership interest of 3.620% in Casarone Agroindustrial, S.A. No position is held.

It is hereby stated that Antonio Hernández Callejas, Félix Hernández Callejas and Blanca Hernández Rodríguez hold indirect ownership interests in Ebro Puleva, S.A. through the 15.721% ownership interest that Instituto Hispánico del Arroz, S.A. has in this company, directly and through Hispafoods Invest, S.L.

- Caja de Ahorros de Salamanca y Soria:
  - Ownership interest of 40% in Barrancarnes Transformación Artesanal. It holds the position of director.
  - Ownership interest of 40% in Jamones Burgaleses, S.A. It holds the position of director.
  - Ownership interest of 41.29% in Leonesa Astur de Piensos, S.A. It holds the position of director.
  - Ownership interest of 33.040% in Dibaq Diproteg, S.A. It holds the position of director.
  - Ownership interest of 50% in Marcos Soterrano, S.A. It holds the position of director.
  - Ownership interest of 29.370% in Qualia Lácteos, S.L. No position is held.
- Caja España de Inversiones, Caja de Ahorros y Monte de Piedad:
  - Ownership interest of 100% in Campo de Inversiones, S.A. It holds the position of director.
- Fernando Castelló Clemente:
  - Ownership interest of 14% in Castillo Castelló, S.A. He holds the position of Non-Executive Chairman.



- Juan Domingo Ortega Martínez:
  - Indirect ownership interest of 60.84% in Quesos Forlasa, S.A. He is the representative of Forlasa Alimentación, S.L., which is the CEO of this company.
  - Direct ownership interest of 60.84% in Forlasa Alimentación, S.L. He holds the position of CEO.
  - Indirect ownership interest of 60% in Forlactaria Operadores Lecheros, S.A. He holds the position of Chairman of the Board of Directors.
- Eugenio Ruiz Gálvez-Priego:
  - He holds the position of CEO of Azucarera Ebro, S.L.U. No ownership interest is held.
  - He holds the position of Deputy Chairman of Compañía de Melazas, S.A. No ownership interest is held.
  - He holds the position of Chairman of Nueva Comercial Azucarera, S.A. No ownership interest is held.

The positions held by the directors at other companies belonging to the Ebro Puleva Group in which they do not have any ownership interests are as follows:

NAME OF DIRECTOR	EBRO PULEVA GROUP COMPANY	POSITION
Demetrio Carceller Arce	Puleva Biotech, S.A.	Director
Jaime Carbó Fernández	Panzani, S.A.S.	Director
Jaime Carbó Fernández	Riviana Foods, Inc.	Director
Jaime Carbó Fernández	Ebro America, inc.	Director
Jaime Carbó Fernández	El Castillo Debic Food Service, S.L.	Director
Jaime Carbó Fernández	New World Pasta Company	Director
Jaime Carbó Fernández	N&C Boost, N.V.	Director
Jaime Carbó Fernández	Boost Nutrition, C.V.	Director
Jaime Carbó Fernández	Herba Germany GMBH	Director acting severally
Jaime Carbó Fernández	Jiloca Industrial, S.A.	Director acting severally
Jaime Carbó Fernández	Arotz Foods, S.A.	Director acting severally
Jaime Carbó Fernández	Fincas e Inversiones Ebro, S.A.	Director acting severally
Fernando Castelló Clemente	El Castillo Debic Food Service, S.L.	Non-Executive chairman
Leopoldo del Pino y Calvo-Sotelo	Puleva Biotech, S.A.	Director
Fernando Castelló Clemente	Lactimilk, S.A.	Non-Executive chairman
Antonio Hernández Callejas	Panzani, S.A.S.	Director
Antonio Hernández Callejas	New World Pasta Company	Director
Antonio Hernández Callejas	Riviana Foods, Inc.	Director
Antonio Hernández Callejas	Puleva Biotech, S.A.	Director
Antonio Hernández Callejas	Ebro America, Inc.	Chairman
Antonio Hernández Callejas	N&C Boost, N.V.	Director
Antonio Hernández Callejas	Boost Nutrition, C.V.	Director
Antonio Hernández Callejas	Danrice, A/S	Director
Antonio Hernández Callejas	Joseph Heap&Sons Limited	Director
Antonio Hernández Callejas	S&Herba Foods Limited	Director
Antonio Hernández Callejas	Anglo Australian Rice Limited	Director
Antonio Hernández Callejas	Vogan & Co Limited	Director
Antonio Hernández Callejas	A W Mellish Limited	Director acting severally
Antonio Hernández Callejas	Joseph Heap Property Limited	Director acting severally
Antonio Hernández Callejas	Heap Comet Limited	Director acting severally
Antonio Hernández Callejas	Herba Germany GMBH	Director acting severally
Antonio Hernández Callejas	Arrozeiras Mudiarróz, S.A.	Chairman
Félix Hernández Callejas	Herba Ricemills, S.L.U.	Chairman-CEO
Félix Hernández Callejas	Herba Foods, S.L.U.	Director acting severally
Félix Hernández Callejas	Herba Nutrición, S.L.U.	Director acting severally
Félix Hernández Callejas	Fallera Nutrición, S.L.U.	Director acting severally
Félix Hernández Callejas	Nuratri, S.L.U.	Director acting severally
Félix Hernández Callejas	Nutrial, S.L.U.	Director acting severally
Félix Hernández Callejas	Nutramas, S.L.U.	Director acting severally
Félix Hernández Callejas	Pronatur, S.L.U.	Director acting severally
Félix Hernández Callejas	Vitasan, S.L.U.	Director acting severally
Félix Hernández Callejas	Risella, Oy	Director
Félix Hernández Callejas	S&B Herba Foods, Ltd.	Director

NAME OF DIRECTOR <i>(continuation)</i>	EBRO PULEVA GROUP COMPANY	POSITION
Félix Hernández Callejas	Anglo Australian Rice, Ltd.	Director
Félix Hernández Callejas	Joseph Heap&Sons, Ltd.	Director
Félix Hernández Callejas	Vogan&Co, Ltd	Director
Félix Hernández Callejas	Danrice A/S	Director
Félix Hernández Callejas	Herba Egypt Ricemills, Co.	Director
Félix Hernández Callejas	Arrozeiras Mundiarroz, S.A.	Director
Félix Hernández Callejas	Riviana Foods, Inc.	Director
Félix Hernández Callejas	Herba de Puerto Rico, LLC	Director
Félix Hernández Callejas	Herto, N.V.	Chairman
Félix Hernández Callejas	Boost Nutrition, C.V.	Director
Félix Hernández Callejas	Herba Rice India, PVT, LTD	Director acting severally
Félix Hernández Callejas	Herba Hellas, S.A.	Receiver
Félix Hernández Callejas	Puleva Biotech, S.A.	Director
Félix Hernández Callejas	Española de I+D, S.A.	Director

Except for the aforementioned cases, it is hereby stated that none of the directors have notified the Company that they have any percentage of ownership or hold a position in companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Ebro Puleva, S.A. and its Group companies.

In 2009 and 2008 no transactions were performed by the directors of Ebro Puleva, S.A. with Ebro Puleva Group companies that did not form part of the ordinary course of business of these companies or under non-arm's length conditions.

#### 18.6 Remuneration of executives

At December 31, 2009, Ebro Puleva, S.A. had ten executives (eleven until June 30, 2009 and seven until December 31, 2008), the total aggregate remuneration of which in 2009 was EUR 2,741 thousand (2008: EUR 1,360 thousand), of which EUR 2,615 thousand (2008: EUR 1,360 thousand) related to wages and salaries and EUR 126 thousand (2008: EUR 0 thousand) to termination benefits.

The employment contracts of two of these executives include guarantee clauses in the event of termination or change of control which range from between one and two years' salary.

In the case of the other executives the termination benefits initially established are below the termination benefits provided for in the Spanish Workers' Statute due to the length of service.

In addition, of the total remuneration of senior executives (EUR 2,741 thousand), EUR 624 thousand correspond to the Multi-Year Incentive Plan for executives associated with the Ebro Puleva Group's Strategic Plan described in Note 18.4.

Lastly, the Company took out and has in force a third-party liability insurance policy covering the directors and executives of Ebro Puleva, S.A. with coverage for all its subsidiaries and an indemnity limit per annum of EUR 45 million, at an annual cost of EUR 78,000 and in force until April 30, 2010. The aforementioned policy is currently in the process of being renewed.

## 19. OTHER DISCLOSURES

### a) Foreign currency transactions

The Company normally carries out its transactions in euros, except for the financing transactions in US dollars mentioned in Note 13 and the bank guarantee described in Note 16.

### b) Employees

2008	At the end of 2008		Total average
	Men	Women	
Executives	9	2	11
Middle management	7	9	17
Clerical staff	4	9	12
	20	20	40

2009	At the end of 2009		Total average
	Men	Women	
Executives	10	3	13
Middle management	10	8	18
Clerical staff	4	9	13
	24	20	44

#### c) Fees paid to auditors

The fees for financial audit services for 2009 amounted to EUR 196 thousand (2008: EUR 260 thousand).

In addition, the fees paid in 2009 for other services provided by the Company's auditors for 2009 amounted to EUR 0 (2008: EUR 185 thousand).

#### d) Information on the environment

The activities carried on by the various companies in the Ebro Puleva Group require the investments needed to manage and control environmental risks. In this regard, investments leading to increased productivity of the plant and machinery are capitalised and depreciated on a straight-line basis over the related estimated useful life. As a holding company, Ebro Puleva, S.A. does not have to make such investments and, therefore, the environmental investments are made and the environmental expenses are incurred by each Group company. The work performed in the last few years has been very extensive, especially for the proper control of wastewater discharge, the emission of combustion gases and dust, and solid inert, organic and other waste.

The Company's directors do not expect any material contingencies to arise in relation to environmental protection and enhancement and do not consider it necessary to recognise any provision in this connection.

## 20. EVENTS AFTER THE REPORTING PERIOD

On March 8, 2010, the Boards of Directors of Ebro Puleva, S.A. and Lactalis (French Group) reached a preliminary agreement with respect to the sale of the Ebro Puleva Group's dairy product business for EUR 630 million. In the four weeks following this preliminary agreement, the financial statements of the Ebro Puleva Group's dairy product business will be audited and the definitive sale agreement will be drawn up on the basis of the terms and conditions initially agreed upon. At the end of this period the transaction will be subject to the approval of the competition authorities.

This agreement will lead to the disposal of the investments in Puleva Food, S.L. and Lactimilk, S.A. and to the sale of the trademarks of these businesses in 2010, once all the conditions precedent of the transfer have been met. The impact of this transaction and the gain obtained will be recognised for accounting purposes once the agreements become effective.

No other significant events took place between the reporting date and the authorisation for issue of the financial statements.

## 21. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

## Director's Report



# Director's Report for the year ended December 31, 2009

Royal Decree 1514/2007 was published on November 20, 2007. This Royal Decree approved the new Spanish National Chart of Accounts that came into force on January 1, 2008, which must be applied for all periods beginning on or after that date. The information in this directors' report was obtained on the basis of the Company's accounting records and pursuant to the aforementioned legislation.

Under the Ruling of the Spanish Accounting and Audit Institute (ICAC) published in September 2009, the dividend income and finance income arising from the financing of investees must be classified and recognised under "Revenue". Accordingly, EUR 31,204 thousand presented as finance income in the financial statements for 2008 were reclassified to "Revenue".

## 1. OPERATING REVIEW

Ebro Puleva S.A. is the Parent of the Ebro Puleva Group, the leading Spanish food group. Through its subsidiaries, it is present in the dairy, rice, pasta and biotechnology markets in Europe and North America and has a growing presence in other countries.

Following the completion of the sale of the sugar business, which completed the implementation of the 2006-2009 Strategic Plan, Ebro Puleva focused on consolidating its core businesses and defining the strategy for coming years.

Despite the economic crisis, which affected the chief global economies, the Group's profit continued to grow, demonstrating a high level of confidence among the consumers of its products, a significant capacity to harness synergies between businesses and an excellent position from which to manage the changes in raw materials markets.

The directors' report in the consolidated financial statements includes information, broken down into the business segments composing the Ebro Puleva Group, on the business performance and the activities performed in 2009.

## 2. 2009 ANALYSIS OF EBRO PULEVA, S.A.

### Significant events in 2009

On December 15, 2008, Ebro Puleva, S.A., which owned all the shares of Azucarera Ebro, S.L., and Associated British Foods (ABF), which owns all the shares of British Sugar, executed the agreement for the sale of Azucarera Ebro, S.L. The sale took place, following the approval of the competition authorities, on April 30, 2009. The terms and conditions of the transaction that took place on April 30, 2009 were as follows:

- ABF purchased the sugar business for a debt-free amount of EUR 385 million. The amount of the debt deducted was that existing at the date on which the transaction was concluded.
- Also, Ebro Puleva received approximately EUR 150 million of other compensation relating mainly to the restructuring funds provided for in the reform of the common organisation of markets (CMO) in the sugar sector.
- In addition, the agreement states that two Group companies, wholly owned by Ebro Puleva, S.A., have added to their real estate assets more than 200 hectares of land, of various urban zoning classifications from Azucarera Ebro, S.L., valued at an estimated EUR 42 million.

The distribution of dividends approved by the shareholders at the Annual General Meeting held on April 28, 2009 was as follows:

- a) As a result of the Ebro Puleva Group's consolidated profit for 2008, it was resolved to distribute an ordinary dividend payable in cash out of unrestricted reserves of EUR 0.36 per share in four quarterly payments of EUR 0.09 each, on April 2, July 2, October 2 and December 22, 2009, for a total of EUR 55,391 thousand.
- b) Also, and on an independent basis, following the success of the sale of the sugar business (Azucarera Ebro, S.L. and certain of its subsidiaries) the following extraordinary dividend was approved:
  - b.1) An extraordinary dividend payable in cash out of unrestricted reserves of EUR 0.36 per share (in addition to the ordinary dividend), in three payments of EUR 0.12 each in 2009, coinciding with the dates of the last three payments of the ordinary dividend (July 2, October 2 and December 22), and totalling EUR 55,391 thousand.
  - b.2) Extraordinary stock dividend consisting of the delivery of treasury shares until the existing share premium has been used up (EUR 34,329 thousand) with a delivery ratio based on a market price of EUR 9.43 per share, of 1 new share for every 40.73 old shares, which resulted in the delivery of approximately 3.6 million shares (approximately 2.36% of the share capital). The delivery ratio was established at the Board of Directors Meeting held immediately prior to the Annual General Meeting once the closing market price on the preceding day became known. This extraordinary stock dividend was paid in early May 2009.

### Business performance

Ebro Puleva, S.A.'s revenue is generated mainly through the dividends of its subsidiaries and transactions with its real estate assets. The costs correspond mainly to the borrowing costs on its debts as the head of the Ebro Puleva Group. Also, impairment losses are recognised and reversed on the basis of the changes in the equity of the subsidiaries.

Profit from operations amounted to EUR 75,038 thousand in 2009, as compared with EUR 15,120 thousand in 2008. The increase was due mainly to the change in the dividends received from Group companies.

The financial profit totalled EUR 88,940 thousand in 2009, as compared with the loss of EUR 46,219 thousand in 2008. The change was due to the sale of Azucarera Ebro, S.L. shares mentioned in the preceding paragraph of this report and to a decrease in borrowing costs as a result of lower interest rates.

The profit after tax amounted to EUR 164,145 thousand in 2009, as compared with a loss of EUR 12,584 thousand in 2008.

## 3. OUTLOOK FOR THE COMPANY

The results of Ebro Puleva in future years will be determined by the dividends it receives from the subsidiaries, the gains on properties not considered to be strategic and the borrowing costs relating to the debt financing its assets.

The Company's directors consider that the dividends established by the subsidiaries will be sufficient for Ebro Puleva to obtain profits that enable it to implement an appropriate shareholder remuneration policy.

## 4. RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development is performed by the subsidiaries (as disclosed in the consolidated directors' report).



## 5. TREASURY SHARE TRANSACTIONS

In 2009 the Parent purchased and sold treasury shares as provided for under the authorisation granted by the shareholders at the Annual General Meetings held on April 28, 2009 and June 9, 2008, having duly notified the Spanish National Securities Market Commission (CNMV) pursuant to current legislation. During this period, 1,064,871 shares were purchased and 1,849,002 were sold and, in addition, an extraordinary stock dividend totalling 3,628,135 shares was distributed (see Note 12-b.2 to the financial statements and section 2 of this directors' report). At 2009 year-end the Company held 666,469 treasury shares representing 0.43% of its share capital. No specific use has been designated for these treasury shares.

## 6. EMPLOYEES

The main information is included in Notes 18 and 19 to the accompanying financial statements.

## 7. RISK MANAGEMENT OBJECTIVES AND POLICIES RELATING TO THE BUSINESS ACTIVITIES

Ebro Puleva, as the head of its corporate Group, is indirectly exposed to the risks associated with its subsidiaries through changes in the value of its investment portfolio and the dividends received from the investees. The activity of the subsidiaries composing the Ebro Puleva Group is carried on in an environment in which external factors can influence their transactions and earnings.

The main risks are environmental, business, financial, credit, employment and technology risks. These risks and the policies applied in their recognition and management are described in the consolidated directors' report.

## 8. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The principal financial instruments employed include bank loans, bank overdraft facilities, cash and short-term deposits. The main purpose of these financial instruments is to increase the financial resources for the Group's operations.

Derivative products were arranged in prior years to manage interest rate and foreign currency risk. The Company's policy is not to arrange financial instruments from speculative purposes.

The main risks from the financial instruments used are credit risk, cash flow interest rate risk, liquidity risk and foreign currency risk.

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

### **Credit risk**

Ebro Puleva does not have a significant concentration of credit risk. In addition, cash is placed and financial instruments are arranged with institutions of acknowledged solvency and with a high credit rating.

### **Cash flow interest rate risk**

The Company is exposed to the risk of changes in market interest rates, primarily in connection with its long-term payment obligations that bear floating interest rates.

The Company uses, where necessary, a combination of floating and fixed interest rates. The aim is to achieve a balance in the debt structure, thereby minimising its cost with reduced volatility. To do so it closely monitors the changes in interest rates with the support of external experts. When it is deemed necessary, the Ebro Puleva arranges derivative financial instruments to hedge interest rate risk.



### Foreign currency risk

As a result of the investments made in the US, the Company's balance sheet could be significantly affected by changes in the USD/EUR exchange rate. In order to mitigate this structural foreign currency risk, loans were obtained in USD. The full investment in the US was hedged in this way.

The transactions performed by operating subsidiaries in currencies that are not the functional currency are also exposed to foreign currency risk. In these cases, the subsidiaries arrange foreign currency hedges or other hedging instruments following the Group's policies.

### Liquidity risk

The objective of Ebro Puleva is to maintain a balance between continuity of the financing and flexibility through the use of revolving credit facilities, bank loans and current financial assets.

## 9. ENVIRONMENT

In view of the very specific nature of the Company's business activities, they do not have any effect on the environment. See Note 19-d to the financial statements.

## 10. EVENTS AFTER THE REPORTING PERIOD

On March 8, 2010, the Boards of Directors of Ebro Puleva, S.A. and Lactalis (French Group) reached a preliminary agreement with respect to the sale of the Ebro Puleva Group's dairy product business for EUR 630 million. In the four weeks following this preliminary agreement, the financial statements of the Ebro Puleva Group's dairy product business will be audited and the definitive sale agreement will be drawn up on the basis of the terms and conditions initially agreed upon. At the end of this period the transaction will be subject to the approval of the competition authorities.

This agreement will lead to the disposal of the investments in Puleva Food, S.L. and Lactimilk, S.A. and to the sale of the trademarks of these businesses in 2010, once all the conditions precedent of the transfer have been met. The impact of this transaction and the gain obtained will be recognised for accounting purposes once the agreements become effective.

No other significant events took place between the reporting date and the authorisation for issue of the financial statements.



## 11. ARTICLE 116 BIS OF THE SPANISH SECURITIES MARKET LAW

Article 116 bis of the Spanish Securities Market Law, as worded by Law 6/2007, of April 12, requires listed companies to present an annual explanatory report on additional disclosures to be included in the 2009 directors' report to the shareholders at the Annual General Meeting.

### a) Capital structure, including securities not traded on a regulated EU market, indicating, where appropriate, the various classes of shares and, for each class of shares, the rights and obligations conferred by the shares and the percentage of share capital that they represent

*The share capital amounts to EUR 92,319,235.20, divided into 153,865,392 fully subscribed and paid shares of EUR 0.60 par value each, represented by book entries of the same series and class.*

*The shares representing the share capital have the status of marketable securities and are governed by the provisions of the Securities Market Law.*

### b) Restrictions on the transferability of shares

There are no restrictions on the transferability of the shares.

### c) Significant direct or indirect ownership interests in the share capital, including directors

SIGNIFICANT SHAREHOLDER	Number of direct voting rights	Number of indirect voting rights	Percentage of total voting power
Instituto Hispánico Del Arroz, S.A.	13,588,347	Indirect holder, through Hispafoods Invest, S.L. of 10,600,210 voting rights, representing 6.889% of share capital	15.721%
Sociedad Estatal de Participaciones Industriales	0	Indirect holder, through Alimentos y Aceites, S.A., of 13,315,016 voting rights, representing 8.654% representing 8.654% of share capital	8.654%
Sociedad Anónima Damm	0	Indirect holder, through Corporación Económica Damm, S.A., of 10,300,000 voting rights, representing 6.694% of share capital	6.694%
Lolland, S.A.	0	Indirect holder, through Casa Grande Cartagena, S.L., of 9,707,778 voting rights, representing 6.309% of share capital	6.309%
Caja de Ahorros de Salamanca y Soria	9,474,951	0	6.158%
Caja España de Inversiones, Caja de Ahorros y Monte de Piedad	0	Indirect holder, through Invergestión, Sociedad de Inversiones y Gestión, S.A., of 7,940,277 voting rights, representing 5.161% of share capital	5.161%

### d) Restrictions on voting rights

There are no restrictions on voting rights.

### e) Shareholders' agreements

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

### f) Rules applicable to the appointment and removal of members of the Board of Directors and amendment of the Company's bylaws

The appointment and the replacement of directors are governed by the bylaws (Articles 19 and 20) and by the Board Regulations (Articles 21, 23 and 24).

The Board of Directors shall be composed of a minimum of 7 and a maximum of 15 members, the General Meeting being responsible for determining the number and for appointing and removing directors. The Board currently has 14 members.

Directors shall be appointed for a term of four years and the post may be rejected, appointments may be revoked and directors may be re-elected. Once this term has elapsed, directors may be re-elected one or more times for terms of equal length.

The appointment of directors shall lapse when, on expiry of the term, the next General Meeting has been held or the period established by law for holding the General Meeting which has to resolve whether to approve the financial statements for the previous year has ended.

Should vacancies arise during the term for which the directors are appointed, the Board may designate from among the shareholders persons to occupy the vacancies until the next General Meeting is held.

The nominations for the appointment and re-election of directors submitted by the Board of Directors shall relate to persons of acknowledged prestige who have the experience and professional knowledge required to discharge their duties.

Nominations shall be made taking into account the existence of three types of director: (i) executive directors; (ii) non-executive directors, which may be of two types: those that belong to the Board at the request of shareholders with significant ownership interests in the Company's share capital, and those which may be deemed to be independent directors pursuant to applicable legislation or good corporate governance recommendations; and (iii) directors who do not belong to either of these categories.

The distribution of directors according to the categories defined above shall be adjusted from time to time in accordance with the functional requirements and actual shareholder structure of the Company on the basis of the relationship between the share capital controlled by significant shareholders and the percentage held by institutional investors and non-controlling shareholders.

In any case, any steps taken by the directors in relation to the composition of the Board shall be without prejudice to the sovereign powers of the General Meeting to appoint and remove directors and, as the case may be, to the shareholders' right of proportional representation.

Directors shall tender their resignation to the Board and formally resign in the following cases:

- When they are subject to any incompatibility or prohibition provided for by law, in the bylaws or in these Regulations.
- When they cease to discharge the executive functions associated with their appointment as directors, when the shareholder they represent sells its entire ownership interest or when that shareholder reduces its ownership interest to a level that requires a reduction of the number of its proprietary directors and, in general, when the reasons for which they were appointed cease to exist.
- When the Board, following a report from the Nomination and Remuneration Committee, considers that they have seriously breached their obligations or that there are reasons in Company's interest that justify such resignation.

The Board shall submit the removal of the director to the General Meeting in the event that the director does not resign in any of the above situations.

Directors who stand down from the Board prior to the end of their mandate, due to resignation or any other cause, must explain their reasons for vacating their office to the Board and, without prejudice to the fact that the removal is communicated as a significant event, the Company shall give the reasons for the removal in the Annual Corporate Governance Report.

If a director chooses to resign after expressing serious reservations on matters on which the Board had adopted resolutions, the director shall explain the reasons for the resignation as described above.

No procedures or requirements for the amendment of the bylaws other than those provided for by law are established, except for the higher quorum requirement for General Meetings established in Article 12 of the bylaws, where sixty per cent of the share capital with voting rights is required on first call and thirty per cent on second call. The requirements for voting are the same as those established in the Consolidated Spanish Public Limited Liability Companies Law.

**g) Powers of the members of the Board of Directors and, in particular, those relating to the possibility of issuing or repurchasing shares**

The executive directors Antonio Hernández Callejas and Jaime Carbó Fernández hold the following powers:

1. To represent the Company and use the corporate signature in all manner of acts, businesses and agreements included in the company object. To enter into contracts for project work or for the supply of goods or services with the European Union, the State, the Autonomous Communities, provinces, islands or municipalities and, in general, with any public or private person, by means of merits-based or price-based tenders, direct award or any other legal method of contracting, presenting and signing the appropriate proposals, accepting awards, as the case may be, performing any such acts and executing any such public or private documents as may be required or deemed appropriate for their formalisation, performance and liquidation.  
These powers shall be exercised jointly by two attorneys when the amount of the act, business or contract exceeds EUR 50,000.
2. To plan, organise, manage and control the operation of the Company and all its activities at all the workplaces and facilities, reporting to the Chairman of the Board and proposing any modifications to the Company organisation deemed to be appropriate.  
These powers may be exercised severally.
3. To sell, buy, exchange, replace, assign, encumber and dispose in any manner of all types of assets, including buildings and shares, and to provide guarantees to subsidiaries or third parties. To participate in the incorporation of other companies and acquire shares. To accept positions or appoint others to positions in other companies or entities.  
These powers shall be exercised jointly by two attorneys.
4. To set the terms of, create, accept, modify, withdraw or cancel provisional or definitive payments, deposits and guarantees at any kind of public or private entity including the Government Depositary and the Bank of Spain.  
These powers may be exercised severally.
5. Banking powers:
  - a) To open, use, clear and cancel demand deposits, savings accounts or credit facilities at any bank, including the Bank of Spain or any other credit institutions or savings banks, signing for this purpose any such documents as may be required, and to use and withdraw amounts by cheque, money order, receipt or transfer.
  - b) To arrange, formalise and execute loan transactions, signing for this purpose any such public or private documents as may be required, reporting to the Board the use made of these powers in the following meeting.  
These powers shall be exercised jointly by two attorneys.
6. To issue, accept, collect, pay, endorse, protest, discount, guarantee and negotiate commercial or financial bills of exchange, promissory notes and other drafts and commercial instruments. To endorse and discount receipts and negotiable instruments of any kind and to order payment from the Public Treasury, banks, depositaries and other entities where the Company may hold securities, bills, cash or any other type of asset.  
The powers relating to issues and acceptance and payment orders shall be exercised jointly by two attorneys.
7. To claim, collect and receive amounts to be paid or received by the Company in any respect, whether in cash, in bills or in the shape of any other type of benefit, from individuals, banks and other entities, from the European Union, the State, the Autonomous Communities, provinces, islands or municipalities and, in general, from any public or private entity. To give and request receipts and payment documents and to set and finally settle balances. To determine the method for payment of amounts owed to the Company, to grant extensions and to set payment dates and amounts.  
To accept from debtors all manner of secured and unsecured guarantees, including mortgages, fixed and floating charges, pledges and security interests subject to the covenants, clauses and conditions deemed appropriate and to cancel such guarantees after receipt of the guaranteed amounts or receivables.  
These powers may be exercised severally by any Company attorney.

8. To make all manner of payments, taking any such steps as may be required for due compliance with all the Company's obligations and to demand the relevant receipts and payment documents.  
This power shall be exercised jointly by two attorneys when the amount of the payment exceeds EUR 50,000.
9. To represent the Company in dealings with third parties and with all manner of administrative bodies, chambers, commissions, committees, mutual entities, registers, delegations, offices and units of the European Union, the State, the Autonomous Communities, provinces, islands or municipalities and with other centres or bodies of an administrative, government or other nature, at all levels and instances, in Spain and abroad, or to appoint a person to act as the Company's representative in such dealings. To exercise the rights and to act, as the case may be, in the interest of the Company. To file requests and motions. To institute any applicable proceedings, requesting any relevant data, copies or documents and filing claims, including preliminary claims, and any administrative appeals. To withdraw from proceedings, claims and appeals at any stage thereof, to enforce or ensure the enforcement of final judgments. To respond to or issue certificates or demands, whether notarial or of any other nature. To request certificates, evidence and duly authenticated copies of interest to the Company.  
These powers may be exercised severally.
10. To appear and represent the Company in court, before tribunals, higher judicial authorities, the Public Prosecutor, juries and other judicial review or employment-related centres or bodies in all jurisdictions and at all instances and levels, in Spain, abroad or relating to any international organisation, establishing the legal relations deemed appropriate and complying in particular, by signing the application for judicial review, with the provisions of Article 45.2.d) of Law 29/1998, of July 13.  
To grant and revoke powers of attorney for lawyers and court procedural representatives.  
To bring all manner of claims or actions; to file all types of exceptions in any proceedings or appeals, either as the claimant or as the defendant or with any other standing. To file all manner of claims and ordinary and extraordinary appeals at court, including extraordinary appeals on a point of law and appeals for judicial review of final decisions. To discontinue any actions, claims, lawsuits and court appeals at any stage of the proceedings. To give evidence in court as the legal representative of the Company and, where required, to personally and expressly vouch for the truth of such evidence. To settle in court and submit to arbitration any matters of interest to the Company. To enforce or ensure the enforcement of final court judgments. To represent and appear on behalf of the Company in all manner of administrations, bankruptcy proceedings, debt compositions and rescheduling, insolvency proceedings or court-ordered liquidations, evidencing the Company's claims and endeavouring to ensure that they are secured and accepting awards in payment thereof, with the power to grant or refuse reductions and extensions. To appoint, accept and reject liquidators, administrators, experts and official receivers and to put forward and challenge proposals made in the related acts.  
To settle and to agree deadlines and debt compositions and rescheduling in the framework of insolvency proceedings and carry out all the formalities until compliance with and enforcement of the final decisions.  
To select the place of residence and submit to constructive or express jurisdictions.  
These powers may be exercised severally.
11. To execute, with respect to executives, the resolutions adopted by the Board of Directors or the Executive Committee after hearing the Nomination and Remuneration Committee. With respect to Company employees, to hire, transfer, penalise, suspend or dismiss employees; to determine the remuneration, salaries and other emoluments to be received by any Company employee; to grant termination benefits; and, in general, to decide on any matters relating to the employees of the Company.  
To appoint and revoke the appointment of mandataries or agents.  
These powers may be exercised severally.
- 12) To enforce and ensure compliance with the resolutions of the General Meeting, the Board of Directors, its Executive Committee or its Chief Executive Officer and to execute, where applicable, the public deeds and other public or private documents required in accordance with the legal nature of the acts performed.  
These powers may be exercised severally.
- 13) To replace and/or grant partial or full powers to third parties, to the extent of the powers granted under this power of attorney, and to partially or fully revoke such powers, including those granted prior to this power of attorney, executing for such purpose the corresponding public or private documents giving substance to the aforementioned replacement, informing the Board of Directors at the first meeting following the exercise of this power.  
These powers shall be exercised jointly by at least three attorneys.

14) To attend and represent the Company at the General Meetings of all the Ebro Puleva Group companies and in the adoption of any resolutions deemed necessary, without any restrictions whatsoever.  
These powers may be exercised severally and indistinctly.  
Lastly, it should be noted that neither Antonio Hernández Callejas nor Jaime Carbó Fernández or any other director or executive is empowered to issue or repurchase shares.

**h) Significant agreements entered into by the Company and which come into force or are modified or terminated in the event of a change of control of the Company as a result of a takeover bid, and their effects, except when disclosure would be seriously detrimental to the Company. This exception shall not apply where the Company is obliged by law to disclose this information**

No agreements of this nature have been entered into.

**i) Agreements between the Company and its directors, executives or employees which provide for termination benefits upon resignation or dismissal without justification or upon termination of the employment relationship as a result of a takeover bid**

In 2006 the Chairman, Antonio Hernández Callejas, informed the Board of Directors of his full and irrevocable waiver of the golden parachute clause originally established in his contract, consisting of net termination benefits equal to two years' gross annual remuneration.

The director and General Manager, Jaime Carbó Fernández, and the General Secretary and Secretary of the Board, Miguel Ángel Pérez Álvarez, also waived the golden parachutes originally established in their contracts, consisting of net termination benefits equal to two years' gross annual remuneration. In both cases the Board of Directors resolved to replace the golden parachute with equivalent net termination benefits for dismissal or change of control to those that would apply under the present regime provided for in the Workers' Statute. "Net" is included solely for the purpose of calculating the termination benefits and does not imply a modification of each taxpayer's tax obligations in accordance with the law and, in any event, the result of this calculation may not exceed an amount equal to two years' annual remuneration in each case.

As regards the other executives of Ebro Puleva, S.A., the contracts of two executives include guarantee clauses relating to dismissal or change of control that range between one and two years' annual remuneration.

As a result of their length of service, the clauses established initially for the other executives currently provide for termination benefits below the amount stipulated in the Workers' Statute.

## 12. ANNUAL CORPORATE GOVERNANCE REPORT

Pursuant to legislation currently in force, the following section of the directors' report includes the 2009 Annual Corporate Governance Report of Ebro Puleva, S.A. required by the Spanish National Securities Market Commission.



# Annual Corporate Governance Report





## **ANNUAL CORPORATE GOVERNANCE REPORT**

### **LISTED COMPANIES**

### **DETAILS OF ISSUER**

**YEAR ENDED: 31/12/2009**

**TAX REGISTRATION NUMBER: A47412333**

**Name: EBRO PULEVA, S.A.**

## 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.	13,588,347	10,600,210	15.721
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0	13,315,016	8.654
HISPAFOODS INVEST S.L.	10,600,210	0	6.889
SOCIEDAD ANÓNIMA DAMM	0	10,300,000	6.694
CASA GRANDE DE CARTAGENA, S.L.	9,707,778	0	6.309
LOLLAND, S.A.	0	9,707,778	6.309

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	Interest / total voting rights (%)
INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.	7,940,277	0	5.161

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.	10,600,210	6.889
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	13,315,016	8.654
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DAMM, S.A.	10,300,000	6.694
LOLLAND, S.A.	CASA GRANDE DE CARTAGENA, S.L.	9,707,778	6.309

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	3,083	0	0.002
ALIMENTOS Y ACEITES, S.A.	13,315,016	0	8.654
CAJA DE AHORROS DE SALAMANCA Y SORIA	9,474,951	0	6.158
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	0	7,940,277	5.161
CORPORACIÓN ECONÓMICA DAMM, S.A.	10,300,000	0	6.694

Name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights held
EUGENIO RUIZ-GÁLVEZ PRIEGO	153	0	0.000
FERNANDO CASTELLÓ CLEMENTE	2,284,750	0	1.485
FÉLIX HERNÁNDEZ CALLEJAS	10	0	0.000
JAIME CARBÓ FERNÁNDEZ	23,059	0	0.015
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	0	1,127,007	0.732
JUAN DOMINGO ORTEGA MARTÍNEZ	1,490	2,605,175	1.694
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
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.	7,940,277	5.161
JUAN DOMINGO ORTEGA MARTÍNEZ	MONZOTAMI, S.L.	1,394,319	0.906
JUAN DOMINGO ORTEGA MARTÍNEZ	QUESOS FORLASA, S.A.	1,200,856	0.780
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	FUENTE SALADA, S.L.	1,127,007	0.732

<b>Total % of voting rights held by board members</b>	30.595
---	--------

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:**

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:**

Corporate

**Brief description:**

INSTITUTO HISPÁNICO DEL ARROZ, S.A. HOLDS 100% OF HISPAGRO INVEST, S.L.: DIRECT INTEREST OF 51.62% AND INDIRECT INTEREST OF 48.38%

Name of related parties
INSTITUTO HISPÁNICO DEL ARROZ, S.A.

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 and describe 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 (%)
666,469	0	0.433

(\*) Through:

<b>Total</b>	0
--------------	---

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
14/05/2009	1,966,068	0	1.27896

<b>Gain/(loss) obtained during the year on trading in own shares</b>	10,718
--	--------

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 29 April 2009 resolved, under item eight 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 authorisation of 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 9 June 2008.

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
--	---



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
--	---

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	01/01/2001	27/04/2005	VOTE AT AGM

Name of director	Representative	Position on Board	Date first appointment	Date latest appointment	Election procedure
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

<b>Total number of directors</b>	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

<b>Name of Director</b>	<b>Committee proposing appointment</b>	<b>Position in company's organisation</b>
ANTONIO HERNÁNDEZ CALLEJAS	NOMINATION AND REMUNERATION COMMITTEE	CHAIRMAN
JAIME CARBÓ FERNÁNDEZ	NOMINATION AND REMUNERATION COMMITTEE	GENERAL MANAGER

<b>Total number of executive directors</b>	3
<b>% of board</b>	21.429

#### NON-EXECUTIVE PROPRIETARY DIRECTORS

<b>Name of Director</b>	<b>Committee proposing appointment</b>	<b>Name of significant shareholder represented or that proposed appointment</b>
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

Name of Director	Committee proposing appointment	Name of significant shareholder represented or that proposed appointment
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.

<b>Total number of proprietary directors</b>	7
<b>% of board</b>	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.

<b>Total number of independent directors</b>	4
<b>% of board</b>	28.571

**OTHER NON-EXECUTIVE DIRECTORS**

<b>Name of Director</b>	<b>Committee proposing appointment</b>
EUGENIO RUIZ-GÁLVEZ PRIEGO	NOMINATION AND REMUNERATION COMMITTEE

<b>Total number of independent directors</b>	1
<b>% of board</b>	7.143

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

**Name of Director**

EUGENIO RUIZ-GÁLVEZ PRIEGO

**Company, executive or shareholder with which he is related**

AZUCARERA EBRO, S.L.U.

**Profile**

Up to 30 April 2009, Eugenio Ruiz-Gálvez Priego was an 'Executive Director' because up to that date he was CEO of Azucarera Ebro, S.L.U., a company then wholly-owned by Ebro Puleva, S.A. On 30 April 2009, Ebro Puleva sold all its shares in Azucarera, so Mr. Ruiz Gálvez ceased to be an Executive Director and was classified as an Other Non-Executive Director", since he cannot be considered independent.

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

<b>Name of director</b>	<b>Date of change</b>	<b>Previous condition</b>	<b>Current condition</b>
EUGENIO RUIZ-GÁLVEZ PRIEGO	30/04/2009	EXECUTIVE	OTHER NON-EXECUTIVE

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	BOOST NUTRITION, C.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	DANRICE, A/S	DIRECTOR
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

Name of director	Name of Group company	Position
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
FERNANDO CASTELLÓ CLEMENTE	CASTILLO CASTELLÓ, S.A.	CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	CASTILLO CASTELLÓ, S.A.	NON-EXECUTIVE CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	EL CASTILLO DEBIC FOOD SERVICE, S.L.	CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	EL CASTILLO DEBIC FOOD SERVICE, S.L.	NON-EXECUTIVE CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	LACTIMILK, S.A.	CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	LACTIMILK, S.A.	NON-EXECUTIVE 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, A/S	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



<b>Name of director</b>	<b>Name of Group company</b>	<b>Position</b>
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.	CHAIRMAN / CEO
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
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	AROTZ FOODS, S.A.	JOINT & SEVERAL DIRECTOR
JAIME CARBÓ FERNÁNDEZ	BOOST NUTRITIÓN, C.V.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	EBRO AMERICA, INC.	DIRECTOR

Name of director	Name of Group company	Position
JAIME CARBÓ FERNÁNDEZ	EL CASTILLO DEBIC FOOD SERVICE, S.L.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	FINCAS E INVERSIONES EBRO, S.A.	JOINT & SEVERAL DIRECTOR
JAIME CARBÓ FERNÁNDEZ	HERBA GERMANY GMBH	JOINT & SEVERAL DIRECTOR
JAIME CARBÓ FERNÁNDEZ	HERBA RICEMILLS, S.L.U.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	JILOCA INDUSTRIAL, S.A.	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
LEOPOLDO DEL PINO Y CALVO-SOTELO	PULEVA BIOTECH, S.A.	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:

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

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

a) In the Company issuing this report:

<b>Emoluments</b>	<b>Thousand euro</b>
Fixed remuneration	1,230
Variable remuneration	4,216
Attendance fees	278
Emoluments stipulated in bylaws	2,332
Stock options and/or other financial instruments	0
Others	0

<b>Total</b>	<b>8,056</b>
--------------	--------------

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	420
Variable remuneration	1,432
Attendance fees	22
Emoluments stipulated in bylaws	0
Stock options and/or other financial instruments	0
Others	0

<b>Total</b>	<b>1,874</b>
--------------	--------------

Other Benefits	Thousand euro
Advances	0
Loans granted	0
Pension Funds and Schemes: Contributions	52
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	5,446	1,852
Non-executive proprietary	1,750	18
Non-executive independent	781	4
Other non-executive	79	0
<b>Total</b>	<b>8,056</b>	<b>1,874</b>

d) Directors' share in the profit of the parent company:

<b>Total directors' emoluments (thousand euro)</b>	9,930
<b>Total directors' emoluments / profit attributed to parent company (%)</b>	5.6

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
ANA MARÍA ANTEQUERA PARDO	MANAGER COMMUNICATIONS

Name	Position
NICOLÁS BAUTISTA VALERO DE BERNABÉ	MANAGER BIOFUELS
LEONARDO ÁLVAREZ ARIAS	GROUP I.T. MANAGER
GABRIEL SOLÍS PABLOS	TAX MANAGER

Total remuneration top management (thousand euro)	2,741
---	-------

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	4
-------------------------	---

	Board of Directors	General Meeting
Body authorising the clauses	YES	NO

Is the General Meeting informed on the clauses?	YES
---	-----

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>

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.

On 26 February 2010, as proposed by the Nomination and Remuneration Committee, the Board resolved to increase the statutory share of the Chairman and non-executive directors for 2009 by 13.5% (equivalent to the year-on-year growth in the consolidated EBITDA in 2009) to 2,332,231 euro and, consequently, to submit a proposal to the General Meeting to apply 1.32% of the consolidated net profit attributable to the company in 2009.

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 2009, after the latest review by the Board upon recommendation by the Nomination and Remuneration Committee, is as follows:

- 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:
  - Member of the Committee: 0.2 points
  - Chairman of the Committee: 0.05 points per meeting
  - Committee members: 0.03 points per meeting

The Board also resolved on 26 February 2010, upon recommendation by the Nomination and Remuneration Committee, to increase the attendance fees for board meetings from 1,400 euro to 1,600 euro and the attendance fees for the different committees from 700 euro to 800 euro.

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

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

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

YES

<b>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</b>	YES
<b>Variable remuneration items</b>	YES



<b>Main features of the welfare system, estimating the amount or equivalent annual cost</b>	YES
<b>Conditions to be respected in the contracts of those exercising top management duties as executive directors</b>	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

<b>Issues contemplated in the remuneration policy</b>
<p>1. Background</p> <p>2. Internal regulations applicable</p> <p>3. Remuneration policy for 2009</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>

<b>Role of the Remuneration Committee</b>
Examined and issued a favourable report on the Report on the Directors' Remuneration Policy for 2009, to be submitted to the Board.

<b>Was any external counselling used?</b>	YES
---	-----

<b>Identity of the external advisers</b>
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	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HISPAFOODS INVEST S.L.	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**

CORPORACIÓN ECONÓMICA DAMM, S.A.

**Name of significant shareholder**

SOCIEDAD ANÓNIMA DAMM

**Description of relationship**

SOCIEDAD ANÓNIMA DAMM HAS A DIRECT HOLDING OF 99.93% IN CORPORACIÓN ECONÓMICA DAMM, 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**

LEOPOLDO DEL PINO Y CALVO-SOTELO

**Name of significant shareholder**

LOLLAND, S.A.

**Description of relationship**

LEOPOLDO DEL PINO Y CALVO-SOTELO HAS A DIRECT HOLDING OF 20.81% IN LOLLAND, S.A.

**Name of director**

LEOPOLDO DEL PINO Y CALVO-SOTELO

**Name of significant shareholder**

CASA GRANDE DE CARTAGENA, S.L.

**Description of relationship**

LEOPOLDO DEL PINO Y CALVO-SOTELO HAS A DIRECT HOLDING OF 20.81% IN CASA GRANDE DE CARTAGENA, 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 minimum (7) and maximum (15) 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.

Since the alteration of the Bylaws approved in 2006, Directors are appointed for a term of four years (previously 5 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 causes 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
-----------------------------------	---

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.

Explanation of reasons and initiatives
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:

<b>Number of board meetings</b>	12
<b>Number of board meetings held without the chairman</b>	0

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

<b>Number of meetings of the Executive Committee</b>	7
<b>Number of meetings of the Audit Committee</b>	7
<b>Number of meetings of the Nomination and Remuneration Committee</b>	5
<b>Number of meetings of the Nomination Committee</b>	0
<b>Number of meetings of the Remuneration Committee</b>	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:



<b>Number of absences of directors during the year</b>	0
<b>% absences to total votes during the year</b>	0.000

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.

<b>Appointment and removal procedure</b>
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.

Appointment and removal procedure
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.

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"> <li>- Conform to the text and spirit of the laws and statutory instruments, including those approved by the watchdogs.</li> <li>- Conform to the company Bylaws and the Regulations of the General Meeting, the Board and any other regulations the company may have.</li> <li>- Take account of the recommendations on good governance accepted by the company.</li> </ul> <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 equity, 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. Indicate whether the external auditors have changed during the year. If so, name the incoming and outgoing auditors:

YES

Outgoing auditor	Incoming auditor
ERNST & YOUNG, S.L.	DELOITTE, S.L.

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)	0	40,000	40,000
Cost of work other than auditing / Total amount invoiced by the auditors (%)	0.000	2.600	2.600

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	1	1

	Company	Group
Number of years audited by current auditors / Number of years that the company has been audited (%)	4.7	4.7

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	CASARONE AGROINDUSTRIAL, S.A.	3.620	NO POSITION HELD
ANTONIO HERNÁNDEZ CALLEJAS	INSTITUTO HISPANICO DEL ARROZ, S.A.	16.666	NO POSITION HELD
CAJA DE AHORROS DE SALAMANCA Y SORIA	BARRANCARNES TRANSFORMACIÓN ARTESANAL, S.A.	40.000	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	LEONESA ASTUR DE PIENSOS, S.A.	41.290	DIRECTOR

Name of director	Name of company	% interest	Position or duties
CAJA DE AHORROS DE SALAMANCA Y SORIA	MARCOS SOTERRANO, S.L.	50.000	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	DIBAQ DIPROTEG, S.A.	33.040	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	JAMONES BURGALESES, S.A.	40.000	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	QUALIA LÁCTEOS, S.L.	29.370	NO POSITION HELD
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	CAMPO INVERSIONES, S.A.	100.000	DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	COMPAÑÍA DE MELAZAS, S.A.	0.000	VICE-CHAIRMAN
EUGENIO RUIZ-GÁLVEZ PRIEGO	AZUCARERA EBRO, S.L.U.	0.000	MANAGING DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	NUEVA COMERCIAL AZUCARERA, S.A.	0.000	CHAIRMAN
FÉLIX HERNÁNDEZ CALLEJAS	CASARONE AGROINDUSTRIAL, S.A.	3.620	NO POSITION HELD
FÉLIX HERNÁNDEZ CALLEJAS	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	16.666	DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	FORLACTARIA OPERADORES LECHEROS, S.A.	60.000	CHAIRMAN OF THE BOARD
JUAN DOMINGO ORTEGA MARTÍNEZ	FORLASA ALIMENTACIÓN, S.L.	60.840	MANAGING DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	QUESOS FORLASA, S.A.	60.690	PHYSICAL REPRESENTATIVE OF FORLASA ALIMENTACIÓN, S.L., MANAGING DIRECTOR
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 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
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. 124.1, 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.

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**

<b>Name</b>	<b>Position</b>	<b>Type</b>
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

**NOMINATION AND REMUNERATION COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Type</b>
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

**STRATEGY AND INVESTMENT COMMITTEE**

<b>Name</b>	<b>Position</b>	<b>Type</b>
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



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 who is an independent director 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 Officers. 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 meets once 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 company executive may be called to attend a committee meeting. Committee meetings are held at the registered office of the company, or wherever 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 equity, 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](http://www.ebropuleva.es)) and on the web site of the National Securities Market Commission ([www.cnmv.es](http://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	Purchase of goods (finished or otherwise)	7,514
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Services received	87

Name of significant shareholder	Name of company or group company	Relationship	Type of transaction	Amount (thousand euro)
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Services rendered	2
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Lease	76
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	3,264
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Purchase of tangible, intangible and other assets	8
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of tangible, intangible and other assets	5
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	2,132
SOCIEDAD ANÓNIMA DAMM	PULEVA FOOD, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	477

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	EBRO PULEVA, S.A	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	48,509
CAJA DE AHORROS DE SALAMANCA Y SORIA	PULEVA FOOD, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	3
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	EBRO PULEVA, S.A	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	30,300
JUAN DOMINGO ORTEGA MARTÍNEZ	PULEVA FOOD, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	156

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:

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 Transformación Artesanal, S.A., Jamones Burgaleses, S.A., Leonesa Astur de Piensos, S.A., Dibacq Diprteg, 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**

EUGENIO RUIZ-GÁLVEZ PRIEGO

**Description of the conflict of interest**

See section B.1.40 of this report concerning his interest and positions in the following companies: Azucarera Ebro, S.L.U., Compañía de Melazas, S.A. and Nueva Comercial Azucarera, S.A.

**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 directors and 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 has an interest or a company in which the director has an executive position or a significant shareholding.
- 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 2009 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., Boost Nutrition C.V. and Fundación Ebro Puleva.</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 the Puleva Biotech Group 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 2009, Puleva Biotech, S.A. and Española de I+D, S.A. continued working with the companies in the Ebro Puleva Group named above under different contracts signed with them:</p> <p>1. Relations between Puleva Food S.L.U. and Puleva Biotech, S.A.</p> <p>During 2009, Puleva Biotech S.A. has provided 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>

- Nutritional and clinical evaluation
- Development of new packaging technologies
- Development of new products
- Food safety and quality guarantee
- Product reformulation and authorisation of ingredients

In addition, during 2009 Puleva Food, S.L.U. purchased functional fats (omega3) EPA and DHA in a volume of 242,810 kg, produced at the plant operated by Puleva Biotech, S.A. in Granada. It also purchased 2,350 kg of isoflavones produced at the Puleva Biotech Talayuela plant (Cáceres).

The net turnover on goods and services supplied by Puleva Biotech, S.A. to Puleva Food, S.L.U. in 2009 is 5,662 thousand euro, of which 2,793 thousand euro correspond to sales of goods and 2,869 thousand euro to the rendering of services.

## 2. Relations between Herba Ricemills, S.L.U. and Puleva Biotech, S.A.

The commercial relationship between Herba Ricemills and the Puleva Biotech Group is structured through the development of 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 and up to 31 December 2009.

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 has paid 50% of the contribution made by Puleva Biotech to the CTA throughout the duration of the Project.

In 2009, Puleva Biotech, S.A. invoiced Herba Ricemills, S.L. 583 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.

Puleva Biotech, S.A. also provided quality analysis services to Herba Ricemills S.L.U. during 2009 for the value of 22 thousand euro and sold its products for a total amount of 3 thousand euro.

## 3. Relations between Herba Ricemills, S.L.U. and Española de I+D, S.A. (subsidiary of Puleva Biotech, S.A.)

By virtue of the Consortium Agreement for the R+D+I Project signed on 22 February 2007 and presented to the Andalusian Technological Corporation and the Andalusian Innovation and Development Agency, and by virtue of the Rider of Operating Conditions to that Consortium Agreement for the R+D+I Project approved by the Andalusian Technological Corporation, 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 subject to incentive by the CTA in its decision of 8 May 2007.

During 2009, Española de I+D, S.A. provided services to Herba Ricemills, S.L.U. for a value of 820 thousand euro.

#### 4. Others

During 2009, Puleva Biotech, S.A. invoiced 3 thousand euro to Boost Nutrition C.V. for quality analysis services.

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 loan of cash between these companies and Puleva Biotech, S.A. Puleva Biotech, S.A. paid Puleva Food, S.L.U. financial expenses of 323 thousand euro for this interest in 2009.

Puleva Food, S.L.U. supplies certain goods and services to Puleva Biotech, S.A., such as lease of the commercial offices and industrial buildings for the normal performance of its business, certain industrial supplies, counselling and administration services, etc. The total cost for Puleva Biotech, S.A. of all these items during 2009 was 730 thousand euro.

Puleva Biotech, S.A. also received services from the parent company Ebro Puleva, S.A. during 2009 for the value of 2 thousand euro.

Puleva Biotech, S.A. made a donation of 28 thousand euro to the Ebro Puleva Foundation in 2009 as an alternative measure to the obligation to reserve 2% of employment in the company for disabled workers, pursuant to the Disabled Persons Integration Act.

#### 5. Conclusions

The sales of goods and rendering of services made by the Puleva Biotech Group to above-mentioned companies in the Ebro Puleva Group during 2009 represent 38% of its net turnover.

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**

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.

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.

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 on the control of any possible conflicts of interest.

See in this regard section C.6 of this Report.

## 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.

The ultimate purpose of these risk control systems is to defend the interests of our shareholders, customers, employees and social environment. At the said time, they provide a sustained guarantee of the corporate reputation and financial strength of the Ebro Puleva Group.

These risk control systems cover all the activities performed by the Group, consisting essentially of the agro-industrial rice, pasta and dairy businesses. The risks covered by these systems affect food quality, environmental, business, credit (or counterparty), regulatory, social and political, financial (exposure to exchange rate fluctuations) occupational and technological issues.

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 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.

In addition, 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 India) 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. Are there any differences in respect of the system stipulated in the Corporations Act for adopting corporate resolutions? If so, explain.

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, clearly stating 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"> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- The directors attending the general meeting shall form the Presiding Board.</li> </ul> <p>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.</p> <p>The powers of the Chairman of the General Meeting are described in Article 13 of the Regulations:</p> <ul style="list-style-type: none"> <li>- Direct the debate, ensuring that it remains within the confines of the agenda, closing the debate when he considers the business sufficiently debated.</li> <li>- Organise the shareholders' contributions as established in Article 12 of the Regulations of the General Meeting..</li> <li>- Decide, where appropriate, on any extension of the time initially granted to shareholders to speak.</li> <li>- Moderate the shareholders' contributions, requesting them if necessary to keep to the agenda and observe the appropriate rules of correct conduct when speaking.</li> </ul>



- 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 2009.

**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	
29/04/2009	0.310	74.480	0.000	0.000	74.790

**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 29 April 2009 were approved on the terms and with the results indicated below:

#### ITEM ONE ON THE AGENDA

- To approve the annual accounts of EBRO PULEVA, S.A. and its consolidated group for the year ended 31 December 2008.

- To approve the directors' reports on the year ended 31 December 2008 of both Ebro Puleva, S.A. and its consolidated group, including the report issued under section 116 bis of the Securities Market Act and the Annual Corporate Governance Report, as drawn up by the Board of Directors.

These resolutions were approved by a majority of 99.996% of the voting capital present and represented.

#### ITEM TWO ON THE AGENDA

- To approve the management and all other actions by the Ebro Puleva board during the year ended 31 December 2008.

This resolution was approved by a majority of 99.764% of the voting capital present and represented.

#### ITEM THREE ON THE AGENDA

- To approve the proposal for application of the profit for the year of Ebro Puleva, S.A. as at 31 December 2008, according to the following details taken from the notes to the separate accounts, in thousand euro:

##### FOR APPLICATION

Unappropriated Reserves: 639,468

Profit/loss for 2008 after tax: (12,584)

##### BASE OF APPLICATION: 680,884

Unappropriated Reserves: 625,493

Dividend (0.36 euro per share): 55,391

- To approve the distribution of an ordinary dividend in cash against the unappropriated reserves of 0.36 euro per share outstanding, payable in four quarterly payments of 0.09 euro per share each, as decided by the Ebro Puleva board on 19 December 2008. The first of such payments made against this distribution on 2 April 2009 is thus ratified. This dividend includes the proportional allotment that would correspond to the treasury shares.

These resolutions were approved by a majority of 99.998% of the voting capital present and represented.

#### ITEM FOUR ON THE AGENDA

- To ratify the sale of the sugar business to Associated British Foods (ABF), owner of 100% of British Sugar, as resolved by the Board of Directors of Ebro Puleva, S.A., on the following terms:

- ABF will buy the sugar business for a debt-free price of €385 million. The debt to be deducted will be as at the date of closing the transaction. The price includes 100% of the share in Azucarera Ebro, S.L. and the value of the sugar brands owned by Ebro Puleva, S.A.

- Ebro Puleva will receive sums to be determined, initially estimated at approximately €141 million, corresponding to compensations, mainly from the restructuring funds contemplated in the CMO sugar reform.

- The agreement also contemplates incorporation by Ebro Puleva, S.A. in its property assets, through two wholly-owned subsidiaries in its group, of more than 200 hectares of land with different planning ratings from Azucarera Ebro, S.L., with an estimated value of €42 million.

The transaction will foreseeably be made, provided it is approved by the European anti-trust authorities, within the first half of 2009.

This resolution was approved by a majority of 99.940% of the voting capital present and represented.

#### ITEM FIVE ON THE AGENDA

A) To approve, pursuant to Article 34 of the Bylaws, an extraordinary dividend in kind consisting of distributing own shares from the treasury stock against the share premium recorded under liabilities on the balance sheet as at 31 December 2008 (€34,334,000), using up the entire amount thereof, up to the number of treasury shares held at the date of the AGM.

This dividend in kind was approved on the following terms:

- The Reference Value and average closing price of the Ebro Puleva, S.A. share in the electronic continuous trading system (SIBE) in Spain over the last twenty sessions prior to the date of the AGM, is set at 9.43 euro per share.

- The maximum number of shares to be delivered is 3,640,827 shares.

- The exact ratio for distribution is one new share for every 40.73 existing shares.

- The shares will be delivered on 12 May 2009 (Delivery Date), provided the sale of the sugar business is completed as planned on 30 April 2009 (Determination Date).

- BARCLAYS BANK, tax no. A47001946, with registered office at Plaza de Colón no. 1, Madrid, is named agent bank.

- All those recorded in the accounting records of the shares participating in the securities clearing and settlement system of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR) as holders of shares in Ebro Puleva, S.A. at the close of the stock markets on the Determination Date will be entitled to receive this dividend in kind. The shares will be delivered on the aforesaid Delivery Date through the systems and mechanisms established by IBERCLEAR.

- In order to effect this operation, the Agent Bank, BARCLAYS BANK, Plaza de Colón no. 1, Madrid, will coordinate and carry out with IBERCLEAR and its members such actions and operations as may be necessary or purely convenient to distribute the dividend contemplated in this agreement, pursuant to the procedure and on the terms established herein and any others that may be decided by the board of directors of Ebro Puleva, S.A.

- This notwithstanding, a mechanism is established to facilitate this operation for shareholders who, at the Determination Date, hold a number of shares that exceeds or does not reach the multiple established as the exact ratio for delivery. The shares exceeding that multiple in the first case or falling short of the multiple in the second case, shall be called "Surplus" or "Odd lot".

(i) On the Delivery Date, Ebro Puleva, S.A. will deliver to the qualifying shareholders, through IBERCLEAR and its members, the whole numbers of shares corresponding to them by virtue of the exact ratio for delivery approved.

(ii) Since, by application of the exact ratio for delivery mentioned above, surpluses will not be entitled to a whole share in Ebro Puleva, S.A. but only to a fraction of a share, an odd lot settlement system will be established for each and every shareholder without requiring express instructions from the latter. This system contemplates the settlement of odd lots by means of payment of cash in a sum equivalent to the value of the odd lot, in lieu of the corresponding fraction of share.

(iii) For this purpose, the value of odd lots will be calculated according to the Reference Value, such that the amount payable by the Agent Bank for each odd lot will be equal to the result of multiplying the Reference Value by the fraction of a multiple represented by the odd lot, rounding the result off to the nearest euro cent.

(iv) The Agent Bank appointed by Ebro Puleva, S.A. will keep the treasury shares that would have corresponded to the afore-mentioned odd lots and may dispose of them after completion of the operation.

- Any charges or commissions that could legally be charged by the members of IBERCLEAR or depositaries on the distribution will be paid by Ebro Puleva, S.A., but the company will not pay any charges or commissions accruing after transfer of the shares distributed as dividend in kind.

- This dividend includes the proportional allotment that would correspond to the shares held as treasury stock.

- The board of directors is expressly vested, with the express power to delegate to the Executive Committee or such director or directors as it may deem fit or such other person as the board may appoint, with all the powers required to execute this resolution, including development of the procedure established and such powers as may be necessary or convenient to conclude any formalities and other actions that may be required to conclude this operation.

This resolution was approved by a majority of 99.986% of the voting capital present and represented.

B) To approve an extraordinary dividend payable in cash against unappropriated reserves of 0.36 euro per share outstanding (in addition to the ordinary dividend), payable in three payments of 0.12 euro each during 2009, coinciding with the dates of the last 3 payments of the ordinary dividend (2 July, 2 October and 22 December), in a total sum of 55,391,000 euro. This dividend includes the proportional allotment that would correspond to the shares held as treasury stock.

This resolution was approved by a majority of 99.986% of the voting capital present and represented.

The effectiveness of both resolutions and, therefore, the payment of both extraordinary dividends, are conditional upon fulfilment of the condition precedent of conclusion and completion of the sale of the sugar business ratified by the AGM under item four on the agenda.

## ITEM SIX ON THE AGENDA

- To approve the following directors' emoluments for the year ended 31 December 2008:

### REMUNERATION AND OTHER BENEFITS

#### REMUNERATION

- Attendance fees: 267
- Emoluments established in the bylaws: 2,055
- Total non-executive shareholders: 2,322
- Wages, salaries and professional fees: 2,358

TOTAL REMUNERATION: 4,680

#### OTHER BENEFITS

Life assurance and retirement: 156

This resolution was approved by a majority of 99.333% of the voting capital present and represented,

- To approve the Report on the Directors' Remuneration Policy for 2008.

This resolution was approved by a majority of 99.333% of the voting capital present and represented.

#### ITEM SEVEN ON THE AGENDA

- To appoint DELOITTE, S.L., tax number B79104469, registered office at Plaza Pablo Ruiz Picasso, 1 - Torre Picasso, Madrid, as Auditor of the Company and its Group for a period of three years, to audit the separate and consolidated annual accounts and directors' reports of Ebro Puleva, S.A. corresponding to the years 2009, 2010 and 2011.

This resolution was approved by a majority of 99.986% of the voting capital present and represented.

#### ITEM EIGHT ON THE AGENDA

- To authorise the Board to buy back own shares and authorise subsidiaries to acquire shares in the parent company, by purchase or any other transaction for value, 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 the equivalent of the par value of the own shares purchased and their price on an official secondary market at the time of purchase, respectively.

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, under 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 9 June 2008, 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.

This resolution was approved by a majority of 99.782% of the voting capital present and represented.

#### ITEM NINE ON THE AGENDA

- To delegate to the Board, in pursuance of the Corporations Act s. 153.1.b), the power to increase the capital on one or several occasions, in such amount as it may decide up to a maximum of 50% of the issued capital at the date of this authorisation, within a period not exceeding five years and without previously consulting the General Meeting. Any such capital increases shall be made by means of monetary contributions and the issuance of new ordinary voting shares, with or without a share premium.

This delegation shall subsist on its own terms until the end of the five-year period established or until rendered void by the General Meeting, even though the directors may change and without prejudice to the possible decision by the general meeting, subsequent to this delegation, to make one or several capital increases.

This resolution renders void the corresponding resolution adopted at the AGM on 5 April 2006, which has not been executed by the board.

- To further delegate to the board the power to freely offer any shares not subscribed within the preferential subscription period or periods, if granted, and to stipulate that in the event of incomplete subscription the capital will be increased by the amount of the subscriptions made, pursuant to section 161.1 of the Corporations Act.

- To authorise the board to exclude the preferential subscription right pursuant to section 159.2 of the Corporations Act in any issues of shares made under this delegation, although this power will be limited to a maximum of 20% of the company's issued capital as of the date of this authorisation.

- To delegate to the board the power to alter Articles 6 and 7 of the Bylaws regarding the capital and shares whenever such alterations are due to a resolution adopted by the board in execution of the powers vested in it at this general meeting to increase the capital and exclude the preferential subscription right.

- To authorise the board to apply for admission to trading of any shares that may be issued by virtue of the foregoing resolutions on the national stock exchanges on which the Ebro Puleva shares are listed at the time of making each capital increase, complying at all times with the applicable legal provisions.

This resolution was approved by a majority of 99.428% of the voting capital present and represented.

#### ITEM TEN ON THE AGENDA

- 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 four hundred and fifty thousand euro (€450,000), 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 by a majority of 99.985% of the voting capital present and represented.

## ITEM ELEVEN ON THE AGENDA

- To expressly authorise the Chairman, Secretary and Vice-Secretary of the Board, as extensively as may be required by law, so that any one of them, acting individually and with his/her sole signature, may execute, register and report each and all of the resolutions adopted at this General Meeting, supplement, develop and remedy those resolutions, deliver them and have them entered in the Trade Register or in the registers of any competent public or private authorities, execute and remedy all kinds of public or private instruments and, in general, take whatsoever action or actions as may be necessary.

This resolution was approved by a majority of 99.997% of the voting capital present and represented.

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
---	-----

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 the applicable legal provisions.

This section includes, pursuant to current legislation, the chapter on Corporate Governance. The specific address of this chapter is:

[http://www.ebropuleva.com/ep/accionistas\\_inversores/gobierno\\_corporativo/gobierno.jsp](http://www.ebropuleva.com/ep/accionistas_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 and downloading 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.

Explanation

- The proposed resolution to appoint new auditors for Ebro Puleva, S.A. and its consolidated group corresponding to item seven on the agenda of the annual general meeting was decided by the board after publication of the notice of call to the AGEM.

- Since at the time of calling to the AGM it was impossible to determine exactly certain aspects of the extraordinary dividend in kind consisting of the delivery of shares from the treasury stock, contemplated in item five on the agenda for the AGM (specifically, the reference value, maximum number of shares to be delivered, exact ratio for delivery, date of delivery of the shares and appointment of agent), they had to be proposed by the board after publication of the notice of call.

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.

The company considers that the current composition of the board (2 executive directors, 7 proprietary directors, 4 independent directors and one director classified as "others") reflects the composition of the shareholding body and that for the time being it is not necessary to appoint another independent director, owing to the very small difference in respect of the recommended percentage.

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.

The board appointed the non-executive directors it considered most suitable as members of this Committee, in view of their expertise, skills and experience and the duties of the Nomination and Remuneration Committee. Its current composition (3 proprietary and 2 independent directors, one of whom is the chairman) has a similar structure to that of the board and enables this Committee to perform its duties adequately.

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).

The Nomination and Remuneration Committee does not report to the board on the gender issues contemplated in Recommendation 14 of the Code of Good Governance because the company does not make any positive or negative discrimination in the election of directors, who are elected regardless of their sex, as explained in the Annual Corporate Governance Report in respect of that Recommendation 14.

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.

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 2009 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 paragraphs a) and b) of this section:

Of the total variable remuneration of the executive directors of Ebro Puleva, S.A. (€4,216 thousand), €3,380 thousand correspond to the Multi-Year Incentive Scheme for executives under the Ebro Puleva Group Strategic Plan for the period 2007-2009.

Of the total variable remuneration of the company directors for being on the boards of other group companies (€1,460 thousand), €1,246 thousand correspond to the Multi-Year Incentive Scheme for executives under the Ebro Puleva Group Strategic Plan for the period 2007-2009.

Provisions were made for this in the annual accounts of 2007 and 2008, with a cumulative total of €4,114 thousand, of which €2,261 thousand corresponded to directors performing executive duties.

- Explanations concerning the following pay items and other benefits reflected in section B.1.11:

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.1.12.

Of the total remuneration of the senior management (€2,741 thousand), €624 thousand correspond to the Multi-Year Incentive Scheme for executives under the Ebro Puleva Group Strategic Plan. Provisions were made for this in the annual accounts of 2007 and 2008, with a cumulative total of €4,114 thousand, of which €331 thousand corresponded to members of the top management of Ebro Puleva, S.A.

#### EXPLANATORY NOTE SEVEN, 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 reference to net terms is deemed made for the sole purpose of calculating the compensation and does not alter the tax obligations corresponding to each taxpayer by law. In any case, the results of this calculation may not exceed a sum equivalent to two years of the respective fixed annual remuneration.

As regards the remaining executives of Ebro Puleva, S.A., the contracts of two executives contemplate guarantee clauses in the event of dismissal or takeover, equivalent to between one and two years' salary.

The clauses initially established for other executives are below the compensation established in the Workers' Statute, owing to their accumulated seniority.

#### EXPLANATORY NOTE EIGHT, 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 NINE, 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 15.720% 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 wholly owns Quesos Forlasa, S.A.

See sections A.3 and C.5 of this Report.

#### EXPLANATORY NOTE TEN, CONCERNING SECTION B.2.1.

The Audit Committee of Ebro Puleva, S.A. is called the Audit and Compliance Committee.

#### EXPLANATORY NOTE ELEVEN, CONCERNING SECTIONS C.2, C.3 AND C.4.

Related-party transactions have been made with the following companies which ceased to belong to the Ebro Puleva Group during 2009 but which were in the Group at the date of the transaction:

- Azucarera Ebro, S.L.U., Nueva Comercial Azucarera, S.A. and Agroteo, S.A. ceased to belong to the Ebro Puleva Group on 30 April 2009.



- Biocarburantes de Castilla y León, S.A. ceased to belong to the Ebro Puleva Group on 24 September 2009.

The following related-party transaction was made in the first half of 2009 between a significant shareholder and one of the sugar companies:

- Related-party contractual transaction (sale of goods, finished or otherwise) between Sociedad Anónima Damm and Nueva Comercial Azucarera, S.A. for €1,240 thousand.

The related-party transactions made during the year between directors and these companies are listed below:

- Related-party financial transaction (Guarantees and bonds received) between Caja de Ahorros de Salamanca y Soria and Azucarera Ebro, S.L.U. for €13,823 thousand.
- Related-party financial transaction (Guarantees and bonds received) between Caja de Ahorros de Salamanca y Soria and Biocarburantes de Castilla y León, S.A. for €6,000 thousand.
- Related-party financial transaction (Financing arrangements: loans and injections of capital - borrower) between Caja de Ahorros de Salamanca y Soria and Azucarera Ebro, S.L.U. for €26,334 thousand.
- Related-party financial transaction (Financing arrangements: loans and injections of capital - borrower) between Caja de Ahorros de Salamanca y Soria and Biocarburantes de Castilla y León, S.A. for €19,369 thousand.
- Related-party financial transaction (Financing arrangements: loans and injections of capital - borrower) between Caja de Ahorros de Salamanca y Soria and Agroteo, S.A. for €937 thousand.
- Related-party financial transaction (Financing arrangements: loans and injections of capital - borrower) between Caja España de Inversiones and Biocarburantes de Castilla y León, S.A. for €28,153 thousand.
- Related-party financial transaction (Financing arrangements: loans and injections of capital - borrower) between Caja España de Inversiones and Agroteo, S.A. for €10 thousand.
- Related-party financial transaction (Financing arrangements: loans and injections of capital - borrower) between Caja España de Inversiones and Azucarera Ebro, S.L.U. for €46 thousand.

Finally, the following related-party transactions between Ebro Puleva, S.A. and Biocarburantes de Castilla y León, S.A. were not eliminated in the preparation of the consolidated financial statements and are not included in the normal business of the company, by virtue of their purpose and conditions:

- Financing arrangements: loans and injections of capital - borrower for €29 thousand.
- Guarantees and bonds given for €39,975 thousand.

#### EXPLANATORY NOTE TWELVE, 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

25/03/2010.

State whether any directors voted against approval of this Report or abstained in the corresponding vote.

NO



09

## Annual Financial Report

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



*Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 32). In the event of a discrepancy, the Spanish-language version prevails.*

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

We have audited the consolidated financial statements of Ebro Puleva, S.A. and Subsidiaries (the Group) comprising the consolidated balance sheet at 31 December 2009 and the related consolidated income statement, consolidated statement of changes in equity, consolidated statement of recognised income and expense, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent's directors. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of their presentation, of the accounting policies applied and of the estimates made.

As required by Spanish corporate and commercial law, for comparison purposes the Parent's directors present, in addition to the 2009 figures for each item in the consolidated balance sheet, consolidated income statement, consolidated statement of recognised income and expense, consolidated statement of cash flows and notes to the consolidated financial statements, the figures for 2008. Our opinion refers only to the consolidated financial statements for 2009. On 26 March 2009, other auditors issued their auditors' report on the 2008 consolidated financial statements, in which they expressed an unqualified opinion.

In our opinion, the accompanying consolidated financial statements for 2009 present fairly, in all material respects, the consolidated equity and consolidated financial position of Ebro Puleva, S.A. and Subsidiaries at 31 December 2009 and the consolidated results of their operations, the changes in the consolidated equity and their consolidated cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with International Financial Reporting Standards as adopted by the European Union applied on a basis consistent with that used in the preparation of the figures for the preceding year.

The accompanying consolidated directors' report for 2009 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2009. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Ebro Puleva, S.A. and Subsidiaries.

DELOITTE, S.L.

Registered in ROAC under no. S0692

Miguel Fiandor Román

26 March 2010





09

## Annual Financial Report

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



## EBRO PULEVA CONSOLIDATED GROUP

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see notes 2 and 21). In the event of a discrepancy, the Spanish language version prevails.

Consolidated balance sheets at December 31, 2009 and 2008.

ASSETS (thousands of euros)	Notes	12-31-09	12-31-08
<b>Non-current assets</b>			
Intangible assets	9	295,522	300,295
Property, plant and equipment	10	544,729	557,360
Investment property	11	32,152	30,526
Financial assets	12	62,229	21,836
Investments in associates	13	6,786	13,293
Deferred tax assets	25	52,412	46,688
Goodwill	14	801,686	836,412
Other non-current assets		0	6
		<b>1,795,516</b>	<b>1,806,416</b>
<b>Current assets</b>			
Inventories	15	277,528	357,531
Trade and other receivables	16	341,682	423,504
Current tax assets	25	28,650	1,508
Tax receivables	25	36,715	61,869
Derivatives and other financial instruments	28	203	283
Other current assets		4,241	15,139
Cash and cash equivalents	17	199,930	117,584
		<b>888,949</b>	<b>977,418</b>
Non-current assets classified as held for sale	7	0	639,078
<b>Total assets</b>		<b>2,684,465</b>	<b>3,422,912</b>

	Notes	12-31-09	12-31-08
<b>Equity</b>		<b>1,298,160</b>	<b>1,228,686</b>
<b>Equity attributable to shareholders of the Parent</b>			
Share capital	18	92,319	92,319
Share premium	18	4	34,333
Restricted reserves	18	21,633	21,633
Unrestricted reserves (retained earnings)	18	1,229,166	1,174,383
Translation differences	18	(55,073)	(57,506)
Treasury shares	18	(7,727)	(62,031)
		<b>1,280,322</b>	<b>1,203,131</b>
<b>Non-controlling interests</b>		<b>17,838</b>	<b>25,555</b>
<b>Non-current liabilities</b>			
Deferred income	19	14,793	15,591
Provisions for pensions and similar obligations	20	40,953	39,060
Other provisions	21	73,784	20,310
Financial liabilities	22	521,520	718,550
Other non-financial payables	23	61	118
Deferred tax liabilities	25	144,839	136,199
		<b>795,950</b>	<b>929,828</b>
<b>Current liabilities</b>			
Financial liabilities	22	235,281	378,432
Derivatives and other financial instruments	28	350	547
Trade and other payables	24	324,788	444,486
Current tax liabilities	25	3,443	16,017
Tax payables	25	13,687	16,863
Other current liabilities		12,806	10,929
		<b>590,355</b>	<b>867,274</b>
Liabilities associated with assets classified as held for sale	7	0	397,124
<b>Total equity and liabilities</b>		<b>2,684,465</b>	<b>3,422,912</b>

The accompanying Notes 1 to 32 are an integral part of the consolidated balance sheet at December 31, 2009.

## EBRO PULEVA CONSOLIDATED GROUP

Consolidated income statements for the years ended December 31, 2009 and 2008.

(Thousands of euros)	Notes	2009	2008
Revenue	6	2,197,731	2,367,902
Changes in inventories of finished goods and work in progress		(25,236)	18,140
Capitalised expenses of Group work on non-current assets		2,036	2,549
Other operating income	8	43,541	39,371
Cost of materials used and other external expenses	6	(1,166,594)	(1,423,864)
Staff costs	8	(272,975)	(275,212)
Depreciation and amortisation charge	9, 10 y 11	(68,044)	(70,000)
Other operating expenses	8	(488,141)	(464,096)
<b>Profit from operations</b>		<b>222,318</b>	<b>194,790</b>
Finance income	8	23,701	14,546
Finance costs	8	(44,208)	(84,232)
Impairment of goodwill	14	(28,146)	(7,358)
Share of results of associates	13	(674)	(14,292)
<b>Consolidated profit before tax</b>		<b>172,991</b>	<b>103,454</b>
Income tax	25	(43,356)	(29,549)
<b>Consolidated profit (continuing operations)</b>		<b>129,635</b>	<b>73,905</b>
Net profit from discontinued operations	7	43,188	57,965
<b>Consolidated profit for the year</b>		<b>172,823</b>	<b>131,870</b>
Attributable to:			
Shareholders of the Parent		176,539	130,637
Non-controlling interests		(3,716)	1,233
		<b>172,823</b>	<b>131,870</b>

	Notes	2009	2008
<b>Earnings per share (euros):</b>	<b>18</b>		
<b>Continuing operations</b>			
Basic		0.883	0.484
Diluted		0.883	0.484
<b>Total profit</b>			
Basic		1.169	0.871
Diluted		1.169	0.871

The accompanying Notes 1 to 32 are an integral part of the consolidated income statement for the year ended December 31, 2009.

## EBRO PULEVA CONSOLIDATED GROUP

Consolidated statements of recognised income and expense for the years ended December 31, 2009 and 2008.

(Thousands of euros)	Notes	2009	2008
Revaluation gains (losses) on available-for-sale financial assets		(51)	(102)
Translation differences		2,375	(9,439)
Translation differences recognised in profit or loss for the year		0	(328)
Actuarial gains and losses		(1,883)	(14,260)
Tax effect of items recognised in or transferred from equity		694	5,257
<b>Net profit (loss) recognised in equity</b>		<b>1,135</b>	<b>(18,872)</b>
<b>Net profit for the year</b>		<b>172,823</b>	<b>131,870</b>
<b>Total income and expense recognised in the year</b>	<b>18</b>	<b>173,958</b>	<b>112,998</b>
Attributable to:			
Shareholders of the Parent	18	177,732	109,988
Non-controlling interests	18	(3,774)	3,010
		<b>173,958</b>	<b>112,998</b>

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of recognised income and expense for the year ended December 31, 2009.

## EBRO PULEVA CONSOLIDATED GROUP

Consolidated statements of changes in equity or the years ended December 31, 2009 and 2008.

			Equity attributable to the shareholders of the Parent									
	Equity	Non controlling interests	Total	Share capital	Share premium	Restricted reserves		Unrestricted reserves		Translation differences	Treasury shares	
						Revaluation reserve	Legal reserve	Retained earnings	Profit (Loss) for the year			
Balance at December 31, 2007	1,222,238	23,993	1,198,2459	92,319	34,333	3,169	18,464	1,016,085	90,577	(45,962)	(10,740)	
Distribution of profit for 2007	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	
Purchase/sale of treasury shares (net)	(51,291)	0	(51,291)	0	0	0	0	0	0	0	(51,291)	
Gains and losses on sales of treasury shares	9	0	9	0	0	0	0	9	0	0	0	
Changes in the scope of consolidation	169	169	0	0	0	0	0	0	0	0	0	
Other changes	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)	
Net profit for 2008	131,869	1,232	130,637	0	0	0	0	0	130,637	0	0	
Changes in translation differences	(9,438)	1,778	(11,216)	0	0	0	0	0	0	(11,216)	0	
Sale and/or exclusion of companies from the scope of consolidation	(328)	0	(328)	0	0	0	0	0	0	(328)	0	
Fair value of financial instruments:												
1. Unrealised gains	(102)	0	(102)	0	0	0	0	(102)	0	0	0	
Change due to actuarial gains and losses	(14,260)	0	(14,260)	0	0	0	0	(14,260)	0	0	0	
Tax effect of gains and losses recognised in equity	5,257	0	5,257	0	0	0	0	5,257	0	0	0	
Other changes	0	0	0	0	0	0	0	0	0	0	0	
Total profit 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)	
Distribution of profit for 2008	0	0	0	0	0	0	0	130,637	(130,637)	0	0	
Dividends paid	(112,883)	(2,100)	(110,783)	0	0	0	0	(110,783)	0	0	0	
Purchase/sale of treasury shares (net)	11,507	0	11,507	0	0	0	0	0	0	0	11,507	
Gains and losses on sales of treasury shares	(1,149)	0	(1,149)	0	0	0	0	(1,149)	0	0	0	
Changes in the scope of consolidation	(1,843)	(1,843)	0	0	0	0	0	0	0	0	0	
Treasury shares distributed as stock dividends	(116)	0	(116)	0	(34,329)	0	0	(8,584)	0	0	42,797	
Total distribution of profit and shareholder transactions	(104,484)	(3,943)	(100,541)	0	(34,329)	0	0	10,121	(130,637)	0	54,304	
Net profit for 2009	172,823	(3,716)	176,539	0	0	0	0	0	176,539	0	0	
Changes in translation differences	2,375	(58)	2,433	0	0	0	0	0	0	2,433	0	
Fair value of financial instruments:												
1. Unrealised gains	(51)	0	(51)	0	0	0	0	(51)	0	0	0	
Change due to actuarial gains or losses	(1,883)	0	(1,883)	0	0	0	0	(1,883)	0	0	0	
gains and losses recognised in equity	694	0	694	0	0	0	0	694	0	0	0	
Other changes	0	0	0	0	0	0	0	0	0	0	0	
Total profit for the year	173,958	(3,774)	177,732	0	0	0	0	(1,240)	176,539	2,433	0	
Balance at December 31, 2009	1,298,160	17,838	1,280,322	92,319	4	3,169	18,464	1,052,627	176,539	(55,073)	(7,727)	

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of changes in equity for the year ended December 31, 2009.



## EBRO PULEVA CONSOLIDATED GROUP

Consolidated statements of cash flows for the years ended December 31, 2009 and 2008.

(Thousands of euros)	12-31-09	12-31-08
Proceeds from sales and services	2,561,509	3,374,954
Payments to suppliers and employees	(2,233,182)	(3,174,476)
Interest paid	(26,939)	(65,722)
Interest received	3,077	2,625
Dividends received	1,852	693
Other collections/payments in operating activities	17,101	19,382
Income taxes paid	(77,610)	(13,753)
<b>Total net cash flows from operating activities</b>	<b>245,808</b>	<b>143,703</b>
Investments in non-current assets	(87,571)	(100,948)
Disposals of non-current assets	14,422	3,585
Investments in financial assets	(2,658)	(48,867)
Disposals of financial assets	356,182	40,873
Other proceeds/payments relating to investing activities	18,250	40,084
<b>Total net cash flows from investing activities</b>	<b>298,625</b>	<b>(65,273)</b>
Treasury share transactions	9,441	(51,283)
Dividends paid to shareholders	(110,483)	(55,440)
Bank borrowing drawdowns	12,371	137,975
Repayment of bank borrowings	(378,672)	(86,150)
Other financial collections/payments and grants related to assets	922	2,819
<b>Total net cash flows from financing activities</b>	<b>(466,421)</b>	<b>(52,079)</b>
Translation differences on cash flows from foreign operations	(739)	(150)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>77,273</b>	<b>26,201</b>
Cash and cash equivalents at beginning of year	122,390	94,599
Effect of year-end exchange rate on beginning balance	267	1,590
<b>Cash and cash equivalents at end of year</b>	<b>199,930</b>	<b>122,390</b>
The consolidated statement of cash flows for 2008 includes the cash flows relating to the discontinued operations of the Azucarera Ebro Group.		
The main aggregates are as follows		
<b>Total net cash flows from operating activities</b>		<b>19,399</b>
<b>Total net cash flows from investing activities</b>		<b>8,022</b>
<b>Total net cash flows from financing activities</b>		<b>30,271</b>
The reconciliation of the cash and cash equivalents to the balance sheets at December 31, 2008 and 2009 is as follows		
Cash and cash equivalents in the consolidated balance sheet	199,930	117,584
Cash and cash equivalents corresponding to discontinued operations	0	4,806
	<b>199,930</b>	<b>122,390</b>

The accompanying Notes 1 to 32 are an integral part of the consolidated statement of cash flows for the year ended December 31, 2009.

# Notes to the consolidated financial statements for the year ended December 31, 2009 (thousand of euros)

## 1. GROUP ACTIVITIES AND GENERAL INFORMATION

The Spanish public limited liability company Ebro Puleva, S.A. ("the Parent") arose from the merger by absorption of Puleva, S.A. into Azucarera Ebro Agrícolas, S.A. on January 1, 2001. As a result of that transaction, the post-merger company's name was changed from Azucarera Ebro Agrícolas, S.A. to Ebro Puleva, S.A.

The Parent's current registered office is in Madrid (28046), at Paseo de la Castellana, 20.

The Group's object is to perform the following business activities in Spanish and foreign markets:

- a) The production, preparation, sale, research, export and import of all manner of food and dietary products for both human and animal consumption, in addition to energy food products, including their by-products and waste, and, in particular, of agricultural products, dairy products, rice, pasta and all manner of nutritional products, including enteral diets for clinical feeding and special formulas, products and compounds for sale in the pharmaceutical, healthcare, veterinary and biofuel industries.
- b) The production, exploitation and sale of all manner of food, soft and alcoholic beverages.
- c) The use of by-products and the provision of services or products of all types relating to the aforementioned activities, including refrigeration units, ice, industrial gas, steam, cooling and energy.
- d) The acquisition, lease, creation, installation, promotion, development and management of industrial, farming and livestock facilities in the food, nutrition and beverage (including alcohol) industries.
- e) The performance of projects and installation work and the provision of all manner of technical assistance for other companies in the aforementioned industries; the creation, promotion, protection and use of patents, trademarks and items of other kinds covered by intellectual property rights.
- f) Staff training, computer programming or management, investment and optimisation of resources, advertising and corporate image, transport, distribution and sale activities that are ancillary or complementary to the aforementioned activities.

The activities making up the Group's object may be carried on through the subscription or acquisition of shares or other equity interests in companies with an identical or similar company object.

The Group currently operates in the Spanish and international markets. A breakdown of the Group's sales is disclosed in Note 6 on operating segment reporting.

The consolidated financial statements for 2008 were approved by the shareholders at the Annual General Meeting of Ebro Puleva, S.A. on April 28, 2009 and were filed at the Madrid Mercantile Registry.

## 2. BASIS OF PRESENTATION AND COMPARABILITY OF THE INFORMATION INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements are presented in thousands of euros (unless expressly stated otherwise) because the euro is the principal currency in which the Ebro Puleva Group operates. Transactions performed in other currencies are translated to euros using the accounting policies indicated in Note 3.

## **a) Basis of presentation**

### **1. General accounting principles**

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council.

The consolidated financial statements for the year ended December 31, 2009, which were authorised for issue by the Parent's directors on March 25, 2010, have not yet been approved by the shareholders at the Annual General Meeting, although it is considered that they will be approved without any changes (similarly, the 2009 financial statements of Ebro Puleva, S.A. and of its subsidiaries and associates have not yet been approved by the shareholders at the related Annual General Meetings).

These consolidated financial statements were prepared using the general historical cost measurement basis, unless revaluations had to be made in accordance with IFRSs.

### **2. Use of estimates and assumptions**

The information in these consolidated financial statements is the responsibility of the Group's directors.

In preparing the accompanying consolidated financial statements, estimates were occasionally made by management of the Group companies in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The measurement of assets and goodwill to ascertain whether there are any impairment losses thereon (see Notes 3-f, 3-g and 3-h).
- The assumptions used in the actuarial calculation of the retirement benefit and similar liabilities and obligations (see Notes 3-n and 20).
- The useful life of the property, plant and equipment and intangible assets (see Notes 3-e and 3-f).
- The assumptions used in measuring the fair value of the financial instruments (see Note 3-r).
- The probability of occurrence and the amount of liabilities of uncertain amount or of contingent liabilities (see Note 3-o).
- The recoverability of the deferred tax assets (see Note 3-q).

Although these estimates were made on the basis of the best information available at the date of preparation of these consolidated financial statements on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related future consolidated financial statements.

## **b) Comparative information**

For comparison purposes the Group presents, in addition to the figures for the year ended December 31, 2009 for each item in the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of recognised income and expense and notes to the consolidated financial statements, the figures for the year ended December 31, 2008.

No changes were required in the presentation of the data relating to the year ended December 31, 2008 in these consolidated financial statements for 2009 with respect to those included in the consolidated financial statements for 2008.

## **c) Changes in the scope of consolidation**

The main changes in the scope of consolidation in 2009 and 2008 and the consolidation or accounting method used in each case are shown in Notes 4 and 5.

### 3. ACCOUNTING POLICIES

The most significant accounting policies used in preparing the consolidated financial statements were as follows:

#### a) Basis of consolidation

##### Subsidiaries

The consolidated financial statements include the balances of all the companies over which the Group has control. Control is the power to govern a company's financial and operating policies in order to obtain benefits from its activities.

On the acquisition of a company, its assets, liabilities and contingent liabilities are recognised at fair value on the date of acquisition. Any excess of the cost of acquisition over the fair value of the net assets acquired is recognised as goodwill; any deficiency is credited to the consolidated income statement. The results of companies acquired during the year are included in the consolidated income statement from the effective date of acquisition.

The Group accounts for acquisitions of additional ownership interests in subsidiaries and disposals of ownership interests in subsidiaries in which effective control of the subsidiaries is not lost as follows:

- Acquisitions of additional ownership interests: the difference between the acquisition cost and the carrying amount of the non-controlling interests is recognised as an addition to goodwill.
- Disposals of ownership interests without loss of control: the difference between the selling price and the carrying amount of the ownership interest sold, including any goodwill, is recognised in the consolidated income statement.

Non-controlling interests are stated at the date of acquisition on the basis of their proportion of the fair value of the assets and liabilities of the related subsidiary.

Where necessary, adjustments are made to the financial statements of certain subsidiaries in order to adapt the accounting policies used to those applied for the Group as a whole.

All material intra-Group balances and transactions were eliminated on consolidation.

##### Associates

Associates (companies over which the Group exercises significant influence but not control) and joint ventures were accounted for using the equity method. Therefore, investments in associates are recognised in the consolidated balance sheet at cost adjusted by changes subsequent to the date of acquisition in the equity of the associate, in proportion to the percentage of ownership, less any recognised impairment losses. The results of these associates are included, net of the related tax effect, in the consolidated income statement.

#### b) Translation methods

The separate financial statements of the Group companies are expressed in the local currency of each company. For consolidation purposes, assets and liabilities are translated to euros at the exchange rates prevailing at the consolidated balance sheet date, the consolidated income statement items at the average exchange rates for the year and share capital, share premium and reserves at the historical exchange rates. The differences arising from the application of these translation methods derived from investments in subsidiaries and associates are recognised under "Equity – Translation Differences".

In the case of non-controlling interests, these translation differences are recognised under "Equity – Minority Interests".

The goodwill and valuation adjustments made to the net assets arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and, therefore, are also translated at the exchange rates prevailing at the consolidated balance sheet date.

When an investment in a subsidiary is disposed of, the accumulated translation differences relating to that company up to the date of disposal are recognised in profit or loss.

### c) Foreign currency

Foreign currency transactions are translated to euros by applying the exchange rates prevailing at the date of the transaction. Losses and gains resulting from the settlement of foreign currency transactions and from the measurement of monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are recognised in the consolidated income statement.

### d) Cash and cash equivalents

These include cash and cash equivalents, which are mainly certificates of deposit, short-term deposits, short-term marketable securities, short-term government bonds and other money market assets maturing at three months or less, and bank deposits maturing at more than three months the related funds in which are available immediately without any kind of penalty. These assets are measured at acquisition cost, which approximates their realisable value.

### e) Property, plant and equipment and investment property

Property, plant and equipment and investment property are measured at the lower of:

- Acquisition (or production) cost less any accumulated depreciation and any recognised impairment losses; and
- Recoverable amount, i.e. the amount that will be recovered through the cash-generating units to which the assets belong or through their sale, capital appreciation or a combination of the two.

Also, certain items of property, plant and equipment and investment property have been revalued at their fair value determined on the basis of appraisals conducted by independent valuers, as a result of the acquisition of subsidiaries or associates, in accordance with the measurement bases described in Note 3-a above.

Items are only transferred from "Property, Plant and Equipment" to "Investment Property" when there is a change in use. When transferring an item of investment property to owner-occupied property, the property's deemed cost for subsequent accounting is the carrying amount at the date of change in use. If an owner-occupied property becomes an investment property, the Group accounts for this property in accordance with the policy established for property, plant and equipment up to the date of the change in use.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property are recognised in profit or loss in the period of the retirement or disposal. When factors indicating the possible obsolescence of these assets are detected, the corresponding impairment losses are recognised.

Borrowing costs on the financing obtained for the construction of non-current assets have been capitalised since 1 January 2009 (until then they were recognised in the consolidated income statement) until the date of entry into service of these assets. The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised. Upkeep and maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

The depreciation of property, plant and equipment is calculated using the straight-line method on the basis of the useful life of the assets, based on the actual decline in value caused by their use and by wear and tear, as shown below. The residual value and the useful life of these assets and the depreciation method used are reviewed once a year.

	Depreciation rate
Buildings and others structures	1.0 a 3.0%
Plant and machinery	2.0 a 20%
Other fixtures, tools and furniture	8 a 25%
Other items of property, plant and equipment	5.5 a 25%

When substantially all the risks and rewards of ownership of assets held under finance leases have been transferred to the Group, these assets are recognised as assets and the present value of the total lease payments outstanding is recognised as a liability. Each lease payment includes principal and interest. Interest is calculated on the basis of the application of a fixed interest rate to the outstanding principal. Leased assets are depreciated on a straight-line basis over the years of useful life of the assets at the rates shown above. Lease payments under operating leases are recognised as an expense on an accrual basis over the lease term.

#### **f) Intangible assets (excluding goodwill and CO<sub>2</sub> emission allowances)**

Intangible assets are initially recognised at acquisition or production cost and are reviewed periodically and adjusted in the event of any impairment, as described in Note 3-h). Also, the residual value, useful life and amortisation method for intangible assets with finite useful lives are reviewed once a year. The intangible assets are as follows:

- **Development expenditure:** the expenditure incurred in specific projects to develop new products that can be sold or used internally and whose future recoverability is reasonably assured is capitalised and amortised on a straight-line basis over the period in which future economic benefits are expected to flow from the project once it has been completed.  
The future recoverability of the expenditure is deemed to be reasonably assured when the related project is technically feasible, the Group has the ability and intention to complete the intangible asset and use or sell it and the intangible asset will generate probable future economic benefits.
- **Trademarks, patents and licences:** capitalised development expenditure is classified under this heading when the related patent or similar item is obtained. This heading also includes, recognised at acquisition cost, new trademarks acquired from third parties and, at fair value, trademarks acquired in a business combination. Based on an analysis of all of the relevant factors, the Group has established that there is no foreseeable limit to the period over which the most significant trademarks are expected to generate net cash inflows for the entity and, therefore, these trademarks are regarded as having an indefinite useful life. However, the useful life of the trademarks is reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for them.  
Any amortisation taken is calculated on the basis of the estimated useful lives of the assets, which range from 10 to 20 years.
- **Computer software:** "Computer Software" includes the amounts paid for title to or the right to use computer programs and the costs incurred in developing the software in-house, only when the software is expected to be used over several years. Computer software is amortised on a straight-line basis over the years of its useful life, which is generally taken to be around three years. Computer software maintenance costs are charged directly to the consolidated income statement for the year in which they are incurred.

#### **g) Goodwill**

Goodwill represents the excess price paid in acquiring the fully consolidated subsidiaries over the fair value of the net assets of those companies at the date of acquisition. The excess acquisition cost relating to investments in associates is recognised under "Investments in Associates" in the consolidated balance sheet and any impairment losses are recognised under "Share of Results of Associates" in the consolidated income statement.

When payment for new investments is deferred, the acquisition cost includes the present value of the amount of the deferred payment. When the definitive amount of the deferred price may be affected by future events, the amount of the deferred price is estimated at the date of acquisition and is recognised as a liability. Subsequent changes in the deferred price will give rise to an adjustment to the goodwill in the year in which the change in estimate is made, and the related liability is also adjusted.

Goodwill is not amortised but rather is tested for impairment at least once a year. Any impairment disclosed by these tests is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill must not be reversed in a subsequent period.

Also, negative goodwill is recognised in profit or loss once the fair value of the net assets acquired has been established.

When a subsidiary or associate is sold, any goodwill attributed to that company is included in the calculation of the gain or loss on disposal.

#### **h) Impairment of property, plant and equipment and intangible assets**

The Group regularly reviews each year the carrying amounts of its non-current assets to determine whether those assets might have suffered an impairment loss.

If this review discloses that the recoverable amount of an asset is lower than its carrying amount, an impairment loss is recognised in the consolidated income statement to write down the carrying amount of the asset to its recoverable amount. Recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using appropriate discount rates.

Where the asset that might have become impaired does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of intangible assets with indefinite useful lives is reviewed annually (annual impairment test) or whenever there is an indication that they might have become impaired. A reversal of an impairment loss on an asset is recognised in the consolidated income statement for the year.

#### **i) Non-current assets classified as held for sale and discontinued operations**

Non-current assets classified as held for sale and discontinued operations are measured at the lower of cost and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for sale in less than one year in its present condition.

#### **j) Financial assets (investments)**

Financial assets are recognised (or derecognised) at the effective date of the transaction. They are recognised initially at fair value, which generally coincides with acquisition cost, including any transaction costs.

#### **Investments**

Investment are classified as either available for sale or held for trading and, after their initial recognition, they are subsequently measured at fair value. Changes in the fair value of available-for-sale investments are recognised directly in reserves until the investments are sold, at which time the cumulative gains or losses are recognised in the net profit or loss for the year. However, changes in the fair value of held-for-trading investments are always recognised in the consolidated income statement.

Fair value is determined as follows:

1. Securities officially listed on an active market: fair value is taken to be the market price at year-end.
2. Securities not officially listed on an active market: fair value is obtained using valuation techniques, which include discounted cash flow analysis, option pricing models or reference to comparable transactions. When fair value cannot be determined reliably, these investments are measured at cost.

#### **Other receivables**

Short- and long-term non-trade receivables are recognised at the amount delivered (amortised cost). Interest received is considered to be interest income for the year in which it accrues, on a time proportion basis.

Short-term non-trade receivables are generally not discounted.

#### **k) Trade and other receivables**

Trade and other receivables are recognised at their nominal value, which coincides with their amortised cost. The valuation adjustments required to cover the risk of doubtful debts are recognised.

Amounts relating to discounted notes and bills are classified until maturity as trade and other receivables and, simultaneously, as bank borrowings (current financial liabilities).

## **l) Inventories**

Inventories are measured at weighted average acquisition or production cost.

Acquisition cost relates to the amount stated in the invoice plus all the additional expenses incurred until the goods are in the warehouse.

Production cost is determined by adding production costs directly attributable to the product and the portion of costs indirectly attributable thereto to the acquisition cost of raw materials and other consumables to the extent that such costs are incurred in the production period.

When the selling price less the estimated costs necessary to make the sale and to complete the production of the inventories is lower than the costs indicated in the preceding paragraph, the carrying amount of the inventories is written down.

## **m) Deferred income - Grants**

Grants received are accounted for as follows:

- a) Non-refundable grants related to assets: these grants are measured at the amount awarded and are recognised in profit or loss on a straight-line basis over ten years, which approximates the average period over which the assets financed by these grants are depreciated. They are presented on the liability side of the consolidated balance sheet.
- b) Grants related to income: these grants are credited to income when earned.

## **n) Retirement benefit and similar obligations**

The Group manages various defined benefit and defined contribution post-employment benefit plans. The costs of the defined benefit plans are measured using the Projected Unit Credit Method.

The obligations under the defined benefit plans are calculated by an independent actuary once a year in the case of the most significant plans and on a regular basis in the case of the other plans. The actuarial assumptions used for the calculation of the obligations differ on the basis of the economic circumstances of each country.

The plans may be funded through an external pension fund or through in-house provisions.

For externally funded defined benefit plans, any deficit in the fair value of the plan assets with respect to the present value of the obligation as a result of actuarial gains or losses is recognised directly in equity net of the related tax effect, and any changes in past service costs are recognised in profit or loss. A surplus in the plan is only recognised in the balance sheet to the extent that it represents a future economic benefit, in the form of either a reduction in future contributions or a cash refund. Actuarial gains and losses arise mainly as a result of changes in actuarial assumptions or differences between the estimated variables and what has actually occurred.

In the case of the defined benefit plans, the actuarial cost charged to the consolidated income statement for the year is the sum of the current service cost, the interest cost, the expected return on any plan assets and the past service cost, while any material actuarial gains and losses are recognised directly in equity. Contributions to defined contribution plans are charged to consolidated profit or loss when they are made.

Pursuant to the current collective agreement and other agreements, Ebro Puleva, S.A. and Puleva Food, S.L. (mainly) are obliged to pay annual supplementary payments of various kinds and other bonuses for long service and retirement of certain of their permanent employees who retire at the legally stipulated age or who take early retirement. The provision recognised represents the present value, calculated by an independent actuary, of the possible future payment obligations of the companies concerned to their former and current employees in connection with the aforementioned retirement bonus obligations. This provision was externalised in accordance with current legislation (see Note 20). Since 2002 the companies concerned have been obliged to make annual contributions to external pension funds in order to re-adjust the contributions to the possible obligations vested at the end of each reporting period. In any case, these re-adjustments are not material with respect to consolidated profit or loss.



In accordance with the current collective agreements and other agreements, the Riviana and NWP Groups and certain European Group companies (mainly) are obliged to pay annual supplementary payments of various kinds and other bonuses for long service and retirement of certain of their permanent employees who retire at the legally stipulated age or who take early retirement.

The provision recognised represents the present value, calculated by an independent actuary, of the possible future payment obligations of the companies concerned to their former and current employees in connection with the aforementioned retirement bonus obligations, net of the present value of the financial assets in which the related funds are invested. These plans are managed independently by a Management Committee made up of employees, executives and third parties.

In addition, certain Group companies grant their employees certain voluntary retirement bonuses of undetermined amount. These bonuses, which are scanty material, are recognised as an expense when they are paid. The other Group companies do not have any similar obligations or have obligations that are scanty material.

#### **o) Other provisions**

These provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The provisions are recognised for the estimated amounts (calculated at the reporting date at their present value) required for probable or certain third-party liability arising from litigation in process or outstanding obligations.

If an outflow of economic benefits is considered only possible, but not probable, no provision is recognised in the consolidated financial statements, but rather a description of the related contingent liability is disclosed.

Provisions for restructuring costs are only recognised when there is a detailed formal plan for the restructuring (identifying the business concerned, the locations affected, the function, and number of employees who will be compensated for terminating their services, the expenditures that will be undertaken and when the plan will be implemented) and, in addition, there is a valid expectation in those affected that the restructuring will be carried out because the plan has started to be implemented or because the main features of the plan have been announced to those affected by it. These provisions are estimated on the basis of both their economic substance and their legal form.

#### **p) Financial liabilities – Loans and credit facilities**

Loans and credit facilities maturing within no more than twelve months from the balance sheet date are classified as current liabilities and those maturing within more than twelve months are classified as non-current liabilities.

All the loans and credit facilities are recognised at their original cost less the costs associated with their arrangement. After their initial recognition, they are subsequently measured at amortised cost. Interest on the payables and all the costs associated with them are recognised in profit or loss on a time proportion basis.

#### **q) Income tax**

The income tax expense for the year is recognised in the consolidated income statement, except in cases in which it relates to items that are recognised directly in equity, in which case the related tax is also recognised in equity.

Deferred tax is accounted for using the balance sheet liability method. Under this method, deferred tax assets and liabilities are recognised on the basis of the temporary differences between the carrying amounts of the assets or liabilities and their tax bases and are measured on the basis of the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates and laws approved or in the process of being approved at the balance sheet date.

Deferred tax assets and liabilities arising from changes in consolidated equity are charged or credited directly to consolidated equity. Deferred and other tax assets are recognised when their future realisation is reasonably assured and they are subsequently adjusted if benefits are unlikely to be obtained in the future.

Deferred tax liabilities associated with investments in subsidiaries and associates are not recognised if the Parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

#### **r) Financial instruments**

The Group uses certain financial derivatives to manage its exposure to changes in foreign exchange rates and interest rates. All these derivatives, whether or not they have been designated as hedging instruments, are measured at fair value, which is the market value in the case of quoted instruments and, in the case of unquoted instruments, is established on the basis of measurements based on option pricing models or discounted cash flow analyses. These instruments were recognised as follows:

- Cash flow hedges: the gains and losses obtained as a result of changes in fair value, at the balance sheet date of financial instruments designated as hedges, provided that the hedges are considered to be effective, are recognised, net of the related tax effect, directly in equity until the forecast transaction occurs, at which time they are transferred to consolidated profit or loss. Gains and losses considered ineffective are recognised directly in the consolidated income statement.
- Hedges of a net investment in a foreign operation: the portion of the gains or losses on a hedging instrument determined to be an effective hedge arising from fair value adjustments to these investments are recognised, net of the related tax effect, directly under "Translation Differences" and are transferred to the consolidated income statement when the hedged operation is disposed of. Gains and losses considered ineffective are recognised directly in the consolidated income statement.
- Accounting for financial instruments not designated as hedges or which do not qualify for hedge accounting: the gains and losses from fair value adjustments to such financial instruments are recognised directly in the consolidated income statement.

#### **s) Revenue recognition**

Revenue and expenses are recognised on an accrual basis. Revenue is recognised when the gross inflow of economic benefits arising in the course of the Group's ordinary activities in the year occurs, provided that this inflow of economic benefits results in an increase in equity that is not related to contributions from equity participants and that these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable arising therefrom.

Revenue associated with the rendering of services is only recognised if it can be estimated reliably, by reference to the stage of completion of the transaction at the balance sheet date.

The Group excludes from the revenue figure gross inflows of economic benefits received when it acts as an agent or commission agent on behalf of third parties, and only recognises as revenue economic benefits received for its own account.

When goods or services are exchanged or swapped for goods or services in a non-commercial transaction, the exchange is not regarded as a transaction which generates revenue.

The Group records for the net amount non-financial asset purchase or sale contracts settled for the net amount of cash or through some other financial instrument. Agreements entered into and held for the purpose of receiving or delivering such non-financial assets are recognised in accordance with the contractual terms of the purchase, sale or usage expectations of the Group.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

#### **t) Information on environmental issues**

Expenses incurred in relation to environmental activities performed or that must be performed and in managing the effects on the environment of the Group's operations and those arising from obligations relating to the environment are considered to be environmental expenses.

Assets intended to be used on a lasting basis in the Group's operations whose principal purpose is to minimise environmental impact and to protect and improve the environment, including the reduction or elimination of the pollution caused in the future by the Group's operations, are considered to be environmental investments. These assets are accounted for in accordance with the policies established for property, plant and equipment.

#### **u) CO<sub>2</sub> emission allowances**

The Group recognises CO<sub>2</sub> emission allowances as intangible assets with indefinite useful lives. The allowances received at zero cost under the related national allocation plans are measured at the market price prevailing when they are received, and an item of deferred income is recognised for the same amount.

In 2008 a new five-year national zero-cost emission allowance allocation plan commenced in Spain, with a total allocation for the period from 2008 to 2012 of 930,225 tonnes.

In 2009 and 2008 the Group received at zero cost emission allowances equal to 186,045 tonnes each year, under the national allocation plans approved in Spain. These plans also provide for the allocation at zero cost of emission allowances for 2010 equal to 186,045 tonnes. In 2009 and 2008 the Group consumed 176,358 and 173,722 tonnes of emission allowances, respectively.

These allowances are initially recognised as an intangible asset and an item of deferred income at their market value when they are received, and they are allocated to "Other Operating Income" in the consolidated income statement as the CO<sub>2</sub> emissions that they are intended to cover are made. Since 2005 companies that make CO<sub>2</sub> emissions in the course of their business activities have had to deliver in the first few months of the following year CO<sub>2</sub> emission allowances equal to the emissions made during the year. The obligation to deliver emission allowances for the CO<sub>2</sub> emissions made during the year is recognised under "Non-Current Liabilities – Other Provisions" in the consolidated balance sheet, and the related cost was recognised under "Cost of Materials Used and Other External Expenses" in the consolidated income statement.

This obligation is measured at the same amount as that at which the CO<sub>2</sub> emission allowances to be delivered to cover the obligation are recognised under "Intangible Assets" in the consolidated balance sheet.

If at the consolidated balance sheet date the Group does not hold all the CO<sub>2</sub> emission allowances required to cover the emissions made, the cost and the provision for this portion is recognised on the basis of the best estimate of the price that the Group will have to pay to acquire them. When a more appropriate estimate does not exist, the estimated acquisition price for the allowances not held by the Group is the market price at the consolidated balance sheet date.

At December 31, 2009, the provision recognised in the consolidated balance sheet in relation to the emissions made by the Group in that year amounted to EUR 2,420 thousand (2008: EUR 2,659 thousand). This amount will be covered by the emission allowances received under the related national allocation plans.

#### **v) Treasury shares**

Treasury shares re-acquired are deducted directly from consolidated equity. No gains or losses are recognised in the consolidated income statement as a result of acquisitions, sales, issues or retirements of the Group's own equity instruments.

#### **w) New IFRSs and IFRICs**

The measurement bases (accounting policies) adopted in preparing the consolidated financial statements for 2009 are consistent with those applied in preparing the consolidated financial statements for 2008, except for the following new IFRSs and IFRICs and changes to existing standards or interpretations that came into force from January 1, 2009:

### ■ IFRS 8, Operating Segments

The main new development introduced by this new standard, which replaces IAS 14, is that it requires an entity to adopt a management approach when reporting on the financial performance of its business segments. Therefore, generally, financial information is required to be reported on the same basis as is used internally by management for evaluating operating segment performance and deciding how to allocate resources to operating segments.

The application of IFRS 8 did not lead to the redefinition of the operating segments reported by the Group and did not have any impact on the Group's results or financial position.

### ■ Revision of IAS 23, Borrowing Costs

The principal change in this new revised version of IAS 23 is the elimination of the option of immediate recognition as an expense of borrowing costs associated with an asset that takes a substantial period of time to get ready for its intended use or sale. This new standard was applied prospectively. The application of this standard entail a change in the Group's accounting policies since the policy already followed for these borrowing costs was to expense them as they arose. The impact of this change, which was applied prospectively from January 1, 2009, was not material.

### ■ Revision of IAS 1, Presentation of Financial Statements

The purpose of the fundamental changes to this standard is to improve the presentation of the information so that users of consolidated financial statements can analyse changes in consolidated equity arising from transactions with the owners acting in their capacity as owners (e.g. dividends and the repayment of capital) separately from non-owner changes (e.g. transactions with third parties or income and expenses recognised directly in consolidated equity). The revised standard provides the option of presenting all the income and expenses in one statement with subtotals or in two statements (a separate consolidated income statement and a statement of recognised income and expense). The Group chose the latter option.

IAS 1 also introduces new reporting requirements (presenting the consolidated balance sheet at an additional date) when the entity applies an accounting policy retrospectively, makes a restatement or reclassifies items in previously issued consolidated financial statements. This requirement did not have any impact on 2009 as this circumstance did not arise. It also requires the inclusion of a consolidated statement of changes in equity (the information in this statement was included in 2008 in a specific note and not as a statement).

### ■ Amendments to IFRS 2, Share-based Payment

The objective of the amendments to IFRS 2 is basically to clarify in the standard the concepts of vesting conditions and cancellations in share-based payments.

In view of the nature of these amendments, they did not have any effect on these consolidated financial statements.

### ■ Amendments to IAS 32 and IAS 1, Puttable Financial Instruments and Obligations Arising on Liquidation

The amendments relate to the classification of certain financial instruments issued that prior to the amendments had to be classified as financial liabilities because, among other characteristics, for example, they were redeemable even though because of their nature they could be considered to represent a residual interest in the entity. The amendments permit some of these financial instruments to be classified as equity provided they meet certain requirements including that of being subordinate to all other classes of instruments and that they represent a residual interest in the net assets of the entity.

The entry into force of these amendments did not have any impact on these consolidated financial statements.

### ■ Amendments to IFRS 7, Financial Instruments – Disclosures

The fundamental amendments to IFRS 7 relate to the requirement to provide enhanced disclosures about fair value measurements and liquidity risk, the most significant of the former being the obligation to make disclosures about financial instruments measured at fair value using a fair value hierarchy.

### ■ Amendments to IAS 39 and IFRIC 9, Reassessment of Embedded Derivatives

These amendments require that, on reclassification of a financial asset out of the fair value through profit or loss category, the embedded derivative be reassessed and, where appropriate, separated from the host contract. Prior to the amendments, IFRIC 9 prohibited any reassessment after the initial assessment of the contract.

In view of the nature of these amendments, they did not have any effect on the consolidated financial statements.

### ■ IFRIC 13, Customer Loyalty Programmes

This interpretation addresses accounting by an entity that grants loyalty bonuses in the form of award credits (through "points", "kilometres", etc.) to customers that buy goods or services (granted through "points", "kilometres", etc.) to customers who redeem those points. The interpretation requires entities to allocate a portion of the revenue from the initial sale to award credits, recognising them as revenue only when they fulfil their obligations, supplying those awards or paying third parties to do so. The application of this interpretation did not have any impact on the consolidated financial statements.

### ■ IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 14 provides general guidelines on how to check the limit provided for in IAS 19, Employee Benefits on the amount of the surplus that can be recognised as an asset. It also explains how the pension plan assets or liabilities might be affected when there is a statutory or contractual minimum funding requirement, establishing the need to recognise an additional liability if the entity has a contractual obligation to make additional contributions to the plan and its capacity to recover them is restricted. The interpretation standardises existing practices and ensures that all entities recognise an asset in relation to a surplus on a consistent basis.

The application of this interpretation did not have a material impact on the consolidated financial statements.

### ■ IFRIC 16, Hedges of a Net Investment in a Foreign Operation-

This interpretation addresses three main issues. Firstly, it states that hedge accounting may not be applied to the foreign exchange differences arising between the functional currency of the foreign operation and the parent entity's presentation currency, and that it can only be applied to the foreign exchange differences arising between the functional currency of the foreign operation and the parent entity's functional currency. It also clarifies that a hedge of a net investment in a foreign operation may be held by any entity within the group, and not necessarily by the parent entity of the foreign operation. Lastly, it explains how to determine the amounts to be reclassified from equity to profit or loss when a hedged foreign operation is disposed of.

The Company's accounting practice in transactions of this nature is in line with the interpretation issued and, therefore, the entry into force of the interpretation did not have any impact on the consolidated financial statements.

Also, at the date of formal preparation of these consolidated financial statements the following IFRSs and IFRICs had been issued but had not yet come into force:

STANDARDS AND AMENDMENTS TO STANDARDS		Obligatory application in periods beginning on or after
<b>Approved for use in the European Union</b>		
Revision of IFRS 3	Business Combinations	July 1, 2009
Amendments to IAS 27	Changes in Ownership Interests	July 1, 2009
Amendments to IAS 39	Eligible Hedged Items	July 1, 2009
Amendments to IAS 32	Classification of Rights Issues	February 1, 2010
IFRIC 12 (1)	Service Concession Arrangements	April 1, 2009
IFRIC 15 (1)	Agreements for the Construction of Real Estate	January 1, 2010
IFRIC 17 (1)	Distributions of Non-cash Assets to Owners	November 1, 2009
IFRIC 18 (1)	Transfers of Assets from Customers	November 1, 2009
<b>Not yet approved for use in the European Union (2)</b>		
IFRS 9	Financial Instruments: Classification and Measurement	January 1, 2013
2009 improvements to IFRSs	Non-urgent amendments to IFRSs	Various (mainly January 1, 2010)
Amendments to IFRS 2	Share-based Payment Transactions among Group Entities	January 1, 2010
Revision of IAS 24	Related Party Disclosures	January 1, 2011
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement	January 1, 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010

(1) Date of obligatory application as approved in the Official Journal of the European Union, which differs from the original date set by the IASB.  
Standards and interpretations not yet adopted by the European Union.

The directors have assessed the potential impact of the future application of the aforementioned standards and interpretations and consider that their entry into force will not have a material effect on the consolidated financial statements, although the following changes are worthy of mention:

■ **Revision of IFRS 3, Business Combinations and amendments to IAS 27, Consolidated and Separate Financial Statements**

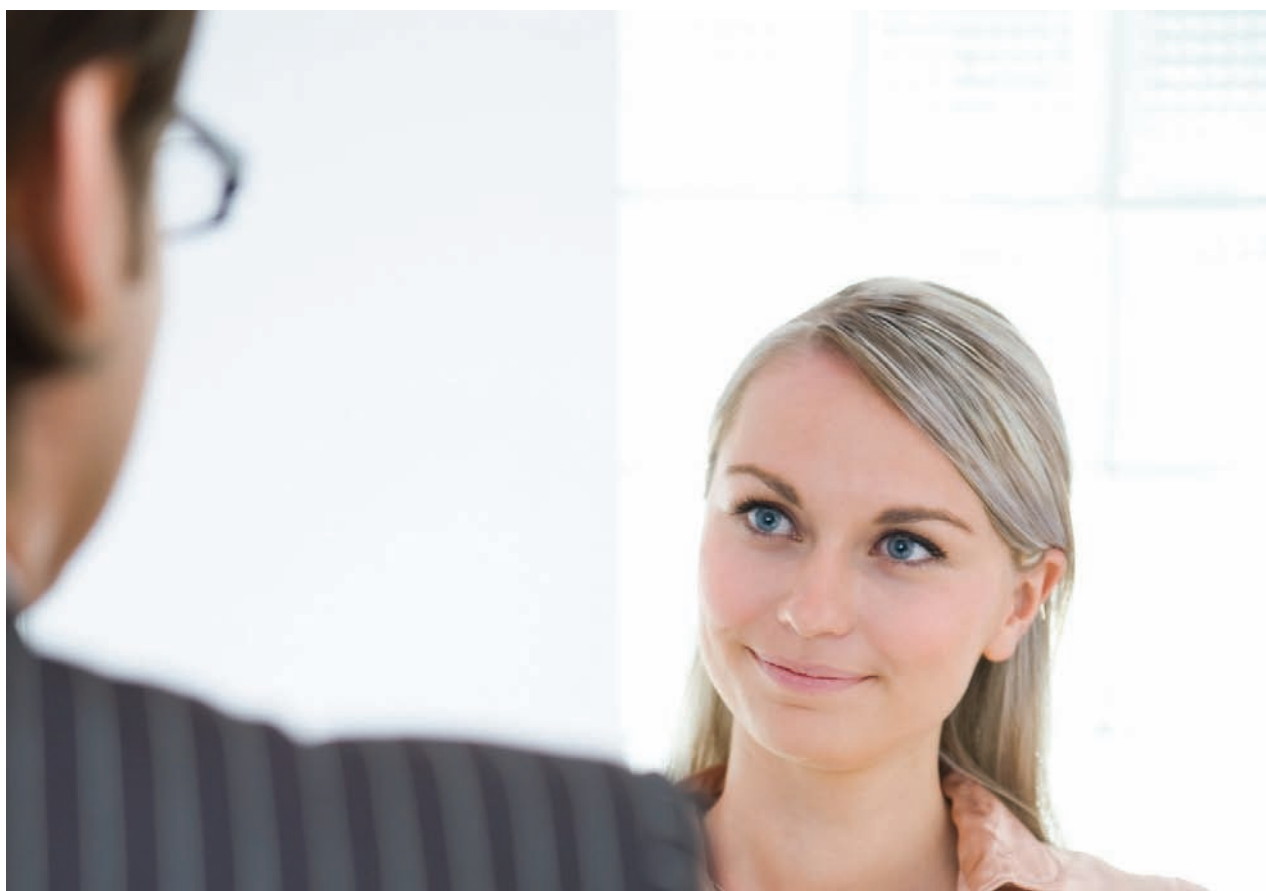
The revised IFRS 3 and the amendments to IAS 27 give rise to very significant changes in several matters relating to accounting for business combinations which, in general, place greater emphasis on the use of fair value. Some of the most significant changes relate to the treatment of transaction costs, which will be accounted for as expenses rather than considered an increase in the cost of the business combination as per the current accounting treatment; step acquisitions, in which the acquirer revalues the existing investment at fair value on the date it obtains control; or the option to measure the non-controlling interests in the acquiree at fair value rather than measure them at the proportional part of the fair value of the net assets acquired as per the current accounting treatment.

Since the standard will be applied prospectively, in general the directors do not expect any significant changes to arise in connection with the business combinations performed.

■ **IFRIC 17, Distribution of Non-cash Assets to Owners**

This interpretation applies to the accounting treatment of distributions of non-cash assets to an entity's owners ("dividends payable") although distributions of assets within the same group or between entities under common control are excluded from its scope. The interpretation states that an entity must measure such liabilities at the fair value of the asset to be distributed and that any difference between the carrying amount of the dividend payable and the carrying amount of the asset distributed must be recognised in profit or loss.

The directors consider that the entry into force of this interpretation will not affect the consolidated financial statements since the Company has applied policies that were in line with those that have now been established in the interpretation when it has performed a transaction of this nature.



#### 4. SUBSIDIARIES AND ASSOCIATES

The detail of Ebro Puleva, S.A.'s direct and indirect investments in Group subsidiaries and associates is as follows:

SUBSIDIARIES AND ASSOCIATES	% Of Ownership		Parent	Location	Line of Business
	12-31-09	12-31-08			
Azucarera Ebro S.L. (Group) (AE) (A)	0.0%	100.0%	EP	Madrid (Spain)	Sugar production
Dosbio 2010, S.L.	100.0%	100.0%	EP	Madrid (Spain)	Flour production
Fincas e Inversiones Ebro, S.A.	100.0%	100.0%	EP	Madrid (Spain)	Farming
Arotz Foods, S.A.	100.0%	99.9%	EP	Madrid (Spain)	Production and preservation of vegetables
Puleva Food, S.L. (Group) (PF)	100.0%	100.0%	EP	Granada (Spain)	Production of dairy products
Lactimilk, S.A. (Group) (LACT)	100.0%	100.0%	EP	A Coruña (Spain)	Production of dairy products
Puleva Biotech, S.A. (Group) (PB) (C)	50.90%	51.10%	EP	Granada (Spain)	Development and marketing of newproducts
Jiloca Industrial, S.A.	100.0%	100.0%	EP	Teruel (Spain)	Production of organic fertilizer
Biocarbantes de C. y León, S.A. (B)	0.0%	50.0%	Dosbio	Seville (Spain)	Production of 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-US)	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 (US)	Production and sale of pasta and sauces
Birkel Teigwaren GmbH (Birkel)	100.0%	100.0%	EP	Germany	Production and sale of pasta and sauces
Azucarera Energías, S.L.	60.0%	60.0%	EP	Madrid (Spain)	Combined heat and power generation
Lince Insurance Ltd. (D)	100.0%	100.0%	EP	Dublin (Ireland)	Insurance - In liquidation
Agroteo, S.A. (A)	0.0%	73.0%	AE	Benavente (Spain)	Services for farmers
Unión Azucarera, A.I.E. (A)	0.0%	98.9%	AE	Madrid (Spain)	Economic Interest Grouping
Compañía de Melazas, S.A. (A)	0.0%	50.0%	AE	Madrid (Spain)	Sale of molasses
Sucran France, SAS (A)	0.0%	100.0%	AE	Lyon (France)	Sale of sugar
Nueva Comercial Azúcarera, S.A. (A)	0.0%	87.5%	AE	Madrid (Spain)	Sale of sugar
Puleva Networks, S.A.	100.0%	100.0%	PF	Granada (Spain)	Development and provision of IT services
Puleva Salud, S.A.	91.25%	91.25%	PF	Granada (Spain)	Internet
Grelva, S.L.	100.0%	100.0%	PF	Granada (Spain)	Combined heat and power generation
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)	Dormant
Edda, S.A.	100.0%	100.0%	PF	Granada (Spain)	Dormant
Uniasa, S.A.	100.0%	100.0%	PF	Granada (Spain)	Dormant
Formalac, S.L.	100.0%	100.0%	PF	Granada (Spain)	Dormant
Nutrilac, S.L.	100.0%	100.0%	PF	Granada (Spain)	Dormant
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	Lleida (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	Lleida (Spain)	Sale of dairy products
El Castillo Madibic, S.L.	50.0%	50.0%	LACT	Barcelona (Spain)	Sale and development of services relating to livestock farming
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)	Ownership of trademarks
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)	In liquidation
Mundi Riz, S.A.	100.0%	100.0%	HF	Larache (Morocco)	Production and sale of rice
Agromeruan	100.0%	100.0%	HF	Larache (Morocco)	Farmland concession operator
Rivera del Arroz, S.A.	100.0%	100.0%	HF	Larache (Morocco)	Rice production
Mundi Vap	100.0%	100.0%	HF	Larache (Morocco)	Production and distribution of rice



SUBSIDIARIES AND ASSOCIATES	% Of Ownership		Parent	Location	Line of Business
	12-31-09	12-31-08			
Katania Magreb, Ltda.	100.0%	50.0%	HF	Larache (Morocco)	Production and distribution of legumes
Katania Magreb, Ltda.	100.0%	50.0%	HF	Larache (Morocco)	Production and distribution of legumes
Joseph Heap Properties, Ltda.	100.0%	100.0%	HF	Liverpool (UK)	Investment management and 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 Egypt	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 Ukraine, LLC	0.0%	100.0%	HF	Kiev (Ukraine)	Sale of rice
Herba India	100.0%	100.0%	HF	New Delhi, India	Production and sale of rice
Nuratri, S.L.	100.0%	100.0%	HR	Granada (Spain)	Dormant
Nutramas, S.L.	100.0%	100.0%	HR	Granada (Spain)	Dormant
Nutrial, S.L.	100.0%	100.0%	HR	Granada (Spain)	Dormant
Pronatur, S.L.	100.0%	100.0%	HR	Granada (Spain)	Dormant
Vitasan, S.L.	100.0%	100.0%	HR	Granada (Spain)	Dormant
Riviana International Inc (R. Int.)	100.0%	100.0%	Riviana	Houston (US)	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	Investment management
Ebro Puleva de Costa Rica, S.A.	100.0%	100.0%	R. Int.	San José (Costa Rica)	Investment management
Rivland, Inc (B)	50.0%	50.0%	Riviana	Houston (US)	Production and sale of rice
South La Fourche, Inc (b)	50.0%	50.0%	Riviana	Houston (USA)	Farm land
Jonesboro Gasifier, Inc	0.0%	100.0%	Riviana	Houston (US)	Combined heat and power generation
Jonesboro Power Island, Inc	0.0%	49.0%	Riviana	Houston (US)	Combined heat and power generation
Stuttgart Power Island, Inc	0.0%	51.0%	Riviana	Houston (US)	Combined heat and power generation
N&C Boost N. V. (N.C. Boost)	100.0%	100.0%	R. Int.	Antwerp (Belgium)	Investment management
Mahatma Foods Ltd Australia	100.0%	100.0%	Riviana	Australia	Dormant
Lastarmco Inc. (Louisiana)	100.0%	100.0%	Riviana	Louisiana (US)	Dormant
River Brand Rice Mills Inc. (Texas)	100.0%	100.0%	Riviana	Texas (US)	Dormant
Arkansas State Rice Milling Co	100.0%	100.0%	Riviana	Delaware (US)	Dormant
Louisiana State Rice Milling Co	100.0%	100.0%	Riviana	Delaware (US)	Dormant
Lustucru Riz	99.8%	99.8%	Panzani	Lyon (France)	In liquidation
Lustucru Fraiss	99.8%	99.8%	Panzani	Lyon (France)	Production and sale of fresh pasta
Grands Moulins Maurel	99.8%	99.8%	Panzani	Lyon (France)	Production and sale of flour and semolina
Silo de la Madrague	100.0%	100.0%	Panzani	Lyon (France)	Production and sale of flour and semolina
Rizerie Franco Americaine et Col., S.A.	100.0%	100.0%	Panzani	Paris (France)	Production and sale of rice
Alp'imprim	0.0%	100.0%	Panzani	Lyon (France)	Printing
Española de I+D, S.A.	60.0%	60.0%	Biotech	Valencia (Spain)	Development and sale of new products
Bosto Panzani Benelux, S.A.	100.0%	100.0%	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
T.A.G. Nahrungsmittel GmbH	100.0%	100.0%	Birkel	Stuttgart (Germany)	Dormant
Bertolini Import Export GmbH	100.0%	100.0%	Birkel	Mannheim (Germany)	Dormant
Mowe Teigwaren GmbH	100.0%	100.0%	Birkel	Waren (Germany)	Production and sale of pasta and sauces

(a) These companies made up the sugar business which was sold in 2009 and discontinued in 2008 (see Note 7).

(b) Associates accounted for using the equity method.

(c) The Parent's directors consider that the percentage of direct control currently held by Ebro Puleva, S.A. over Puleva Biotech, S.A. (50.90%) is a controlling interest and, therefore, Puleva Biotech, S.A. was fully consolidated.

(d) Company in the process of being liquidated. Although this is an investment in a subsidiary, it was accounted for using the equity method. The effect of fully consolidating this investment would not be material (see Note 13).

None of the subsidiaries or associates are officially listed, except for Puleva Biotech, S.A., whose shares are traded on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. All of the company's shares are officially listed. The shares were admitted to trading on December 17, 2001 and their market price at December 31, 2009 was EUR 0.94 per share (2008: EUR 0.89 per share).

The financial statements of all the consolidated companies were at December 31, 2009 and 2008.



## 5. MOST SIGNIFICANT CORPORATE TRANSACTIONS (BUSINESS COMBINATIONS, SALES, ETC.) IN 2009 AND 2008 AND EFFECT ON COMPARABILITY

### 5.1 Intra-Group transactions in 2008

There were no significant intra-Group corporate transactions in 2008.

### 5.2 Intra-Group transactions in 2009

Effective January 1, 2009, Exxentia Grupo Fitoterapéutico, S.A. was merged into (absorbed by) Puleva Biotech, S.A. In 2009 there were no other significant intra-Group corporate transactions.

### 5.3 Corporate transactions affecting the scope of consolidation in 2009 and 2008 and effect on comparability.

#### Changes in the scope of consolidation

In 2008 there were various changes in the scope of consolidation, the most significant of which were as follows:

INCLUSIONS IN THE SCOPE OF CPNSOLIDATION IN 2008			
Company affected	Subgroup	%	Comments
Exxentia, Grupo Fitoterapéutico, S.A,	Other	100.0	Acquired by P, Biotech, S.A,
Bosto Panzani Benelux, S.A,	Herba	100%	Incorporation
Herba India	Herba	100%	Incorporation

EXCLUSIONS IN THE SCOPE OF CPNSOLIDATION IN 2008			
Company affected	Subgroup	%	Comments
Azucarera Ebro, S.L, and subsidiaries composing the sugar bussines	Sugar	100%	Prior agreement for its sale formalised in the first few months of 2009 (a)
Herto, N.V (Bélgica)	Herba	66.7%	Sale of entire ownership interest
SIEPA (Francia)	Pasta	100%	Sale of entire ownership interest
Puleva Biotech, S.A,	Other	11.01%	Sale of this % of ownership

(a) The assets and liabilities of this segment (sugar business) were classified as held for sale in the accompanying consolidated balance sheet for 2008, and its income and expenses for 2008 were reclassified and presented in the accompanying consolidated income statement as net profits or losses from discontinued operations (see Note 7).

Of the changes in the foregoing table, the disposals in 2008, except for the discontinuation of the sugar business (see Note 7), did not have a significant effect on comparability, and the most significant impact concerning the comparability of the consolidated financial statements relates to the acquisition of the Exxentia Group. The following table shows the effects of its inclusion in the scope of consolidation in 2008.



ACQUISITION OF ALL THE SHARES OF EXXENTIA (Thousands of euros)	Date of inclusion 1-2-2008	
	Carrying amount	Fair value
Intangible assets	156	3,826
Property, plant and equipment	4,676	8,181
Investment property	357	573
Investments 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
<b>Total Assets</b>	<b>13,281</b>	<b>20,672</b>
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
<b>Total liabilities</b>	<b>10,111</b>	<b>12,328</b>
<b>Total net assets and liabilities</b>	<b>3,170</b>	<b>8,344</b>
Goodwill generated		25,728
<b>Total investment</b>		<b>34,072</b>
Financed with borrowings		33,738
Direct transaction costs paid		334
<b>Total investment</b>		<b>34,072</b>
Net cash acquired with the subsidiary		(4,442)
Revenue (*)		9,412
Net loss contributed (*)		(1,080)

(\*) From the date of inclusion in the Group. The loss and revenue estimated for the whole of 2008 would have been the same amount as that indicated.

In 2009 there were no changes in the way this investment was accounted for with respect to its initial recognition.

In 2009, except for the merger described in Note 5.2 above, there were other changes in the scope of consolidation, the most significant of which were as follows:

INCLUSIONS IN THE SCOPE OF CONSOLIDATION IN 2009			
Company affected	Subgroup	%	Comments
Katania Magreb, Ltda,	Herba	50%	Acquisition up to 100%

EXCLUSIONS IN THE SCOPE OF CPNSOLIDATION IN 2009			
Company affected	Subgroup	%	Comments
Azucarera Ebro, S.L, and subsidiaries composing the sugar business	Sugar	100%	Sale of entire ownership interest (see Note 7)
Jonesboro Gasifier, Inc, / Jonesboro Power island, Inc, / Stuttgart Power Island, Inc	Riviana	100%, 49% and 51%	Sale of entire ownership interest in these companies (combined heat and power generation)
Biocarburantes de Castilla y León, S.A.	Other	50%	Sale of entire ownership interest
Puleva Biotech, S.A.	Other	0.2%	Sale of this % of ownership

Of the charges shown in the table above, the exclusions in 2009, except for the sale of the sugar business (see Note 7), did not have any significant effects on comparability with 2008. The inclusions in 2009 did not have a significant effect.

## 6. SEGMENT REPORTING

The operating segments are organised and managed separately on the basis of the nature of the products and services provided, and each segment represents a strategic business unit that offers different products and serves different markets. Therefore, the Group's segment reporting is organised by business segments since the risks and rates of return of the Group are affected mainly by differences in the products and services offered.

As indicated in Note 7, in 2009 the sugar business was sold. Following this sale, the Ebro Puleva Group continued to be divided into the following lines of business and/or activities:

- Rice business
- Pasta business
- Dairy products business
- Other businesses and/or activities

These businesses and/or activities constitute the basis for the Group's segment reporting. The financial information relating to these operating segments is presented in the table at the end of this Note.

### Rice business

**Herba Group:** this is the Group's business unit that specialises in the rice business. The Group has consolidated its position as the leading rice group in Europe and as one of the most important in the world. It has an extensive and modern structure of production facilities and sales networks with which it maintains commercial relations in more than 60 countries.

It has a portfolio of trademarks that include the most successful and prestigious in the market. It is a rice group with a multi-brand strategy. In addition, the Group acts as a rice supplier for the leading European food companies:

- Beverage industries.
- Industrial rice companies.
- Infant food: cereals, babyfood, etc.
- Pre-cooked ready meals: non-refrigerated, dehydrated, frozen, etc.
- Animal and pet food.

Through the Herba Group, the Group is the leader in the Spanish market (Herba Nutrición) and in part of Europe (Herba Foods) in rice for direct consumption and industrial uses.

**Riviana Group:** this is the Group's unit that specialises in the rice business in the US through Riviana Inc., the largest rice company in the US.

Riviana is the leading seller of rice in 19 of the 20 largest consumer markets in the US. Through its extensive distribution network, the company markets its products under several brand names, including "Mahatma," the top selling brand of the last ten years.

### Pasta business

**Panzani Group and Birkel Group:** this unit specialises in the pasta and sauce business. The French Group Panzani is the leader in France in pastas, rice, semolina and sauces. The German Birkel Group is the leader in the German pasta sector.

Panzani is also the market leader in rice through two brands: Lustucru, for conventional rice, and Taureau Ailé, for exotic rice. 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 value added offer to consumers. It is a leading company in Belgium and the Czech Republic.

In the semolina business, Panzani is the market leader in terms of volume and operates with the Regia and Ferrero brand names. The German Group operates in the pasta business with the Birkel and 3Glocken brand names.

**New World Pasta Group:** New World Pasta is a leading company in the dry pasta sector in the US and Canada with an extensive, complementary and solid portfolio of brand names with market shares of 28.5% and 40.9%, respectively.

The most representative brand names are Ronzoni, Skinner, Prince, American Beauty, San Giorgio and Creamette in the US, and Catelli, Lancia and Ronzoni in Canada. Its production facilities are located in Montreal (Quebec), Fresno (California), Saint Louis (Missouri) and Winchester (Virginia).

#### **Dairy product business**

This business unit specialises in the dairy product business. The Group is the leader in the milk market in Spain and in certain of the other dairy product markets in which it operates, namely milkshakes, cream and butter.

Puleva's strategy is based on R&D, as a technological differentiating factor; on its positioning in the functional food market; and on brand strength, promoting itself as a company associated with wellbeing, health and quality. Through Puleva Food, the Group is the undisputed market leader in nutritional milk products and its leadership of the milkshake market has been strengthened.

#### **Other businesses and/or activities:**

The other businesses and/or activities include most notably the following:

**Puleva Biotech, S.A.:** This unit engages in biotechnology, the development and marketing of new products based on natural substances with positive effects on human health; products which enhance the quality of life for the population as a whole by reducing the incidence of certain illnesses.

The R&D projects are the Group's basis for creating value. The ultimate aim of these R&D projects is to make the Group number one in the development of natural products for the functional and pharmaceutical food market.

**Asset management:** This unit specialises in managing the Group's investment property. It controls all of the Group's properties, analysing their status and reducing costs, disposing of buildings not used for industrial activities and taking the necessary measures to ensure that their value is maximised prior to their sale.

#### **Basis and methodology for segment reporting**

The restructuring and re-adaptation processes that have taken place in recent years at the Group have made it possible to establish the size of each of the main businesses separately, which facilitates management and decision-making and improves financial control. Therefore, the consolidated expenses, income, assets and liabilities directly pertaining to each segment are allocated to that segment. It was not necessary to establish criteria for allocating common expenses and income and common assets and liabilities to the segments.

In this regard, although the structure of non-financial non-current assets and liabilities and current assets and liabilities corresponds to the needs of each business or activity, it should be noted that the financial structure of the accompanying balance sheets by segment was established on the basis of internal financial management criteria based on an appropriate and necessary degree of centralisation and coordination at Group level.

#### **Inter-segment transactions**

Although the inter-segment transactions are not significant with respect to the total consolidated figures, in order to determine the income, expenses and profit or loss of the segments the inter-segment transactions were included. These transactions are measured at the market prices at which similar goods and services are billed to non-Group customers. These transactions were eliminated on consolidation.

## 6.1 Geographical information

The geographical information was determined on the basis of the location of the Group's assets. The sales to non-Group customers are based on the geographical location of the customers. The geographical areas in which each of the Group's operating segments operates were stated in the preceding description of the operating segments. The businesses and/or activities carried on by the Group are summarised by geographical area as follows:

- In Spain – the dairy product and rice businesses of Herba.
- In the rest of Europe – basically the businesses of Herba, Panzani and Birkel.
- In the Americas – the businesses of Riviana and NWP.
- Rest of the world – basically the rice business of Herba, plus a portion of the exports of Panzani.

The breakdown of the assets and revenue by geographical market of the activities, without considering the place in which the goods are produced, is as follows:

2008 – GEOGRAPHICAL AREA	Spain	Europe	America	Other	Total
Segment revenue	670,145	1,083,397	675,492	58,212	2,487,246
Inter-segment sales	(27,700)	(60,992)	(30,718)	66	(119,344)
<b>Total revenue</b>	<b>642,445</b>	<b>1,022,405</b>	<b>644,774</b>	<b>58,278</b>	<b>2,367,902</b>
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
<b>Total continuing operations</b>	<b>676,277</b>	<b>1,191,515</b>	<b>873,401</b>	<b>42,641</b>	<b>2,783,834</b>
Non-current assets classified as held for sale	639,078	0	0	0	639,078
<b>Total assets</b>	<b>1,315,355</b>	<b>1,191,515</b>	<b>873,401</b>	<b>42,641</b>	<b>3,422,912</b>
Non-current asset additions	27,038	16,372	20,012	6,261	69,683

2009 – GEOGRAPHICAL AREA	Spain	Europe	America	Other	Total
Segment revenue	573,546	985,396	690,583	57,803	2,307,328
Inter-segment sales	(23,024)	(60,198)	(26,375)	0	(109,597)
<b>Total revenue</b>	<b>550,522</b>	<b>925,198</b>	<b>664,208</b>	<b>57,803</b>	<b>2,197,731</b>
Intangible assets	21,783	118,749	154,912	78	295,522
Property, plant and equipment	185,894	186,854	151,337	20,644	544,729
Other assets	482,777	791,553	542,436	27,448	1,844,214
<b>Total continuing operations</b>	<b>690,454</b>	<b>1,097,156</b>	<b>848,685</b>	<b>48,170</b>	<b>2,684,465</b>
Non-current assets classified as held for sale	0	0	0	0	0
<b>Total assets</b>	<b>690,454</b>	<b>1,097,156</b>	<b>848,685</b>	<b>48,170</b>	<b>2,684,465</b>
Non-current asset additions	15,664	18,597	54,983	877	90,121

## 6.2 Operating segments

The following tables present information on the revenue and profit or loss of the continuing operations and certain information on assets and liabilities relating to the Group's operating segments for the years ended December 31, 2009 and 2008:

			INFORMATION ON OPERATING SEGMENTS - CONTINUING OPERATIONS									
EBRO PULEVA GROUP (In thousands of euros)	Total consolidated figures		Rice business		Pasta business		Dairy product business		EP Holding company		Others businesses and consolidation adjustments	
Balance sheet	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08
Intangible assets	295,522	300,295	107,509	115,665	166,511	161,703	7,604	8,310	9,175	9,175	4,723	5,442
Property, plant and equipment	544,729	557,360	198,300	179,262	204,351	219,531	102,568	109,707	9,149	9,397	30,361	39,463
Investment property	32,152	30,526	25,883	24,437	317	318	9,110	8,965	9,604	9,647	(12,762)	(12,841)
Financial assets	62,229	21,836	2,261	2,109	482	447	3,093	4,426	1,401,449	1,518,023	(1,345,056)	(1,503,169)
Investments in associates	6,786	13,293	35,879	28,589	421	421	0	4	0	0	(29,514)	(15,721)
Deferred tax assets	52,412	46,688	9,763	12,033	7,431	8,249	4,587	6,752	22,067	13,977	8,564	5,677
Goodwill	801,686	836,412	230,601	238,081	505,159	518,290	54,178	54,185	0	0	11,748	25,856
Other non-current assets	0	6	0	0	0	6	0	0	0	0	0	0
Receivable from												
Group companies	0	0	27,410	36,717	17,852	37,482	69,349	136,879	44,147	134,409	(158,758)	(345,487)
Other current assets	888,949	977,418	309,806	403,787	344,103	381,223	149,699	118,316	53,092	28,869	32,249	45,223
	2,684,465	2,783,834	947,412	1,040,680	1,246,627	1,327,670	400,188	447,544	1,548,683	1,723,497	(1,458,445)	(1,755,557)
Non-current assets classified as held for sale	0	639,078									0	639,078
<b>Total assets</b>	<b>2,684,465</b>	<b>3,422,912</b>									<b>(1,458,445)</b>	<b>1,116,479</b>
Total equity	1,298,160	1,228,686	550,826	504,252	894,130	828,790	306,815	283,430	867,020	794,524	(1,320,631)	(1,182,310)
Deferred income	14,793	15,591	2,199	2,942	0	0	6,674	7,342	0	0	5,920	5,307
Provisions for pensions and similar obligations	40,953	39,060	13,590	13,570	22,385	21,381	450	0	4,151	3,766	377	343
Other provisions	73,784	20,310	507	951	4,354	6,916	4,170	4,737	65,193	6,175	(440)	1,531
Non-current and current financial liabilities	756,801	1,096,982	183,350	254,449	66,386	119,460	20,646	64,680	484,301	649,056	2,118	9,337
Other non-financial accounts payable	61	118	61	118	0	0	0	0	0	0	0	0
Deferred tax liabilities	144,839	136,199	45,295	39,492	50,710	52,494	608	809	48,248	40,775	(22)	2,629
Payable to Group companies	0	0	22,233	74,509	57,131	65,159	5,701	10,571	69,098	219,158	(154,163)	(369,397)
Other current liabilities	355,074	488,842	129,351	150,397	151,531	233,470	55,124	75,975	10,672	10,043	8,396	18,957
	2,684,465	3,025,788	947,412	1,040,680	1,246,627	1,327,670	400,188	447,544	1,548,683	1,723,497	(1,458,445)	(1,513,603)
Liabilities associated with assets classified as held for sale	0	397,124									0	397,124
<b>Total equity and liabilities</b>	<b>2,684,465</b>	<b>3,422,912</b>									<b>(1,458,445)</b>	<b>(1,116,479)</b>
Investments in the year	90,121	69,683	56,925	26,012	17,196	20,144	9,301	14,425	129	625		
Capital employed	1,176,282	1,335,238	495,768	556,299	469,915	511,570	159,043	182,363	(3,681)	34,327		
ROCE	20.4	15.1	19.7	19.0	23.2	14.8	32.8	19.2	-	39.8		
Gearing	55.9%	100.0%										
Average headcount for the year	5,693	5,829										
<b>Stock market data:</b>			Thousands of euros									
Number of shares	153,865,392	153,865,392										
Market capitalisation at year-end	2,235,664	1,507,881										
Earnings per share	1.17	0.87										
Dividend per share	0.94	0.36										
Underlying carrying amount per share	8.32	7.82										

**INFORMATION ON OPERATING SEGMENTS – CONTINUING OPERATIONS**

EBRO PULEVA GROUP (In thousands of euros)	Total consolidated figures		Rice business		Pasta business	
Income statement	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08
External revenue	2,197,731	2,367,902	791,452	843,417	909,797	977,048
Net inter-segment revenue			45,697	47,552	19,198	16,649
<b>Total revenue</b>	<b>2,197,731</b>	<b>2,367,902</b>	<b>837,149</b>	<b>890,969</b>	<b>928,995</b>	<b>993,697</b>
Changes in inventories	(25,236)	18,140	(31,296)	16,057	856	(1,023)
Capitalised expenses of Group work on non-current assets	2,036	2,549	13	15	171	183
Other operating income	43,541	39,371	5,594	9,622	3,748	4,087
Materials consumed and other expenses	(1,166,594)	(1,423,864)	(472,397)	(555,013)	(473,178)	(573,715)
Staff costs	(272,975)	(275,212)	(82,336)	(85,977)	(125,371)	(121,796)
Depreciation and amortisation charge	(68,044)	(70,000)	(21,009)	(20,836)	(28,253)	(30,412)
Other operating expenses	(488,141)	(464,096)	(153,529)	(146,972)	(202,763)	(205,708)
<b>Profit or loss from operations</b>	<b>222,318</b>	<b>194,790</b>	<b>82,189</b>	<b>107,865</b>	<b>104,205</b>	<b>65,313</b>
Net finance income or costs	(20,507)	(69,686)	(5,124)	(18,246)	(3,274)	(8,544)
Impairment losses on goodwill	(28,146)	(7,358)	(185)	(523)	(15,953)	(6,827)
Share of results of associates	(674)	(14,292)	1,638	1,489	(11)	(3,589)
<b>Consolidated profit or loss before tax</b>	<b>172,991</b>	<b>103,454</b>	<b>78,518</b>	<b>90,585</b>	<b>84,967</b>	<b>46,353</b>

**INFORMATION ON OPERATING SEGMENTS – CONTINUING OPERATIONS** *(continuation)*

EBRO PULEVA GROUP (In thousands of euros)	Dairy product business		EP Holding company		Other businesses and consolidation adjustments	
Income statement	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08
External revenue	443,968	505,532	69	45	52,445	41,860
Net inter-segment revenue	451	532	75,448	27,598	(140,794)	(92,331)
<b>Total revenue</b>	<b>444,419</b>	<b>506,064</b>	<b>75,517</b>	<b>27,643</b>	<b>(88,349)</b>	<b>(50,471)</b>
Changes in inventories	6,329	2,439	0	0	(1,125)	667
Capitalised expenses of Group work on non-current assets	1,843	2,328	0	0	9	23
Other operating income	7,913	8,714	140,628	12,077	(114,342)	4,871
Materials consumed and other expenses	(261,921)	(335,292)	0	0	40,902	40,156
Staff costs	(47,319)	(48,298)	(8,515)	(8,991)	(9,434)	(10,150)
Depreciation and amortisation charge	(14,886)	(15,142)	(360)	(344)	(3,536)	(3,266)
Other operating expenses	(86,684)	(89,241)	(33,206)	(18,336)	(11,959)	(3,839)
<b>Profit or loss from operations</b>	<b>49,694</b>	<b>31,572</b>	<b>174,064</b>	<b>12,049</b>	<b>(187,834)</b>	<b>(22,009)</b>
Net finance income or costs	1,286	1,924	(12,762)	(45,406)	(633)	586
Impairment losses on goodwill	(8)	(8)	0	0	(12,000)	0
Share of results of associates	0	0	0	0	(2,301)	(12,192)
<b>Consolidated profit or loss before tax</b>	<b>50,972</b>	<b>33,488</b>	<b>161,302</b>	<b>(33,357)</b>	<b>(202,768)</b>	<b>(33,615)</b>

## 7. DISCONTINUED OPERATIONS

On December 15, 2008, Ebro Puleva, S.A., which owned all the shares of Azucarera Ebro, S.L., and Associated British Foods (ABF), which owns all the shares of British Sugar, executed the agreement for the sale of Azucarera Ebro, S.L. The sale took place, following the approval of the competition authorities, on April 30, 2009.

The terms and conditions of the transaction that took place on April 30, 2009 were as follows:

- ABF acquired the sugar business for a debt-free amount of EUR 385 million. The amount of the debt discounted was that existing at the date on which the transaction was concluded.
- Also, Ebro Puleva received approximately EUR 150 million of other compensation relating mainly to the restructuring funds provided for in the reform of the common organisation of the markets (CMO) in the sugar sector.
- In addition, the agreement states that two Group companies wholly owned by Ebro Puleva, S.A. have added to their real estate assets, through acquisitions, more than 200 hectares of land of various urban zoning classifications from Azucarera Ebro, S.L., valued at an estimated EUR 42 million.

Based on all the foregoing, and in accordance with current accounting legislation, the assets and liabilities of this segment (sugar business), which at 31 December 2008 had been classified as held for sale in the consolidated balance sheet, were derecognised in 2009. In addition, its income and expenses for the first four months of 2009 and for 2008 were reclassified and presented in the accompanying consolidated income statements for the two periods as net profit from discontinued operations, the impact of which is summarised in the table below:

(Thousands of euros)	2009	2008
	4 months	12 months
Income (revenue)	155,017	548,783
Changes in inventories	(18,028)	(61,618)
Capitalised expenses of Group work on non-current assets	975	3,967
Other operating income	2,825	57,439
	<b>140,789</b>	<b>548,571</b>
Materials consumed and other expenses	(100,933)	(330,506)
Staff costs	(19,734)	(57,231)
Depreciation and amortisation charge	(2,024)	(27,070)
Outside services	(19,350)	(60,739)
Other operating expenses	(4,422)	(16,375)
	<b>(146,463)</b>	<b>(491,921)</b>
<b>Profit (Loss) from operations</b>	<b>(5,674)</b>	<b>56,650</b>
Net finance costs	(2,998)	23,099
<b>Financial profit (loss)</b>	<b>(2,998)</b>	<b>23,099</b>
Results of associates	0	17
<b>Consolidated profit (loss) before tax</b>	<b>(8,672)</b>	<b>79,766</b>
Income tax	5,039	(21,801)
<b>Consolidated profit (loss)</b>	<b>(3,633)</b>	<b>57,965</b>
Gain on the sale of the sugar business before income tax	114,489	0
Decrease in profit due to guarantees provided to the buyer in connection with the resolution of litigation outstanding for the sugar business (provision) - see Note 21	(57,387)	0
Income tax on the gain on the sale	(10,281)	0
<b>Total net profit from discontinued operations</b>	<b>43,188</b>	<b>57,965</b>



## 8. OTHER INCOME AND EXPENSES

### 8.1 Other operating income

	2009	2008
Government grants (related to income and to assets)	6,682	6,637
Income from CO <sub>2</sub> emission allowances	2,420	2,582
Other current operating income	5,512	7,951
Gains on non-current asset disposals	9,111	837
Gains on disposals of investment property	538	0
Gains on disposals of equity investments	14,027	13,077
Income from reversals of impairment losses on non-current assets	385	4,372
<b>Other income</b>	<b>4,866</b>	<b>3,915</b>
Employee benefit obligations: rebates and reversals of provisions	36	34
Income from litigation (provisions recovered)	3,826	2,780
Other more minor items of income	1,004	1,101
	<b>43,541</b>	<b>39,371</b>

The other operating income in 2009 includes the following non-recurrent items:

- A gain of EUR 9,111 thousand on the sale of property, plant and equipment (mainly one of the properties in northern Spain).
- A gain of EUR 13,980 thousand on the sale of the entire ownership interest in the associate Biocarburantes de Castilla y León, S.A. (see Note 13).
- Reversals of provisions for disputes amounting to EUR 3,826 thousand (see Note 21).
- The rest of the other operating income relates to grants, income from CO<sub>2</sub> emission allowances and other more minor amounts of operating income.

The other operating income in 2008 includes the following non-recurrent items:

- A gain of EUR 13,077 thousand on the sale of a block of shares of Puleva Biotech, S.A., of Herto N.V. (Belgium) and of SIEPA, S.A. (France).
- Reversals of impairment losses on intangible assets and of provisions for disputes amounting to EUR 7,152 thousand.

### 8.2 Other operating expenses

	2009	2008
External expenses and outside services	(322,415)	(321,382)
Advertising expenditure	(92,891)	(85,913)
Research and development expenditure	(8,315)	(8,211)
Expenses relating to CO <sub>2</sub> emission allowances	(2,420)	(2,582)
Taxes other than income tax	(15,044)	(14,708)
Losses on disposals of non-current assets and impairment losses	(37,026)	(17,261)
<b>Other expenses and provisions recognised</b>	<b>(10,030)</b>	<b>(14,039)</b>
Provision for litigation and disputes	(3,383)	(6,021)
Sundry industrial restructuring costs	(2,895)	(5,916)
Other more minor expense items	(3,752)	(2,102)
	<b>(488,141)</b>	<b>(464,096)</b>

The other operating expenses in 2009 include the following non-recurrent items:

- Losses of EUR 5,576 thousand on the derecognition or disposal of various items of industrial equipment and fixtures. The most significant is the loss of EUR 2,389 thousand on the sale of industrial combined heat and power generation equipment.
- Recognition of an impairment loss of EUR 13,442 thousand on property, plant and equipment (see Note 10).
- Recognition of an impairment loss of EUR 5,000 thousand on intangible assets. This impairment loss relates to one of the trademarks the value of which is expected to recover in the future (see Note 9).
- Period provision of EUR 3,383 thousand for certain legal proceedings in process.
- Expenses of EUR 2,895 thousand arising from various labour force restructuring processes.
- Expense (reduction in sale proceeds) of EUR 12,877 thousand arising from the out-of-court settlement in June 2009 with the buyer of the land of the former sugar refinery in Alagón –Zaragoza- (see Note 11).

The other operating expenses in 2008 include the following non-recurrent items:

- Losses of EUR 7,580 thousand on the derecognition or disposal of various items of industrial equipment, fixtures and computer software.
- Recognition of an impairment loss of EUR 7,500 thousand on property, plant and equipment as a result of the cancellation of the project to build a biodiesel plant in Jédula (Cádiz).
- Recognition of an impairment loss of EUR 2,188 thousand on property, plant and equipment at the Houston (US) plant as a result of investments in the new Memphis (US) plant.
- Period provision of EUR 6,021 thousand for certain legal proceedings in process.
- Expenses of EUR 5,916 thousand arising from labour force restructuring processes at various companies.

### 8.3 Finance costs and income (continuing operations)

	2009	2008
<b>Finance costs</b>		
On payables to third parties	(26,715)	(70,589)
Losses on derecognition or disposal of financial assets and liabilities	(160)	(1)
Impairment losses on financial assets recognised	(2,031)	(3,095)
Expenses and losses relating to derivatives and financial instruments	(835)	(2,243)
Exchange losses	(14,467)	(8,304)
	<b>(44,208)</b>	<b>(84,232)</b>
<b>Finance income</b>		
From investments in non-Group companies	5,344	3,478
Gains on derecognition or disposal of financial assets and liabilities	92	34
Impairment losses on financial assets reversed	1,269	546
Gains on derivatives and financial instruments	578	4,568
Exchange gains	16,418	5,920
	<b>23,701</b>	<b>14,546</b>
<b>Net finance costs</b>	<b>(20,507)</b>	<b>(69,686)</b>

### 8.4 Staff costs (continuing operations)

	2009	2008
Wages and salaries	(208,981)	(210,251)
Other employee benefit costs	(15,231)	(17,455)
Social security and similar costs	(40,911)	(42,619)
Termination benefits	(126)	(320)
Post-employment benefit and similar costs	(7,726)	(4,567)
	<b>(272,975)</b>	<b>(275,212)</b>

The detail of the average number of employees in 2009 and 2008 and of the 2009 and 2008 year-end headcounts at the Group companies (taking into account the changes on the scope of consolidation during the period) is as follows:

AVERAGE NUMBER 2008	Men		Women		Total
	Permanent	Temporary	Permanent	Temporary	
Executives	150	0	44	0	194
Supervisors	458	9	183	15	665
Clerical staff	502	19	433	22	976
Assistants	526	6	245	11	788
Sales personnel	228	8	81	5	322
Other staff	1,759	551	505	69	2,884
	3,623	593	1,491	122	5,829
Negocio azucarero (discontinuado)	815	107	93	39	1,054
Total	4,438	700	1,584	161	6,883
AVERAGE NUMBER 2009					
Executives	136	0	49	0	185
Supervisors	462	9	181	12	664
Clerical staff	384	23	395	32	834
Assistants	91	8	40	8	147
Sales personnel	217	9	83	5	314
Other staff	2,408	547	546	48	3,549
Total	3,698	596	1,294	105	5,693

YEAR-END HEADCOUNT 2008	Men		Women		Total
	Permanent	Temporary	Permanent	Temporary	
Executives	140	0	42	0	182
Supervisors	435	6	178	15	634
Clerical staff	474	17	420	22	933
Assistants	128	6	38	8	180
Sales personnel	213	6	76	3	298
Other staff	2,222	375	567	56	3,220
	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
YEAR-END HEADCOUNT 2009					
Executives	136	0	50	0	186
Supervisors	475	10	181	16	682
Clerical staff	382	18	396	35	831
Assistants	91	7	41	9	148
Sales personnel	218	11	82	7	318
Other staff	2,340	446	537	39	3,362
Total	3,642	492	1,287	106	5,527

## 9. INTANGIBLE ASSETS

The detail of the consolidated Group's intangible assets at December 31, 2009 and 2008, of the related accumulated amortisation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

CARRYING AMOUNTS	Development expenditure	Trademarks and patents	Computer software	CO <sub>2</sub> emission allowances and other	Intangible assets in progress	Total
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
Balance at December 31, 2009	4,192	279,357	8,481	2,555	937	295,522

GROSS COST	Development expenditure	Trademarks and patents	Computer software	CO <sub>2</sub> emission allowances and other	Intangible assets in progress	Total
Balance at December 31, 2007	6,169	279,677	36,659	95	2,153	324,753
Business combination		3,809	17			3,826
Disposals of businesses		(427)	(149)			(576)
Increases in the year	3,372	684	1,577	7,777	(1,543)	11,867
Decreases in the year	(767)		(3,801)	(18)		(4,586)
Translation differences		6,691	170			6,861
Assets classified as held for sale		(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
Business combination						0
Sales of businesses						0
Increases in the year	1,368	3,487	4,384	2,528	922	12,689
Decreases in the year	(246)	(195)	(784)	(2,768)		(3,993)
Translation differences		(3,607)	(292)		(8)	(3,907)
Assets classified as held for sale						0
Transfers	518		99		(495)	122
Balance at December 31, 2009	10,414	289,931	32,130	2,578	937	335,990

ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	Development expenditure	Trademarks and patents	Computer software	CO <sub>2</sub> emission allowances and other	Intangible assets in progress	Total
Balance at December 31, 2007	(3,397)	(8,266)	(23,990)	0	0	(35,653)
Business combination						0
Disposals 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 classified as held for sale			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)
Business combination						0
Disposals of businesses						0
Increases in the year	(1,410)	(5,509)	(3,928)	(4)		(10,851)
Decreases in the year	140	195	720			1,055
Translation differences		9	144			153
Assets classified as held for sale						0
Transfers	(248)	130	77			(41)
Balance at December 31, 2009	(6,222)	(10,574)	(23,649)	(23)	0	(40,468)

The trademarks and patents included in intangible assets were acquired directly or through business combinations. Substantially all these intangible assets were regarded as having an indefinite useful life and they were measured using the cost model. In 2009 and 2008 the most significant of these assets were tested for impairment (by independent valuers -American Appraisal-) and their values were allocated to the following cash-generating units:

- EUR 15,043 thousand (2008: EUR 20,043 thousand) of the carrying amount of the trademarks were allocated to the Herba Germany cash-generating unit of the Herba rice business segment.
- EUR 84,082 thousand (2008: EUR 87,277 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the US Riviana rice business segment.
- EUR 83,182 thousand (2008: EUR 83,182 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the French Panzani pasta business segment.
- EUR 9,150 thousand (2008: EUR 9,150 thousand) of the carrying amount of the trademarks were allocated to the Puleva Infantil cash-generating unit as part of the dairy product business segment.
- EUR 65,725 thousand (2008: EUR 63,485 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the US NWP pasta business segment.
- EUR 13,408 thousand (2008: EUR 13,047 thousand) of the carrying amount of the trademarks were allocated to the cash-generating unit of the European Birkel pasta business segment.
- EUR 3,752 thousand (2008: EUR 3,809 thousand) of the carrying amount of the trademarks and other similar intangible assets were allocated to the Puleva Biotech cash-generating unit.
- EUR 4,000 thousand (2008: EUR 4,000 thousand) of the carrying amount of the trademarks were allocated to the Risella (Finland) cash-generating unit as part of the Herba rice business segment.

The recoverable amount of these trademarks, or of the cash-generating units to which they belong, was determined on the basis of their value in use, using cash flow projections based on five-year budgets. The discount rates used in the cash flow projections range from 9.00% to 9.68%, depending on the geographical area in which the trademark or cash-generating unit is located, and the cash flows for periods beyond the five-year period are extrapolated using a growth rate equal to the average long-term growth rate of the unit in question, which is usually between 0.0% and 2% depending on the business concerned.

As regards the assumptions used in calculating the value in use of these trademarks, it is considered that in no case would any reasonable and possible change in any of the assumptions used increase the carrying amount of these trademarks to above their recoverable amount.

#### Changes in the year

2008 saw the addition of the Exxentia Group trademarks (acquired by Puleva Biotech, S.A.) effective January 1, 2008. Also, in 2008 significant amounts continued to be invested in computer software in order to adapt the equipment of the US subsidiaries to the systems habitually used by the Group, and the development expenditure increased in relation to new products, above all in the dairy product business. The decreases related to the replacement of computer software.

In 2009 the most significant changes in "Intangible Assets" were as follows:

- Increase of EUR 12,689 thousand relating to new intangible assets: acquisition of the Cateli trademark by NWP (US), the White Tower trademark by S&B (UK), computer software (EUR 4,384 thousand) and CO<sub>2</sub> emission rights (EUR 2,528 thousand).
- Net decrease of EUR 3,754 thousand due to translation differences.

In 2009 CO<sub>2</sub> emission rights amounting to EUR 2,768 thousand were derecognised and there were other non-material additions and reductions.

Therefore, at December 31, 2009, "Trademarks" included mainly:

- those acquired in 2003 and 2004 (Reis Fit, Puleva Infantil and Risella);
- those contributed by the Riviana Group in 2004 (basically the seven most significant trademarks with which it operates);
- those contributed by the Panzani Group in 2005 (the four most significant trademarks);
- those contributed by the NWP Group in 2006 (its eight main trademarks);
- the acquisition in October 2006 of the US Minute Rice rice trademarks;
- the two trademarks of the German Birkel Group acquired in 2007;
- the trademarks and similar intangible assets of the Exxentia Group acquired in 2008; and
- the trademarks acquired in 2009: acquisition of the Cateli trademark by NWP (US) and the White Tower trademark by S&B (UK).

The charges (and, where appropriate, credits) to the consolidated income statements for 2009 and 2008 in relation to these intangible assets were as follows: EUR 5,851 thousand and EUR 6,436 thousand, respectively, of amortisation; EUR 5,000 thousand and EUR 0 thousand, respectively, of impairment losses; EUR 0 thousand and EUR 1,883 thousand, respectively, of losses on the derecognition of these assets; and credits of EUR 0 thousand and EUR 3,500 thousand, respectively, relating to the reversal of impairment losses on one of the trademarks as a result of the recovery of its value due to the sound performance of the market for the related products.

It should be taken into account that EUR 327 thousand of the aforementioned amortisation charge for 2008 should be deducted in relation to the assets of the sugar business, whose income and expense were reclassified to discontinued operations (see Note 7).

## 10. PROPERTY, PLANT AND EQUIPMENT

The detail of the consolidated Group's property, plant and equipment at December 31, 2009 and 2008, of the related accumulated depreciation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

CARRYING AMOUNTS	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other items of plant and equipment	Property, plant and equipment in the course of construction	Total
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
Balance at December 31, 2009	75,411	141,442	275,630	17,386	7,688	27,172	544,729

GROSS COST	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other items of plant and equipment	Property, plant and equipment in the course of construction	Total
Balance at December 31, 2007	99,331	387,500	1,367,116	50,483	27,890	24,331	1,956,651
Business combination	331	276	6,082	136	355	1,001	8,181
Disposals of businesses	(2,713)	(14,013)	(31,376)	(2,954)		(172)	(51,228)
Increases in the year	546	10,886	49,009	2,354	3,604	40,844	107,243
Decreases in the year	1,780	(58,130)	(308,840)	(614)	(617)		(366,421)
Translation differences	296	32	2,144	(26)	(271)	511	2,686
Assets classified as held for sale	(10,502)	(88,855)	(356,479)	(3,726)	(8,953)	(27,754)	(496,269)
Transfers	(13,707)	(3,803)	(16)		31		(17,495)
Balance at December 31, 2008	75,362	233,893	727,640	45,653	22,039	38,761	1,143,348
Business combination			95				95
Disposals of businesses						0	
Increases in the year	4,489	28,852	40,615	2,821	2,064	(5)	78,836
Decreases in the year	(3,788)	(2,825)	(19,768)	(826)	(1,631)		(28,838)
Translation differences	(270)	(1,169)	(2,046)	(9)	56	(505)	(3,943)
Assets classified as held for sale							0
Transfers	(382)	(2,141)	193	527	(613)	(542)	(2,958)
Balance at December 31, 2009	75,411	256,610	746,729	48,166	21,915	37,709	1,186,540

ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES	Land	Buildings	Plant and machinery	Other fixtures, tools and furniture	Other items of plant and equipment	Property, plant and equipment in the course of construction	Total
Balance at December 31, 2007	0	(183,783)	(922,909)	(28,657)	(20,934)	(322)	(1,156,605)
Business combination							0
Disposals of businesses		5,308	20,606	2,759			28,673
Increases in the year		(12,228)	(83,200)	(3,935)	(2,212)	(7,500)	(109,075)
Decreases in the year		54,828	306,187	827	438		362,280
Translation differences		28	(436)	36	113		(259)
Assets classified as held for sale		28,328	250,837	1,721	8,060		288,946
Transfers		20	66	(24)	(10)		52
Balance at December 31, 2009	0	(107,499)	(428,849)	(27,273)	(14,545)	(7,822)	(585,988)
Business combination			(17)				(17)
Disposals of businesses							0
Increases in the year		(9,114)	(56,769)	(3,736)	(3,059)	(2,715)	(75,393)
Decreases in the year		870	13,067	569	3,115		17,621
Translation differences		155	1,140	10	(23)		1,282
Assets classified as held for sale							0
Transfers		420	329	(350)	285		684
Balance at December 31, 2009	0	(115,168)	(471,099)	(30,780)	(14,227)	(10,537)	(641,811)

The Group takes out the insurance policies it considers necessary to cover the possible risks that might affect its property, plant and equipment.

The additions to "Property, Plant and Equipment in the Course of Construction" include the amounts relating to the manufacture of new product lines and, in general, to the improvement of the quality of industrial processes, products and environmental conditions.

In relation to certain investments made by various Group companies in 2009 and prior years, grants were obtained from public agencies, the amounts of which are indicated in Note 19.

None of the property, plant and equipment retired from service relate to significant amounts.

### Changes in 2008

The acquisition of the Exxentia Group in 2008 gave rise to property, plant and equipment additions amounting to EUR 8,181 thousand. The decreases in 2008 were due to several factors:

- On the one hand, the disposals of property, plant and equipment through the sale of Herto (Belgium), Siepa (France) and the soft wheat business of GMM. These operations formed part of the rice and pasta businesses, but overall did not account for a significant proportion thereof.
- On the other, the disposals of property, plant and equipment as a result of the closure of the Peñafiel, Guadalcaçín and Rinconada sugar refineries, in accordance with the reform of the CMO in the sugar sector, and other more minor disposals at other workplaces because the related assets had been fully depreciated and were no longer in use.

The net transfers of EUR 15,355 thousand in 2008 relate mainly to the land at the sugar refineries closed in the context of the reform of the CMO in the sugar sector which had been classified as investment property. The other transfers amounting to EUR 2,088 thousand relate to the additional impairment losses recognised in 2008 in relation to the plants closed down as an adjustment to the impairment losses already recognised at 2007 year-end.

### Changes in the year

The most significant Changes in "Property, Plant and Equipment" in 2009 were as follows:

- Net decrease of EUR 2,661 thousand due to translation differences.
- Increase of EUR 78,836 thousand due to the investments in 2009. They relate basically to the new plant of the rice business in the US and the technical improvements and new fixtures at the plants in Denmark and France and of Puleva Biotech.

- Decrease due to the depreciation charge for the year of EUR 61,951 thousand.
- Decrease due to the impairment losses recognised in the year amounting to EUR 13,442 thousand (see Note 8.2).
- Decrease due to transfers to investment property amounting to EUR 2,247 thousand.
- In 2009 the net disposals amounted to EUR 11,217 thousand.

The depreciation charges and impairment losses relating to these items of property, plant and equipment amounted to EUR 61,951 thousand and EUR 13,442 thousand, respectively in 2009 (2008: EUR 90,552 thousand and EUR 18,523 thousand, respectively).

It should be taken into account that in 2008 EUR 26,743 thousand and EUR 8,728 thousand, respectively, should be deducted from the aforementioned depreciation charge and impairment losses, respectively, in relation to the assets of the sugar business the income and expenses of which were reclassified to discontinued operations (see Note 7).

Of the impairment losses recognised in 2008 on property, plant and equipment, EUR 8,728 thousand related to the effect of the restructuring of the sugar business, EUR 7,500 thousand arose from the cancellation of the biodiesel plant project in Jédula (Cádiz) and EUR 2,118 thousand related to impairment losses recognised for the assets of the Houston (US) plant as a result of their future relocation to the new Memphis (US) plant.

Of the impairment losses recognised for property, plant and equipment in 2009, the most significant amount, EUR 6,189 thousand, related to the closure of the Houston plant (US) in the next twelve months, and EUR 2,715 thousand and EUR 2,255 thousand related to biodiesel equipment and to combined heat and power generation equipment, respectively.

Also, in 2009 losses of EUR 5,576 thousand (2008: EUR 5,276 thousand) were incurred on the derecognition or disposal of property, plant and equipment.

## 11. INVESTMENT PROPERTY

The detail of the consolidated Group's investment property at December 31, 2009 and 2008, of the related accumulated depreciation and impairment losses and of the changes therein each year is as follows (in thousands of euros):

CARRYING AMOUNTS	Land	Buildings	Total
Balance at December 31, 2007	5,659	8,847	14,506
Balance at December 31, 2008	19,101	11,425	30,526
Balance at December 31, 2009	18,595	13,557	32,152

	GROSS COST			ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES		
	Land	Buildings	Total	Land	Buildings	Total
Balance at December 31, 2007	5,659	12,792	18,451	0	(3,945)	(3,945)
Business combination	122	451	573			0
Increases in the year	111	617	728	(421)	(82)	(503)
Decreases in the year	(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)
Business combination			0			0
Increases in the year	611	513	1,124		(242)	(242)
Decreases in the year	(1,361)	(606)	(1,967)		416	416
Translation differences		50	50		(2)	(2)
Transfers	381	2,600	2,981	(137)	(597)	(734)
Balance at December 31, 2009	19,153	19,901	39,054	(558)	(6,344)	(6,902)



Investment property is carried at cost. For information purposes, the fair value of the most significant investment property amounts to between EUR 60 million and EUR 90 million. The value of most of the properties was determined on the basis of appraisals conducted in the last four years. The fair value represents the amount for which the assets can be exchanged on the date of the appraisal by two willing parties in an arm's length transaction, as provided for by International Valuation Standards.

In 2009 the depreciation charge for 2009 amounted to EUR 242 thousand (2008: EUR 82 thousand) and impairment losses amounting to EUR 0 thousand (2008: EUR 421 thousand) were recognised.

The decreases relate to sales of properties to third parties. The transfers in 2008 related mainly to the land at the sugar refineries closed in the context of the reform of the CMO in the sugar sector (mentioned in Note 10 above) which was not sold with the sugar business and which had been classified as investment property.

Except as indicated below, there are no restrictions on the realisation of the investment property, on the collection of the income therefrom or on the funds obtained from its disposal.

One of the sale agreements, entered into at the end of 2006, which gave rise to a pre-tax gain of EUR 28 million in that year, was subject to the effective approval of the modification of the urban zoning classification by the Alagón (Zaragoza) Municipal Council. Under this sale agreement, after the change of urban zoning classification approved by the Alagón Municipal Council had been published in November 2008 and because the buyer did not attend the execution of the public deed of sale for the payment of the outstanding amount of EUR 24,000 thousand (recognised under "Trade and Other Receivables"), in January 2009 a claim was filed against the buyer demanding fulfilment of its obligations in relation to the formalisation and payment of the outstanding amounts. However, in June 2009 an out-of-court settlement was reached with the buyer of the land of the old sugar refinery in Alagón (Zaragoza) resolving the dispute.

Through this agreement, Ebro Puleva, S.A. recovered 40% of the land sold (which was recognised at the historical acquisition cost prior to the sale) as consideration for 40% of the total original price of the transaction. The rest of the price, net of the amount already received, was deferred and secured with a bank guarantee. The balance receivable of EUR 12,000 thousand will be paid in five annual instalments of EUR 2,400 thousand each, the first of which was collected in July 2009. This transaction gave rise to an expense (reduction in the proceeds from the sale) of EUR 12,877 thousand, which was recognised under "Other Operating Expenses" in the accompanying consolidated income statement for 2009 (see Note 8.2).

## 12. FINANCIAL ASSETS

The detail of "Financial Assets" in the consolidated balance sheets at December 31, 2009 and 2008 is as follows (in thousands of euros):

	12-31-09	12-31-08
<b>Held-for-trading financial assets</b>	<b>149</b>	<b>223</b>
<b>Held-to-maturity investments:</b>		
Deposits and guarantees	2,279	1,923
<b>Loans and receivables:</b>		
Loans and receivables - associates	0	12,117
Loans and receivables - third parties	59,801	7,573
	<b>59,801</b>	<b>19,690</b>
<b>Total financial assets</b>	<b>62,229</b>	<b>21,836</b>

### Loans and receivables - associates

The loans to associates related mainly to the loan of EUR 9 million granted in 2008 to Biocarburantes de Castilla y León, S.A. (a 50%-owned associate) of which EUR 5 million were repaid in the first half of 2009. At 2009 year-end the balance was zero. In the second half of 2009 the loan and the entire ownership interest in this associate were transferred to third parties outside the Ebro Puleva Group.

### Loans and receivables - third parties

The balance of "Loans and Receivables - Third Parties" at 31 December 2009 and 2008 included mainly the following:

- EUR 3,920 thousand in 2009 and EUR 7,573 thousand in 2008 relating to financing granted to livestock farmers (dairy product business) and other companies for more minor amounts.
- EUR 31,800 thousand relating to the deferred portion of the selling price of the sugar business (see Note 7), earning explicit interest tied to Euribor.
- EUR 9,054 thousand relating to the deferred portion of the selling price of the Alagón land (see Note 11), earning implicit interest at 2.5%.
- EUR 15,027 thousand relating to the deferred portion of the selling price of the investment in Biocarburantes de Castilla y León, S.A., earning implicit interest at 2.5%.

Of the total balance of this line item in 2009 and 2008, EUR 59,319 thousand and EUR 7,078 thousand, respectively, were denominated in euros and EUR 482 thousand and EUR 495 thousand, respectively, were denominated in US dollars.

The following amounts fall due each year from 2010 onwards: EUR 23,064 thousand, EUR 31,609 thousand, EUR 2,384 thousand and EUR 2,207 thousand, with the remaining EUR 537 thousand falling due from 2014 onwards.

### 13. INVESTMENTS IN ASSOCIATES

The changes in 2009 and 2008 were as follows (in thousands of euros):

ASSOCIATE	Balance at 12-31-07	Increases due to acquisitions	Decreases due to sales	Dividends paid	Profit (Loss) for the year	Translation differences	Other changes	Balance at 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		(189)	0
Associates of Dosbio 2010, S,L,	0	306						306
Associates of Puleva Biotech Group	0	42					(4)	38
Associates of Herba	89				(7)	1		83
Associates of Panzani in liquidation	610	3,589			(3,589)		(219)	391
	16,067	12,437	0	(682)	(14,275)	158	(412)	13,293

ASSOCIATE	Balance at 12-31-08	Increases due to acquisitions	Decreases due to sales	Dividends paid	Profit (Loss) for the year	Translation differences	Other changes	Balance at 12-31-09
Biocarburantes de Castilla y León, S.A,	5,096		(2,546)		(2,550)			0
Lince Insurance, Ltd, (in liquidation)	4,087				249		(919)	3,417
Associates of Riviana Foods Inc,	3,292			(1,850)	1,640	(104)		2,978
Associates of Dosbio 2010, S,L,	306		(306)					0
Associates of Puleva Biotech Group	38		(38)					0
Associates of Herba	83				(2)		(81)	0
Associates of Panzani in liquidation	391	11			(11)			391
	13,293	11	(2,890)	(1,850)	(674)	(104)	(1,000)	6,786

Except for Biocarburantes de Castilla y León, S.A. (see additional information on this company in Notes 12, 26 and 27.2), none of the aforementioned companies have significant assets, income, financial debt and/or material guarantees granted by the Ebro Puleva Group.

Also, the Ebro Puleva Group's ownership interest in Biocarburantes de Castilla y León, S.A. (50% of its share capital) was sold in full in September 2009 to the other shareholder with a 50% ownership interest in that company (not related to the Ebro Puleva Group). The sale gave rise to a gain before income tax of EUR 13,980 thousand in 2009 (see Note 8.1).

Although the Group owns all the shares of Lince Insurance, Ltd. (which managed the Group's non-current asset insurance policies), this investment was accounted for using the equity method because the failure to fully consolidate it does not have a material effect on the Group's consolidated financial statements and, in addition, it is currently in the process of being liquidated. However, following is a detail of this company's main assets and liabilities:

LINCE INSURANCE, LTD,	12-31-09	12-31-08
Current assets	58	280
Cash and cash equivalents	3,536	4,937
Provisions (insurance)	0	(1,021)
Current liabilities	(177)	(109)
Net assets	3,417	4,087
Total revenue	135	1,764
Net profit for the year	249	493

## 14. GOODWILL

The changes in 2009 and 2008 in "Goodwill" were as follows (in thousands of euros):

SEGMENT	Cash-generating unit or group of cash-generating units	Balance at 12-31-07	Increases	Decreases and other	Decrease due to impairment	Translation differences	Balance at 12-31-08
Herba Rice	Danrice (Denmark)	14,524					14,524
Herba Rice	Vogan (UK)	1,438				(331)	1,107
Herba Rice	Riceland (Hungary)	2,126					2,126
Herba Rice	Steve & Brotherton (UK)	611					611
Herba Rice	Mundiriz (Morocco)	2,612			(523)	25	2,114
Dairy	Puleva Food (FC merger)	53,754					53,754
Dairy	Lactimilk, S.L.	437			(8)		429
US Riviana	US Riviana Group	80,813				4,663	85,476
US Riviana	Minute Rice	124,914				7,209	132,123
Panzani France	Panzani Group	417,449					417,449
US pasta	NWP Group	107,739			(6,827)	(70)	100,842
Other	Jiloca, S.A.	129					129
Other	P. Biotech Group	0	25,728				25,728
		806,546	25,728	0	(7,358)	11,496	836,412

SEGMENT	Cash-generating unit or group of cash-generating units	Balance at 12-31-08	Increases	Decreases and other	Decrease due to impairment	Translation differences	Balance at 12-31-09
Herba Rice	Danrice (Denmark)	14,524					14,524
Herba Rice	Vogan (UK)	1,107				81	1,188
Herba Rice	Riceland (Hungary)	2,126					2,126
Herba Rice	Steve & Brotherton (UK)	611					611
Herba Rice	Mundiriz (Morocco)	2,114	9		(185)	(26)	1,912
Dairy	Puleva Food (FC merger)	53,754		1	(8)		53,747
Dairy	Lactimilk, S.L.	429					429
US Riviana	US Riviana Group	85,476				(2,891)	82,585
US Riviana	Minute Rice	132,123				(4,468)	127,655
Panzani France	Panzani Group	417,449					417,449
US pasta	NWP Group	100,842			(15,953)	2,822	87,711
Other	Jiloca, S.A.	129					129
Other	P. Biotech Group	25,728		(2,108)	(12,000)		11,620
		836,412	9	(2,107)	(28,146)	(4,482)	801,686

In 2009 there were no business combinations that gave rise to significant goodwill, and in 2008 the Exxentia Group was acquired (see Note 5).

The goodwill arose from business combinations or the acquisition of intangible assets. On December 31, 2009 and 2008, these assets were tested for impairment (by independent valuers -American Appraisal-), and their value was allocated to the cash-generating units or groups of units shown in the preceding table. The recoverable amount of the cash-generating units to which the goodwill corresponds was determined on the basis of their value in use, using cash flow projections based on five-year budgets.

The discount rates used in the cash flow projections range from 7.5% to 8.5%, depending on the geographical area in which trademark or cash-generating unit is located, and the cash flows for periods beyond the five-year period are extrapolated using a growth rate equal to the average long-term growth rate of the unit in question, which is usually between 0.5% and 1.5% depending on the case.

It was considered that no reasonable and possible change in any of the assumptions used in calculating the recoverable amount of the cash-generating unit to which the goodwill was allocated would cause its carrying amount to exceed its recoverable amount.

## 15. INVENTORIES

The detail of "Inventories" at December 31, 2009 and 2008 is as follows (in thousands of euros):

	12-31-09	12-31-08
Goods held for resale	12,977	13,924
Raw materials	84,801	120,986
Consumables and spare parts	8,004	8,524
Containers	16,311	18,096
Work in progress	27,390	60,762
Finished goods	113,613	123,112
By-products and waste	5,979	6,639
Advances to suppliers	11,259	14,076
<b>Total gross inventories</b>	<b>280,334</b>	<b>366,119</b>
Inventory write-downs	(2,806)	(8,588)
<b>Total net inventories</b>	<b>277,528</b>	<b>357,531</b>

At 2009 (2008) year-end the balance of "Advances to Suppliers" in the consolidated balance sheet included EUR 7,957 (10,536) thousand relating to payments made to rice growers and there were firm paddy rice purchase agreements amounting to EUR 10,805 (22,936) thousand. Also, the Riviana Group has raw material purchase commitments totalling approximately EUR 15,266 thousand (2008: EUR 20,873 thousand).

The Panzani Group has semolina purchase commitments for 55 thousand tonnes per year until December 1, 2013 for a fixed price consisting of the production cost plus a margin that is revised each year on the basis of various parameters. Also, the Panzani Group has commitments to a single supplier until February 28, 2014 for package purchases from a closed list of products.

In 2009 the inventory write-downs recognised and reversed amounted to EUR 7,934 thousand and EUR 13,765 thousand, respectively (2008: EUR 5,071 thousand and EUR 313 thousand, respectively).

## 16. TRADE AND OTHER RECEIVABLES

The detail of "Trade and Other Receivables" at December 31, 2009 and 2008 is as follows (in thousands of euros):

	12-31-09	12-31-08
Trade receivables	321,694	409,089
Receivable from associates	0	288
Sundry accounts receivable	31,375	26,576
Allowances	(11,387)	(12,449)
<b>Total</b>	<b>341,682</b>	<b>423,504</b>

The terms and conditions applicable to the accounts receivable from related parties are disclosed in Note 27. The trade receivables are not interest earning and generally mature at between 30 and 90 days. The detail of the age of the trade receivables at December 31, 2009 is as follows:

AGE OF THE RECEIVABLES	Amount
Less than 6 months	313,948
Between 6 and 12 months	3,348
Between 12 and 18 months	294
Between 18 and 24 months	390
More than 24 months	3,714
	<b>321,694</b>

In 2009 the provision recognised for trade and other receivables amounted to EUR 1,602 thousand, the allowances used in this connection amounted to EUR 2,607 thousand and the related translation differences amounted to EUR 57 thousand.

## 17. CASH AND CASH EQUIVALENTS

The detail of "Cash and Cash Equivalents" at December 31, 2009 and 2008 is as follows (in thousands of euros):

	12-31-09	12-31-08
Cash on hand and at banks	144,950	68,969
Short-term deposits and similar	54,980	48,615
<b>Total</b>	<b>199,930</b>	<b>117,584</b>

The cash at banks earns floating interest based on the daily interest rate for bank deposits. The maturities of the short-term deposits range from one day to three months depending on the Group's immediate liquidity needs; the deposits earn interest at the rates applied. The fair value of the cash and cash equivalents was EUR 199,930 thousand at 2009 year-end (2008 year-end: EUR 117,584 thousand).

During the year the companies invested their specific cash surpluses in debt repos and other similar instruments in order to obtain returns on them. All these investments are denominated in euros, except for a very small amount denominated in US dollars. In 2009 these investments earned annual average interest of around 3.0% (2008: 3.0%).

## 18. SHARE CAPITAL, RESERVES, EARNINGS PER SHARE AND DIVIDENDS

### 18.1 Share capital and reserves

#### Share capital

At December 31, 2009 and 2008, the share capital was represented by 153,865,392 fully subscribed and paid bearer shares of EUR 0.60 par value each traded on the Spanish Stock Exchanges.

Per the most up-to-date information available, the total direct and indirect ownership interests in the share capital of Ebro Puleva, S.A. held by companies owning more than 5% of the capital at December 31, 2009 were 15.721% held by Instituto Hispánico del Arroz, S.A. (2008: 15.344%), owned 8.831% directly (2008: 8.620%) and 6.889% indirectly (2008: 6.724%) through Hispafoods Invest, S.L.; 8.654% held by Alimentos y Aceites, S.A. (2008: 8.446%); 6.309% held by Casa Grande de Cartagena, S.L. (2008: 6.158%); 6.158% held by Caja de Ahorros de Salamanca y Soria (2008: 6.01%); 5.161% held indirectly by Caja España (2008: 5.037%) through Invergestión, Sociedad de Inversiones y Gestión, S.A.; and 6.694% held by Corporación Económica DAMM, S.A. (2008: 5.011%).

#### Share premium

The Consolidated Spanish Public Limited Liability Companies Law permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use. The share premium was distributed substantially in full in 2009 (see Note 18.3).

#### Restricted reserves

Also, Spanish companies that report a profit for the year must transfer 10% of that net profit to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed except in the event of dissolution but it can be used to offset losses, provided that sufficient other reserves are not available for this purpose, and to increase capital, provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. At December 31, 2009 and 2008, the Parent's legal reserve had reached the legally required minimum.

Noteworthy regarding the restrictions on the reserves of the subsidiaries is the existence of legal reserves of Spanish subsidiaries amounting to approximately EUR 25.6 million (2008: EUR 25.3 million), which are subject to the same restrictions as those described in the preceding paragraph on the Parent's legal reserve. The portion of these reserves that arose in the consolidation process is presented under "Retained Earnings".

The consolidated equity includes EUR 38,531 thousand and EUR 38,531 thousand in 2009 and 2008, respectively relating to Herba Foods S.L. Any distribution of these profits would be subject to income tax. In this connection, the tax point is considered to arise when the decision is taken to distribute the profits, which is not expected to occur at short or medium term.

Also, as a result of the revaluations made by Puleva, S.A. pursuant to Royal Decree-Law 7/1996, of June 7, revaluation reserves amounting to EUR 3,169 thousand were recognised.

This balance can be used, free of tax, to offset accounting losses (both prior years' accumulated losses and current year losses) or losses which might arise in the future, and to increase share capital. From April 1, 2007, the balance of this account can be taken to unrestricted reserves, provided that the monetary surplus has been realised. The surplus will be deemed to have been realised in respect of the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been transferred or derecognised. If the balance of this account were used in a manner other than that provided for in Royal Decree-Law 7/1996, it would be subject to tax.

#### Translation differences – Reserve due to translation of foreign currency

The reserve for translation of foreign currency is used to record the exchange differences that arise from the translation of the financial statements of foreign subsidiaries. It is also used to recognise hedges of net investments in foreign operations.

The detail, by company, of the translation differences at December 31, 2009 and 2008 is as follows (in thousands of euros):

	12-31-09	12-31-08
Herba business companies	(8,941)	(9,859)
RIVIANA Group	(26,194)	(25,136)
NWP Group	(19,938)	(22,511)
Total	(55,073)	(57,506)

### Treasury shares

In 2008 the Company made treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on April 18, 2007 and June 9, 2008 and, in accordance with current legislation, the Spanish National Securities Market Commission (CNMV) was notified accordingly. In 2008 4,483,601 treasury shares were acquired and 126,521 were sold. At 2008 year-end the Company held 5,078,735 treasury shares representing 3.301% of its share capital.

In 2009 the Parent made treasury share purchases and sales pursuant to authorisations granted by the shareholders at the Annual General Meetings held on April 28, 2009 and June 9, 2008 and, in accordance with current legislation, the CNMV was notified accordingly. In 2009 1,064,871 treasury shares were acquired and 1,849,002 were sold and, in addition, 3,628,135 shares were distributed in the form of an extraordinary stock dividend (see Note 18.3).

At 2009 year-end the Company held 666,469 treasury shares representing 0.43% of its share capital. No decision had been taken regarding the specific use to which these treasury shares would be put.

### 18.2 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to the ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit or loss attributable to ordinary shareholders of the Parent (after deducting interests in non-cumulative redeemable and convertible preference shares –of which there were none at Ebro Puleva, S.A. at December 31, 2009 and 2008–) by the average number of ordinary shares outstanding in the year (plus the average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares –of which there were none at Ebro Puleva, S.A. at December 31, 2009 and 2008–).

The detail of the profits and information on the shares used in calculating the basic and diluted earnings per share is as follows:

	12-31-09	12-31-08
Net profit attributable to the ordinary shareholders of the Parent from continuing operations	133,351	72,672
Profit attributable to the ordinary shareholders of the Parent from discontinued operations	43,188	57,965
Net profit attributable to the ordinary shareholders of the Parent	176,539	130,637
Interests in non-cumulative redeemable convertible preference shares	0	0
Net profit attributable to the ordinary shareholders of the Parent adjusted by the effect of the non-cumulative redeemable convertible preference shares	176,539	130,637

	2009 Thousands	2008 Thousands
Weighted average ordinary shares for basic earnings per share (*)	151,072	153,576
Dilutive effect:		
Share options	0	0
Redeemable preference shares	0	0
Weighted average ordinary shares adjusted by dilutive effect	151,072	153,576

(\*) taking into account the average number of treasury shares held in the year.

There were no transactions involving ordinary shares or potential ordinary shares in the period from the date of the consolidated financial statements to the date of their authorisation for issue.

### 18.3 Dividends

	2009	2008
<b>Declared and paid in the year (thousands of euros):</b>		
<b>Dividends on ordinary shares:</b>		
Final dividend for 2008: 94 euro cents (2007: 36 euro cents)	145,111	55,391
Interim dividend for 2009: 0 euro cents (2008: 0 euro cents)	0	0
	<b>145,111</b>	<b>55,391</b>
<b>Proposal for approval by the shareholders (not recognised as a liability at 31 December)</b>		
<b>Dividends on ordinary shares:</b>		
Final ordinary dividend for 2009: 40 euro cents (2008: 36 euro cents)	61,546	55,391
Final extraordinary dividend for 2009: 0 euro cents (2008: 36 euro cents)	0	55,391
Extraordinary stock dividend (using treasury shares)	0	34,329
	<b>61,546</b>	<b>145,111</b>

The dividend distribution approved by the shareholders at the Annual General Meeting held on April 28, 2009 was as follows:

- a) As a result of the consolidated profit for 2008 of the Ebro Puleva Group, the distribution of an ordinary dividend payable in cash out of unrestricted reserves of EUR 0.36 per share was approved, payable in four quarterly payments of EUR 0.09 each, on April 2, July 2, October 2 and December 22, 2009, for a total of EUR 55,391 thousand.
- b) Also, on an independent basis, following the success of the sale of the sugar business (Azucarera Ebro, S.L. and certain of its subsidiaries) the following extraordinary dividend was approved:
  - b.1) Extraordinary dividend payable in cash out of unrestricted reserves of EUR 0.36 per share (in addition to the ordinary dividend) payable in three payments of EUR 0.12 each in 2009, on the same dates as the last three ordinary dividend payments (July 2, October 2 and December 22), for a total of EUR 55,391 thousand.
  - b.2) Extraordinary stock dividend consisting of the delivery of treasury shares until the existing share premium has been used up (EUR 34,329 thousand) with a delivery ratio based on a market price of EUR 9.43 per share, of 1 new share for every 40.73 old shares, which entailed the delivery of approximately 3.6 million shares (around 2.36% of the share capital). The delivery ratio was established at the Board Meeting held immediately prior to the Annual General Meeting once the closing market price on the preceding day became known. This extraordinary stock dividend was paid in early May 2009.

### 19. DEFERRED INCOME

This account includes essentially grants related to assets and CO<sub>2</sub> emission allowances received. The changes in 2009 and 2008 were as follows:

	Government grants		Other deferred income		Total	
	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08
<b>Beginning balance</b>	<b>15,201</b>	<b>14,137</b>	<b>390</b>	<b>162</b>	<b>15,591</b>	<b>14,299</b>
Increases due to business combinations	0	1,716		0	0	1,716
Grants written off	(742)	(2,201)		0	(742)	(2,201)
Grants received	4,332	7,624		0	4,332	7,624
Increase due to CO <sub>2</sub> emission allowances		0	2,529	7,736	2,529	7,736
Other increases/decreases		0	(70)	213	(70)	213
Translation differences	6	(28)	0	0	6	(28)
Transfers to profit from continuing operations	(4,183)	(4,953)	(2,670)	(2,670)	(6,853)	(7,623)
Transfers to profit from discontinued operations		(195)		(4,150)	0	(4,345)
Reclassification to non-current assets held for sale		(899)		(901)	0	(1,800)
<b>Ending balance</b>	<b>14,614</b>	<b>15,201</b>	<b>179</b>	<b>390</b>	<b>14,793</b>	<b>15,591</b>



“Deferred Income” at 31 December 2009 and 2008 relates to grants related to assets granted to various Group companies in relation to investments in property, plant and equipment (to date these companies have met all the terms and conditions associated with the grants), the value assigned to the CO<sub>2</sub> emission allowances received under the related national plans and other more minor items.

In 2008 Centro para el Desarrollo Tecnológico Industrial (CDTI) awarded a grant to the consortium made up of 16 companies led by Puleva Biotech, S.A. for the implementation of a CENIT research project aimed at weight control and the prevention of obesity. This project has an estimated duration of four years (2008-2011).

The detail, by due date, of the grants is as follows:

GOVERNMENT GRANTS	Amount not yet allocated to profit or loss			
	< 1 year	2-5 years	> 5 years	Total
Detail of ending balance by due date	4,796	8,241	1,577	14,614

## 20. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The changes in “Provisions for Pensions and Similar Obligations” at the Group in 2009 were as follows (in thousands of euros):

	12-31-09	12-31-08		
	Total	Continuing operations	Discontinued operations	Total
Balance at January 1	39,060	24,600	10,786	35,386
Translation differences	(231)	(526)	0	(526)
Business combinations	0	0	0	0
Amounts used and payments	(9,231)	(6,634)	(1,984)	(8,618)
Transfers from other accounts	608	2,768	0	2,768
Excessive provisions and termination benefits	(36)	(543)	0	(543)
Charge for the year - actuarial changes	1,883	14,260	0	14,260
Charge for the year to financial profit or loss	993	52	379	431
Charge for the year to staff costs	7,726	4,567	1,546	6,113
Charge for the year to other operating expenses	181	516	0	516
Reclassification to liabilities associated with assets classified as held for sale	0	0	(10,727)	(10,727)
Balance at December 31	40,953	39,060	0	39,060

The detail, by type of obligation, is as follows (in thousands of euros):

	12-31-09	12-31-08
Defined benefit obligations	23,134	25,414
Retirement bonus and similar obligations	9,710	10,048
Senior executive incentive plan (see Note 27.6)	8,109	3,598
Total	40,953	39,060

The obligations, by company or segment, are summarised as follows:

	Defined contribution pension obligations	Defined benefit pension obligations	Other defined benefit obligations	Retirement bonus obligations	Long-service bonus obligations	Termination benefit obligations
Ebro Puleva, S.A.	Yes (a)				Yes (b)	
Puleva Food Group				Yes (a)		
Riviana Group (US)		Yes (c)	Yes (c)			
NWP (US 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)				Yes (b)
Euryza (Herba) (Germany)		Yes (c) (e)				
S&B Group (Herba) (UK)	Yes (e)	Yes (c) (e)				
Birkel Group (Germany)		Yes (b)		Yes (b)		

- a) Obligations externalised through an insurance policy. These obligations were originally defined benefit obligations, but as a result of the externalisation they became defined contribution obligations since they met the minimum requirements for being considered as such.
- b) Unexternalised obligations. In-house provisions and management.
- c) External management of these obligations. The administration, management and investment decisions relating to these assets are performed by an Administration Committee that is independent of Company management.
- d) In 2007 they became defined contribution obligations.
- e) In 2007 all obligations to current employees became defined contribution obligations, whereas the obligations to former employees continued to be defined benefit obligations.

Below is a description of the most significant obligations in terms of their relative importance as regards all the obligations taken as a whole and/or those which due to their specific circumstances must be disclosed.

## 20.1 Retirement bonus and other similar obligations

The detail, by company or business, is as follows:

	12-31-09	12-31-08
Ebro Puleva, S.A. (EP)	352	168
Dairy Group	0	0
Panzani France Group (Panzani)	8,268	8,477
Herba Rice Group (Herba)	709	717
BIRKEL Group	204	343
Dosbio 2010, S.L.	0	171
BPB (Belgium)	177	172
<b>Subtotal</b>	<b>9,710</b>	<b>10,048</b>

### 20.1.1 Ebro Puleva, S.A.

As indicated in Note 3-n, some of the employees of Ebro Puleva, S.A. are beneficiaries of various supplementary pension payments which until 2002 were covered by an in-house provision.

In accordance with current legislation, Ebro Puleva, S.A. complied with the obligation to externalise these pension obligations before November 16, 2002, including the amounts reimbursed in the event of death in service.

Each year subsequent to the arrangement of the externalised policies, the adjustments are made that could be required to regularise the policies as a result of the obligations vested each year by current employees and of the changes in their personal and salary conditions with respect to those envisaged in the technical bases detailed in the notes to the consolidated financial statements for 2001. As a result of the possible adjustments to the coverage of these policies, the related premiums are paid to the insurance company so that the obligations to the employees are adequately covered on a permanent basis. The premiums paid for 2009 and 2008 were for very small amounts and were recognised under "Staff Costs".

As a result of the aforementioned externalisation, in 2002 the in-house provisions were eliminated from liabilities.

The balance of the account at December 31, 2009 of Ebro Puleva, S.A. totalling EUR 352 thousand (December 31, 2008: EUR 168 thousand) relates to the provision to meet the possible long-service bonus obligations to employees that do not have to be externalised. The expense for 2009 was EUR 184 thousand (2008: EUR 42 thousand).

#### **20.1.2 Puleva Food Group**

The collective agreement applicable to the Granada, Jerez de la Frontera and Seville plants belonging to the former Puleva, S.A. provides for early retirement bonus obligations to employees who have served at the company for more than ten years and who request early retirement (with a maximum of seven employees per year).

In accordance with current legislation, these companies complied with the obligation to externalise these obligations before 16 November 2002. As a result of the aforementioned externalisation, the related in-house provisions were eliminated from liabilities. The premium paid less the rebates received in 2009 led to net income of EUR 47 thousand (2008: EUR 100 thousand).

#### **20.1.3 Panzani Group companies**

The Panzani Group companies have obligations to employees, basically for retirement bonuses (provisions of EUR 7,236 thousand and EUR 7,463 thousand at the end of 2009 and 2008, respectively) and for long-service bonuses (provisions of EUR 1,032 thousand and EUR 1,014 thousand at the end of 2009 and 2008, respectively). The aforementioned provisions were recorded on the basis of in-house actuarial calculations. The related expense in 2009 was EUR 294 thousand (2008: EUR 895 thousand). These provisions are in-house provisions and are not invested in specific assets.

#### **20.1.4 Herba Rice Group companies**

The collective agreement applicable to the Italian and Belgian subsidiaries provides for termination obligations (voluntary or otherwise) to their employees. The related provisions were recognised on the basis of in-house actuarial calculations. At 2009 year-end the provisions amounted to EUR 549 thousand (2008 year-end: EUR 543 thousand). The related expense in 2009 was EUR 57 thousand (2008: EUR 88 thousand).

Also, certain Herba Group subsidiaries (S&B Herba in the UK, Boost in Germany, Herto in Belgium -a company sold in 2008-, Danrice in Denmark and Herba de Puerto Rico) have defined contribution pension obligations to certain of their employees, on the basis of an annual contribution based on a percentage of their salaries. The related expense in 2009 was EUR 516 thousand (2008: EUR 642 thousand).

Lastly, pursuant to the collective agreement for the rice sector, Herba Ricemills, S.L. has retirement bonus obligations for a scanty material amount externalised through an insurance policy.

#### **20.1.5 Birkel Group (Germany)**

In addition to the defined benefit obligations discussed in the section below, the Birkel Group companies have obligations to their employees, basically in connection with retirement bonuses (provisions of EUR 204 thousand and EUR 343 thousand at the end of 2009 and 2008, respectively). The related provisions were recorded on the basis of in-house actuarial calculations. These provisions are in-house provisions and are not invested in specific assets.

## 20.2 Defined benefit pension and other obligations

The detail, by company, is as follows:

DEFINED BENEFIT OBLIGATIONS (In thousands of euros)	12-31-2009			12-31-2008		
	Pension obligations	Other obligations	Total	Pension obligations	Other obligations	Total
Riviana Group (US)	8,723	(2,126)	6,597	9,371	(1,095)	8,276
NWP Group (US and Canada)	7,288	1,264	8,552	8,565	964	9,529
Boost (Herba) (Belgium)	214		214	185		185
Euryza (Herba) (Germany)	2,970		2,970	2,932		2,932
S&B Group (Herba) (UK)	2,074		2,074	1,460		1,460
Birkel Group (Germany)	2,727		2,727	3,032		3,032
	<b>23,996</b>	<b>(862)</b>	<b>23,134</b>	<b>25,545</b>	<b>(131)</b>	<b>25,414</b>

The changes in 2009 and 2008 in the obligations included in the foregoing table, broken down by geographical area (since this is the most appropriate and uniform basis for reporting obligations of this nature), were as follows:

(Thousands of euros)	Riviana Group		NWP Group		European companies	
	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08
<b>Provision for pensions - obligations</b>						
Balance at beginning of year	26,547	25,493	25,760	25,580	14,588	17,964
Business combinations					0	0
Period provisions	3,313	3,254	1,776	2,055	1,084	959
Actuarial changes	2,304	(376)	831	870	3,491	(1,072)
Payments in the year	(3,046)	(3,295)	(6,874)	(1,866)	(4,165)	(561)
Labour force restructuring	0	12	323	(220)	0	(94)
Estimated unrecognised losses	0	0	0	190	0	(327)
Translation differences	(983)	1,459	537	(849)	(21)	(2,281)
<b>Balance at December 31</b>	<b>28,135</b>	<b>26,547</b>	<b>22,353</b>	<b>25,760</b>	<b>14,977</b>	<b>14,588</b>
<b>Provision for pensions - plan assets</b>						
Balance at beginning of year	(18,271)	(24,890)	(16,231)	(20,340)	(7,312)	(10,870)
Business combinations					0	0
Return on plan assets	(4,487)	6,876	(2,126)	3,568	(1,087)	1,241
Company contributions	(2,580)	(2,333)	(2,011)	(1,727)	(2,576)	(99)
Payments in the year	3,046	3,295	6,874	1,603	3,962	329
Translation differences	754	(1,219)	(307)	665	21	2,087
<b>Balance at 31 December</b>	<b>(21,538)</b>	<b>(18,271)</b>	<b>(13,801)</b>	<b>(16,231)</b>	<b>(6,992)</b>	<b>(7,312)</b>
<b>Net balance at 31 December</b>	<b>6,597</b>	<b>8,276</b>	<b>8,552</b>	<b>9,529</b>	<b>7,985</b>	<b>7,276</b>
Deferred recognition of net differences: (losses) gains	0	0	0	0	0	333
<b>Net balance sheet balance at December 31</b>	<b>6,597</b>	<b>8,276</b>	<b>8,552</b>	<b>9,529</b>	<b>7,985</b>	<b>7,609</b>

ANNUAL NET COST BY COMPONENT	Riviana Group		NWP Group		European companies	
	12-31-09	12-31-08	12-31-09	12-31-08	12-31-09	12-31-08
Annual service cost	1,720	1,684	499	618	139	63
Interest cost	1,592	1,545	1,277	1,437	858	738
Return on plan assets	(1,179)	(1,782)	(949)	(1,488)	(391)	(744)
Labour force restructuring	0	0	0	0	0	0
Estimated unrecognised losses	7	(85)	0	25	119	(116)
	<b>2,140</b>	<b>1,362</b>	<b>827</b>	<b>592</b>	<b>725</b>	<b>(59)</b>
Actuarial changes recognised directly in consolidated equity (losses) gains	678	(8,623)	(275)	(5,637)	(2,286)	0
<b>ACTUARIAL ASSUMPTIONS</b>						
Discount rate	6.00%	6.25%	5.38%	5.40%	5% al 5.80%	5.50%
Salary increase rate	3.50%	3.50%	0.00%	0.00%	2.5% al 3.5%	3.50%
Return on plan assets	7.75%	8.00%	7.00%	7.43%	6.80%	7.00%

In general, the obligations relate to pension plans for most of the employees of the Riviana and NWP Groups and for certain employees of European subsidiaries. At the S&B Group, these obligations currently relate solely to former employees (since the obligations to current employees were transferred to defined contribution schemes on January 1, 2006). Since February 2006 no new employees have been included in this defined benefit scheme at the Riviana Group. At the Canadian subsidiary of the NWP Group the pension plan is in the course of being settled through the payment of the amounts vested by the employees up to 31 December 2009.

Also, at the Riviana and NWP Groups, the other obligations relate to healthcare cover, medicines and life insurance for only a portion of the employees.

Lastly, the Riviana and NWP Groups have voluntary contribution plans for all their employees in the US. The companies contribute a total amount equal to a percentage of the contribution of the employees. The total expense relating to these plans in 2009 was EUR 721 thousand (2008: EUR 876 thousand).

## 21. OTHER PROVISIONS

The changes in "Other Provisions" in 2009 and 2008 were as follows (in thousands of euros):

CHANGES IN OTHER PROVISIONS				
	12-31-09	12-31-08		
	Total	Continuing operations	Discontinued operations	Total
<b>Beginning balance</b>	<b>20,310</b>	<b>17,137</b>	<b>171,957</b>	<b>189,094</b>
Translation differences	(4)	20	0	20
Business combinations	0	0	0	0
Transfers	(1,639)	1,520	2,659	4,179
Amounts used and payments	(9,201)	(7,862)	(16,178)	(24,040)
Charge for the year: Expense relating to the COM sugar reform	0	0	2,578	2,578
Reduction in charge for the year: Expense relating to the COM sugar reform	0	0	(6,385)	(6,385)
Charge for the year for other provisions	8,337	9,585	4,066	13,651
Charge for the year for CO <sub>2</sub>	2,420	2,648	4,150	6,798
Charge for the year for sale of Azucarera Ebro, S.L. (Note 7)	57,387			
Amounts credited to profit or loss due to provisions released (Note 8)	(3,826)	(2,738)	(62,088)	(64,826)
Reclassification to liabilities associated with assets classified as held for sale	0	0	(100,759)	(100,759)
<b>Ending balance</b>	<b>73,784</b>	<b>20,310</b>	<b>0</b>	<b>20,310</b>

The provisions, by item covered and company or segment, are summarised as follows (in thousands of euros):

SUMMARY OF PROVISIONS BY ITEM COVERED	12-31-09	12-31-08
<b>Summary of provisions by item covered</b>		
Litigation and disputes	11,558	15,599
Outcome of litigation relating to sale of the sugar business	59,077	0
Modernisation and restructuring plan	601	1,108
CO <sub>2</sub> emission allowances	2,281	2,653
Contingencies of subsidiaries	165	633
Other sundry contingencies of non-material amounts	102	317
	<b>73,784</b>	<b>20,310</b>

DETALLE POR SOCIEDADES DE OTRAS PROVISIONES

	12-31-09	12-31-08
Ebro Puleva, S.A,	65,193	6,175
Panzani Group	4,266	6,613
Azucarera Energías, S.A,	754	3,248
Puleva Food Group	2,801	2,966
Arotz Foods, S.A,	55	54
Herba Rice Group companies	507	951
Puleva Biotech, S.A.,	120	0
NWP Group	88	303
<b>Total continuing operations</b>	<b>73,784</b>	<b>20,310</b>

### 21.1 Provision for the outcome of litigation relating to the sale of the sugar business

The provision for the outcome of litigation relating to the sale of the sugar business relates to the guarantees provided to the buyer of the business which, in the event of an unfavourable outcome of the litigation, would lead to a reduction in the selling price of the sugar business. The provision recognised constitutes an adjustment to the selling price and, therefore, it was recognised, on the one hand, as a reduction in the gain on the transaction (see Note 7) and, on the other, as an interest cost as a result of the use of discounting in relation to these provisions in the period from the date on which the business was sold to 31 December 2009.

### 21.2 Summary of the status of other litigation and disputes

In addition to the litigation discussed in Note 21.1 above, at December 31, 2009 provisions had been recognised for other litigation and disputes amounting to EUR 11,558 thousand (December 31, 2008: EUR 15,599 thousand) in relation to court proceedings in progress and other claims. The Parent's directors and internal and external legal advisers do not expect any additional material liabilities to arise in connection with the outcome of these court proceedings and claims.

The detail of the maximum risk arising from the aforementioned litigation (both that indicated in Note 21.1 and that indicated in Note 21.2) is as follows (in thousands of euros):

	12-31-09	12-31-08
Sundry tax and customs duty assessments signed on a contested basis	70,162	6,113
Risks relating to appeals for judicial review	3,161	5,058
Other litigation-related risks	3,190	3,036
	<b>76,513</b>	<b>14,207</b>

The most significant lawsuits are described below. Although some of these cases formally correspond to Azucarera Ebro, S.L., which no longer forms part of the Ebro Puleva Group, the related guarantees have been provided to the buyer by Ebro Puleva, S.A. in accordance with the terms and conditions agreed on in the sale of the sugar business and, therefore, they are disclosed here:

#### 1. Internal movements of sugar among production plants:

- 1.1. The secondary third-party liability of Azucarera Ebro, S.L. in the criminal proceeding at the National Appellate Court, for alleged fraud offences against the interests of the European Union amounting to EUR 27,600 thousand plus interest. The amount was provisioned. On February 2, 2005, the National Appellate Court handed down a judgment contrary to the company's interests in relation to the proceeding regarding alleged fictitious movements among production plants during the sugar marketing years 1996 to 1999. In a judgment of December 15, 2006, the Supreme Court upheld the cassation appeals filed by the company and the defendants, on the basis of breach of procedural formalities, and overturned the judgment of the National Appellate Court, ordering that it be reformulated and that it comply with certain requirements. The National Appellate Court handed down a new judgment on November 26, 2008 essentially maintaining the penalties and third-party liability contained in the first. A cassation appeal has been filed against this judgment. The hearing has been held and the case is awaiting judgment. Classification for accounting purposes: probable.

- 1.2. Also, assessments were issued in administrative proceedings in relation to export levies on the 99/00 C sugar marketing year and the amount for the compensation of storage costs for 1996/97 to 1999/00, the cumulative amount of which was EUR 10,953 thousand. Provisions were also recorded in this connection. These assessments were confirmed by a judgment of the National Appellate Court on December 22, 2008. A cassation appeal has been filed at the Supreme Court against this judgment. Amount provisioned. Classification for accounting purposes: probable.
  - 1.3. The penalties arising from the matters described in point 1.2 amount to EUR 6,731 thousand. Amount provisioned. Classification for accounting purposes: probable.
  - 1.4. Also in relation to internal movements of sugar among production plants, an income tax assessment was signed on a contested basis as a result of the increase in the tax base due to alleged sugar sales in 1999. Tax deficiency: EUR 3,611 thousand. An appeal was filed at the National Appellate Court. Amount not provisioned. Classification for accounting purposes: possible.
  - 1.5. The penalty arising from the assessment referred to in point 1.4. amounts to EUR 2,076 thousand. An appeal was also filed in this connection at the National Appellate Court. Amount not provisioned. Classification for accounting purposes: possible.
2. Settlement of duty on alcohol related supplies delivered to two customers (Appeal number 394/06). Amount: EUR 1,813 thousand. A judgment has yet to be handed down on the cassation appeal filed by the company. Amount provisioned. Classification for accounting purposes: probable.
  3. Civil court claim filed by several sugar business customers for alleged damage and losses arising from industrial sugar price rigging in 1995 and 1996 declared by the Spanish Competition Agency in its resolution of April 15, 1999. Amount: EUR 4,105 thousand. A judgment at first instance has yet to be handed down. Amount not provisioned. Classification for accounting purposes: possible.
  - 4.- Preliminary proceedings 206/2002 (Central Examining Court no. 5) and 323/2006 (Central Examining Court no. 4). Possible secondary third-party liability of Puleva Food, S.L.U. in two criminal proceedings currently at the examining stage at the National Appellate Court in relation to alleged fraud in connection with the supplementary milk levy in the period from 1997 to 2005. The first proceeding was brought in 2002 and the second in 2006 in response to criminal complaints filed by the Public Prosecutor's Office against several intermediary companies in the Spanish dairy product market. Proceedings are currently in progress against more intermediary companies, cooperatives and practically all the Spanish dairy product companies. In the first of the proceedings, the court-appointed experts presented a report quantifying the milk levy defrauded for the period as a whole by the Spanish dairy product industry at EUR 250,000 thousand, of which approximately EUR 35,000 thousand are attributable to Puleva or to companies absorbed by it. The amount involved in the second proceeding has not yet been quantified. The actions brought against Puleva are not expected to be successful for various reasons: (i) most of the marketing years have become statute-barred; (ii) since there was no legal concept of a milk levy in Spain until 2004, a crime relating to alleged fraudulent conduct prior to that date cannot be considered to have been committed retrospectively; and (iii) fraud cannot be deemed to have been committed when all the periodic reports submitted by Puleva to FEGA (Spanish Agricultural Guarantee Fund) have been absolutely accurate and have reflected all the milk bought both directly from farmers and indirectly from intermediaries, all of which were authorised by FEGA to operate as such. Amount not provisioned. Classification for accounting purposes: possible.

A lawsuit, the outcome of which could be favourable for Ebro Puleva, S.A., concerns a claim for amounts unduly paid over to the Spanish Treasury (EUR 6,415 thousand, of which 60% relates to farmers and the remaining 40% to the Company) in relation to the sugar production levy for the marketing years 2002/03 to 2005/06. The claim was based on a ruling issued by the Court of Justice of the European Union which rendered null and void the regulations that set rates levied for the collection of this agricultural tax. The Provincial Customs and Excise Office recently agreed to the reimbursement of only EUR 350 thousand and, therefore, the Company filed an economic-administrative claim for the difference between this amount and the amount originally claimed and submitted an application for a preliminary ruling to the Court of Justice of the European Union.

## 22. FINANCIAL LIABILITIES

The detail of "Financial Liabilities" is as follows (in thousands of euros):

FINANCIAL LIABILITIES	At 12-31-2009		At 12-31-2008	
	Non-current	Current	Non-current	Current
Long-term bank loans and credit facilities	517,607	105,190	715,112	71,034
Short-term bank loans and credit facilities		129,916		307,071
Other financial liabilities	3,695	175	2,441	327
Payable to associates	0	0	900	0
Guarantees and deposits received (financial)	218		97	
<b>Total</b>	<b>521,520</b>	<b>235,281</b>	<b>718,550</b>	<b>378,432</b>

The detail, by segment or company and maturity, of bank borrowings is as follows (in thousands of euros):

DETAIL BY SEGMENT OR COMPANY OF BANK LOANS AND CREDIT FACILITIES	12-31-08	12-31-09	2011	2012	2013	2014	Subsequent years
Ebro Puleva, S.A	522,303	405,737	44,777	91,628	91,628		177,704
US Riviana Group	159,076	102,463	34,155	34,154	34,154		
Herba Rice Group	0	0					
Dairy Group	33,613	9,053	9,053				
French Panzani Group	99	64	13	13	13	13	12
Arotz Foods, S.A.	0	261	261				
Jiloca, S.A.	21	10	10				
Puleva Biotech	0	19	3	16			
<b>Long-term bank loans and credit facilities</b>	<b>715,112</b>	<b>517,607</b>	<b>88,272</b>	<b>125,811</b>	<b>125,795</b>	<b>13</b>	<b>177,716</b>
Ebro Puleva, S.A	125,824	78,537					
French Panzani Group	117,478	62,161					
Herba Rice Group	95,023	46,733					
US Riviana Group	561	34,294					
Dairy Group	29,080	8,351					
Birkel Group	1,423	3,500					
Other companies	8,716	1,530					
<b>Short-term bank loans and credit facilities</b>	<b>378,105</b>	<b>235,106</b>					
<b>Total bank loans and credit facilities</b>	<b>1,093,217</b>	<b>752,713</b>					

The detail of the aforementioned borrowings on the basis of the currency in which they are denominated is as follows:

CURRENCY	12-31-09	12-31-08
Euro	203,176	472,742
US dollar	542,495	613,327
Pound sterling	0	183
Moroccan dirham	5,376	6,053
Thai baht	1,666	912
<b>Total</b>	<b>752,713</b>	<b>1,093,217</b>

The long-term bank loans of Ebro Puleva, S.A. financed the investments in Riviana Inc (2004), Panzani SAS (2005) and New Word Pasta Company (2006) and are guaranteed by the subsidiaries Riviana Foods Inc. (which replaced Azucarera Ebro, S.L.), Puleva Foods, S.L., Herba Food, S.L., Herba Ricemills, S.L. and Panzani SAS, and relate to:

- A syndicated loan agreement entered into in November 2004, novated in May 2005 and again in November 2006 and April 2009, amounting to EUR 287.9 million, of which at December 31, 2009 EUR 71 million (2008: EUR 142 million) had not yet been repaid. The loan principal has been repaid in eight half-yearly instalments of EUR 35.5 million since May 2007. This euro loan bears annual interest at 1-, 3-, 6- or 12-month EURIBOR plus a market spread.



- A syndicated loan agreement entered into in May 2005, novated in November 2006 and April 2009, amounting to USD 396 million (an initial USD 440 million less USD 44 million repaid early in the April 2009 novation), the principal of which will be repaid in six half-yearly instalments of USD 66 million from October 2011 onwards. This US dollar loan bears annual interest at 1-, 3-, 6- or 12-month LIBOR plus a market spread.
- Bilateral loan agreement entered into in November 2006 and novated in April 2009 amounting to USD 190 million, the principal of which will be repaid in four half-yearly instalments of USD 47.5 million from May 2015 onwards. This US dollar loan bears annual interest at 1-, 3-, 6- or 12-month LIBOR plus a market spread.

The long-term bank loans also include the loan obtained by the Riviana Group in May 2007 to replace the bridge loan arranged in October 2006 for an initial amount of USD 246 million less USD 24.6 million repaid early in May 2009. This loan was granted for the acquisition of the Minute Rice brand and bears interest at LIBOR plus a market spread. This loan is being repaid over five years in ten equal half-yearly instalments, the first of which was paid in November 2007. It is guaranteed by the other US subsidiary NWP Inc.

In relation to the other bank borrowings, at December 31, 2009 the various Group companies had arranged unsecured credit facilities with banks with a total limit of around EUR 480 million (December 31, 2008: EUR 660 million), against which a total of EUR 130 million had been drawn down at December 31, 2009 (December 31, 2008: EUR 384 million). The credit facilities of the Panzani Group, with a limit of EUR 88 million in 2009 (2008: EUR 142 million) are secured by collection rights.

At December 31, 2009 and 2008, there were also note and bill discounting facilities, issues of guarantees and other bank guarantees, the detail being as follows:

AT DECEMBER 31, 2009 FINANCING ARRANGED	Amount drawn	Amount available	Total limit
Note and bill discounting facilities	848	1,473	2,321
Bank guarantee lines	121,827	91,618	213,445
<b>Total consolidated Group</b>	<b>122,675</b>	<b>93,091</b>	<b>215,766</b>

AT DECEMBER 31, 2009 FINANCING ARRANGED	Amount drawn	Amount available	Total limit
Note and bill discounting facilities	4,682	2,123	6,805
Bank guarantee lines	135,407	109,632	245,039
<b>Total consolidated Group</b>	<b>140,089</b>	<b>111,755</b>	<b>251,844</b>

The average annual interest rate on the long-term loans in 2009 was 2.40% (2008: 5.58%) for the Dairy Group.

The average annual interest rates on the short-term loans in 2009 were: an average of 2.19% for Ebro Puleva, S.A., an average of 2.75% at the Herba Rice Group, 2.40% for the Dairy Group and 1.67% for the Panzani Group.

Over the term of the long-term loans of Ebro Puleva, S.A. and the loan of the Riviana Group, certain ratios based on the consolidated financial statements of the Ebro Puleva Group or the aggregate of Riviana/NWP, respectively, must be achieved at all times. The failure to achieve these ratios would increase borrowing costs and, depending on the cases, lead to a situation that could trigger the early repayment of the loans. At December 31, 2009 and 2008, all the ratios were being achieved.

## 23. OTHER NON-FINANCIAL PAYABLES

These relate to various payables that are not material on an individual basis.

## 24. TRADE AND OTHER PAYABLES

The detail of "Trade and Other Payables" is as follows:

	12-31-09	12-31-08
Trade payables	256,543	374,959
Other payables	30,179	32,818
Remuneration payable	36,066	36,698
Guarantees and deposits received	2,000	11
<b>Total</b>	<b>324,788</b>	<b>444,486</b>

Trade payables do not bear interest and, in general, mature at between 60 and 90 days. The other payables are also non-interest bearing, with average maturity of six months. They relate mainly to payables on purchases of property, plant and equipment, trade discounts and rebates and commercial media and marketing payables.

## 25. TAX MATTERS

The detail of the tax receivables and payables at December 31, 2009 and 2008 is as follows (in thousands of euros):

	Tax receivables		Tax payables	
	12-31-09	12-31-08	12-31-09	12-31-08
VAT and personal income tax withholdings	23,297	51,373	8,800	6,772
Income tax - tax assets	0	2,087		
Social security taxes	0	5	1,884	1,910
Grants receivable	5,348	6,626		
Other tax receivables and payables	8,070	1,778	3,003	8,181
<b>Total tax receivables and payables</b>	<b>36,715</b>	<b>61,869</b>	<b>13,687</b>	<b>16,863</b>
<b>Net income tax payable</b>	<b>28,650</b>	<b>1,508</b>	<b>3,443</b>	<b>16,017</b>

Certain companies in the consolidated Group file consolidated tax returns on the basis of the applicable tax and other legislation in each country. The companies that file tax returns in this way are: most of the Spanish companies (Spanish tax group), the Riviana Group (US) and the French Panzani Group.

Also, income tax rates vary from one country to another and include most notably due to their relative importance: 30% in Spain, 34.93% in France, 37.5% in the US, 30% in Germany, and between 30% and 31% in Central America. The specific line item called "Effect of Different Tax Rates (Tax Base)" in the table below shows the effects of the differences in the tax rates in each country with respect to 30%.



The detail of the tax payable by the consolidated Group for accounting purposes for the years ended December 31, 2009 and 2008 is as follows (in thousands of euros):

	12-31-09		12-31-08	
	Accounting	Tax	Accounting	Tax
Profit before tax from continuing operations	172,991	172,991	103,454	103,454
Profit before tax from discontinued operations (Note 7)	57,102	57,102	79,766	79,766
Reclassification to expenses due to impairment of goodwill	15,953	15,953	6,827	6,827
Profit before tax recognised in equity	(1,934)	(1,934)	(14,260)	(14,260)
Foreign currency hedges recognised in translation differences	12,764	12,764	(24,723)	(24,723)
	<b>256,876</b>	<b>256,876</b>	<b>151,064</b>	<b>151,064</b>
Permanent differences of Group companies	(2,643)	(2,643)	(19,027)	(19,027)
Permanent differences due to consolidation adjustments	(15,635)	(15,635)	7,177	7,177
Tax losses for the year	6,832	6,832	8,520	8,520
Offset of individual tax losses	(1,531)	(1,531)	(75)	(75)
<b>Adjusted accounting profit</b>	<b>243,899</b>	<b>243,899</b>	<b>147,659</b>	<b>147,659</b>
Temporary differences of Group companies		(60,746)		(1,792)
Temporary differences due to consolidation adjustments		3,410		27,730
Tax losses for the year		12,097		1,042
Offset of tax losses		(39,833)		(24,459)
<b>Adjusted taxable profit</b>	<b>243,899</b>	<b>158,827</b>	<b>147,659</b>	<b>150,180</b>
Effect of different tax rates (tax base)	26,105	8,613	10,769	10,769
<b>Taxable profit of the accounting Group</b>	<b>270,004</b>	<b>167,440</b>	<b>158,428</b>	<b>160,949</b>
Net tax payable at 30%	81,001	50,232	47,528	48,285
Tax credits taken	(14,267)	(6,675)	(2,743)	(5,144)
<b>Net tax payable</b>	<b>66,734</b>	<b>43,557</b>	<b>44,785</b>	<b>43,141</b>
Adjustment of prior year's tax	1,511		200	
Adjustment of net deferred taxes	3,009		0	
Tax assessments and penalties	0		518	
Equivalent tax payable	1,471		0	
Reclassification to expenses due to impairment of goodwill	(15,953)		(6,827)	
Adjustment of prior year's net tax payable		2,567		(205)
<b>Total tax expense</b>	<b>56,772</b>	<b>46,124</b>	<b>38,676</b>	<b>42,936</b>
Tax expense - continuing operations	43,356		29,549	
Tax expense - discontinued operations	10,281		21,801	
Tax expense recognised in equity	(694)		(5,257)	
Tax expense recognised in translation differences	3,829		(7,417)	
	<b>56,772</b>		<b>38,676</b>	

INCOME STATEMENT - INCOME TAX	12-31-09	12-31-08
Current income tax expense - continuing operations	26,422	17,296
Current income tax expense - discontinued operations	17,135	25,845
Total deferred tax expense	23,871	6,901
Reclassification to expenses due to impairment of goodwill	(15,953)	(6,827)
Deferred tax expense recognised in equity	(694)	(5,257)
Adjustment of prior year's tax	1,511	200
Adjustment of net deferred taxes	3,009	0
Equivalent tax payable	1,471	0
Tax assessments and penalties	0	518
	<b>56,772</b>	<b>38,676</b>

TAX EXPENSE RECOGNISED DIRECTLY IN EQUITY	12-31-09	12-31-08
Expenses incurred in change of share capital of subsidiaries	0	0
Change in fair value of financial assets	(19)	0
Change due to actuarial gains and losses	(675)	(5,257)
	<b>(694)</b>	<b>(5,257)</b>

"Foreign Currency Hedges Recognised in Translation Differences" relates to the effect of the exchange differences recognised directly in translation differences due to the natural hedging of the US dollar loan in relation to the investments in Riviana and NWP (see Note 28).

The total expense for tax purposes less withholdings and prepayments in 2009 resulted in income tax payable (net tax payable).

The companies' temporary differences in 2009 and 2008 were as follows:

- Net decrease of EUR 12,764 thousand (2008: increase of EUR 24,723 thousand) as a result of the net exchange losses on the hedging of the US dollar loans.
- Increase of EUR 1,956 thousand (2008: EUR 14,260 thousand) due to the effect of the actuarial changes in the pension obligations recognised directly in equity.
- Decrease of EUR 14,938 thousand (2008: EUR 11,591 thousand) due to the temporary differences of NWP discussed later in this Note.
- Decrease of EUR 20,780 thousand (2008: EUR 20,780 thousand) due to the amortisation for tax purposes of the goodwill arising from acquisitions of foreign operations.
- Increase of EUR 7,500 thousand (2008: EUR 7,500 thousand) due to the reversal in 2009 (the third year of the four stipulated under the related legislation) of the tax credit taken in 2006 in relation to the investment in NWP.
- Decrease of EUR 21,720 thousand (2008: EUR 15,094 thousand), principally at the Riviana Group, due mainly to the amortisation for tax purposes of trademarks, and to transactions of other companies with positive or negative tax effects arising from provisions reversed and/or recognised in the year, to the recognition and/or reversal of impairment losses on non-current and financial assets and to provisions for other contingencies that were or were not deductible for tax purposes in the year.

The temporary differences due to consolidation adjustments in 2008 relate primarily to the elimination of intra-Group gains of the sale of investment property and the elimination of provisions recognised for investments between Group companies. In 2009 they were not material.

The tax losses recognised as temporary differences arose mainly from the impairment of goodwill amounting to EUR 12,000 thousand in the case of the Puleva Biotech extracts business, and from the offset of prior years' tax losses of NWP (EUR 32,220 thousand) and of the Spanish tax group (EUR 7,536 thousand).

The companies' permanent differences relate basically to adjustments for inflation made to non-current assets sold during the year, to tax expenses that were not reversed, to the application for tax purposes of losses on non-current financial assets and to the reversal of certain provisions that were not deductible for tax purposes when they were recognised in prior years.

Lastly, the permanent differences due to consolidation adjustments relate mainly to the elimination of provisions between companies in subgroups that belong to the accounting group, and also in 2008, to the intra-Group elimination of the results of companies accounted for using the equity method and to the effects of the derecognition of assets acquired in prior years in business combinations.

The tax credits relate mainly to tax credits for new product development and innovation expenditure, for patronage and the reinvestment of income from non-current asset sales.

The amount reinvested in order to be entitled to take the tax credit for the reinvestment of income generated by the Spanish tax group in 2009 amounted to EUR 258 million, which must be reinvested by the Spanish tax group within three years (EUR 16.2 million; EUR 11.2 million; EUR 76.3 million; EUR 87 million; EUR 65 million; EUR 25 million and EUR 33.6 million in the period from 2008 to 2002, respectively. These amounts were reinvested by the Spanish tax group in those same years). Also, the other requirements to be able to take these tax credits were met.

The detail of the deferred taxes for the years ended December 31, 2009 and 2008 is as follows (in thousands of euros):

	12-31-09		12-31-08	
	Assets	Liabilities	Assets	Liabilities
<b>Balances at January 1</b>	<b>46,688</b>	<b>136,199</b>	<b>73,107</b>	<b>140,031</b>
Transfer of balances	3,698	1,969	6,082	0
Translation differences	77	(1,163)	(54)	1,146
Changes in the scope of consolidation	0	0	88	2,217
Reductions due to the sale of companies	0	0	(13)	(1,492)
Recognised in / derecognised from profit or loss	(12,084)	8,308	(7,437)	(2,642)
Recognised in / derecognised from equity	642	98	5,257	0
Adjustments	(2,348)	(358)	(254)	(783)
Change in provision for deferred taxes	15,739	(214)	0	0
Reclassified to non-current assets held for sale and liabilities associated with assets held for sale	0	0	(30,088)	(2,278)
<b>Balance at December 31</b>	<b>52,412</b>	<b>144,839</b>	<b>46,688</b>	<b>136,199</b>

The detail, by most significant line item, of the deferred taxes at December 31, 2009 and 2008 is as follows:

	12-31-09		12-31-08	
	Deferred tax		Deferred tax	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	5,998	55,829	5,410	58,754
Investment property	7,245	0	7,245	62
Goodwill	7,583	27,696	10,321	29,707
Other intangible assets	3,788	47,814	6,145	30,394
Inventories	1,721	2,368	464	2,235
Accounts receivable and prepayments and accrued income	801	283	0	195
Pension and similar obligations	4,431	(2,303)	7,549	(2,716)
Other long-term provisions	6,718	10	8,496	1,186
Accounts payable and accrued expenses and deferred income	8,203	1,368	9,488	3,531
Tax credit carryforwards	8,577	0	394	0
Tax loss carryforwards	28,562	0	33,941	0
Deferral of tax benefits	0	3,115	0	4,500
Provisions and tax credits for reinvestment of income of the tax group	273	18,111	1,129	17,305
	<b>83,900</b>	<b>154,291</b>	<b>90,582</b>	<b>145,153</b>
Provision for deferred taxes	(31,488)	(9,452)	(43,894)	(8,954)
<b>Total</b>	<b>52,412</b>	<b>144,839</b>	<b>46,688</b>	<b>136,199</b>

The provisions relate in full to NWP for a net total of EUR 22,036 thousand (2008: EUR 34,940 thousand). In 2009 the US subsidiary NWP was able to offset tax loss carryforwards and deduct other tax assets amounting to EUR 32,220 thousand and EUR 14,938 thousand, respectively, (2008: EUR 8,963 thousand and EUR 11,591 thousand, respectively). After offsetting these amounts it could have a maximum of around EUR 23 million of tax assets for prior years' tax losses available for offset, which are provisioned in full in the acquisition balance sheet of this company due to: uncertainty as to the future recoverability of these potential tax assets; their availability for offset due to legal limitations under local legislation; and the fact that they have not yet been approved by the US tax authorities. Lastly, in accordance with IAS 12, this subsidiary's income tax for 2009 was reclassified as impairment of goodwill amounting to EUR 15,953 thousand (2008: EUR 6,827 thousand) (see Note 14).

In addition to the aforementioned tax loss carryforwards of NWP, at December 31, 2009 there were tax loss carryforwards available for offset over the coming 15 years at the other Group companies amounting to EUR 20 million (31 December 2008: EUR 6 million). In 2009 the Spanish tax group offset 2007 tax losses amounting to EUR 7.5 million.

Also, the Spanish tax group has all years since 2004 open for review by the tax authorities for all the taxes applicable to it. The other Group companies have the taxes and years open for review in accordance with the local legislation applicable in each case which have not previously been subject to tax audit and which in most cases are the years since 2005.

## 26. OBLIGATIONS AND CONTINGENCIES

### Obligations under operating leases - Group as lessee

The Group holds certain vehicles, machinery, warehouses and offices under operating leases. These leases have an average term of between three and five years, without any renewal clauses in the leases. There are no restrictions on the lessee with respect to the arrangement of these leases. The detail of the future minimum lease payments under non-cancellable operating leases at December 31, 2009 and 2008 is as follows (in thousands of euros):

	12-31-09	12-31-08
Within one year	6,827	10,705
Between one and five years	17,510	13,838
After five years	353	2,259
<b>Total</b>	<b>24,690</b>	<b>26,802</b>

### Obligations under operating leases - Group as lessor

The Group has leased out various buildings within its investment property portfolio. These non-cancellable leases have residual terms of between three and five years. All the leases include a clause to increase the lease payments annually, based on prevailing market conditions. The detail of the future minimum lease payments receivable under non-cancellable operating leases at December 31, 2009 and 2008 is as follows (in thousands of euros):

	12-31-09	12-31-08
Within one year	543	612
Between one and five years	420	639
After five years	0	0
<b>Total</b>	<b>963</b>	<b>1,251</b>

### Non-current asset investment commitments

At December 31, 2009, the Group had investment commitments for acquisitions and renewals of machinery amounting to EUR 21,000 thousand (December 31, 2008: EUR 40,000 thousand) and computer software amounting to EUR 3,500 thousand.

### Commitments relating to inventories

See information disclosed in Note 15.

### Legal proceedings

See information disclosed in Note 21.3.

### Guarantees

At the end of 2009 and 2008 the following bank guarantees had been provided:

	12-31-09	12-31-08
From banks: to courts and agencies for economic-administrative claims and tax deferral (see Note 21.3)	68,299	76,098
From banks: to FEAGA, customs authorities and third parties to guarantee the fulfilment of ordinary trading obligations	53,170	52,691
Other bank guarantees	358	6,618
To banks to guarantee the fulfilment of obligations of associates and non-Group companies	51,808	60,907
<b>Total</b>	<b>173,635</b>	<b>196,314</b>

In 2009 guarantees (counterguarantees) amounting to EUR 64,427 thousand were provided to courts and agencies in relation to claims in order to cover the guarantees provided by Azucarera Ebro, S.L. in the litigation in which it is involved. In 2008 the amount of these guarantees included precisely those guarantees provided by Azucarera Ebro. Based on the contractual agreements entered into, Ebro Puleva, S.A. has guaranteed to the buyer of Azucarera Ebro, S.L. that it will cover any liability that might arise from the resolution of this litigation (see Note 21.1).

The guarantees provided to banks to guarantee the fulfilment of obligations of other companies, relate mainly to the guarantees provided by Ebro Puleva, S.A. for Biocarburantes de Castilla y León, S.A. (which until September 2009 was an associate owned indirectly through Dosbio 2010, S.L.) in relation to the syndicated loan arranged by that company with various banks in November 2004, novated in 2007, to finance the project (biofuel plant), and for working capital financing credit lines. It was established contractually that Ebro Puleva, S.A.'s risk exposure in relation to these guarantees will cease to exist before June 1, 2010. At the end of 2009 Ebro Puleva, S.A. had guaranteed a maximum amount of EUR 51.4 million (2008 year-end: EUR 60.5 million).

"Other Bank Guarantees" relates to a guarantee provided to third parties to secure the fulfilment of contractual obligations. It was arranged in 2006 for USD 5,160 thousand (EUR 3,918 thousand), which was reduced to USD 860 thousand (EUR 618 thousand) in 2008 and discharged in 2009, to cover the guarantees provided to the buyer in the sale in 2006 of the business of the Guatemalan subsidiary. This guarantee covered possible contingencies that might have arisen in relation to the business sold that originated at a date prior to the sale date for the following three years (until August 10, 2009), when this guarantee was discharged. In addition, at the end of 2008 certain guarantees amounting to EUR 6 million had been provided to secure the Alagón land transaction (see Note 11). These guarantees were also discharged in 2009.

Lastly, the credit facilities granted to the Panzani Group with a limit of EUR 88 million in 2009 (2008: EUR 142 million) are secured by collection rights.

## 27. RELATED PARTY TRANSACTIONS

The sales to and purchases from related parties were performed on an arm's length basis. At year-end the balances relating to commercial operations are not secured, are not interest bearing and are settled in cash. Except as discussed in Note 26 in relation to Biocarburantes de Castilla y León, S.A., no other guarantees were provided or received in relation to the accounts receivable from or payable to third parties.

During the years ended December 31, 2009 and 2008 the Group did not recognise any allowances for doubtful debts from related parties. The need for allowances is assessed each year on the basis of an examination of the financial position of the related party and of the market in which it operates.

### 27.1 Related-party transactions with significant shareholders (or parties related to them) of Ebro Puleva, S.A., excluding directors

Note 18.1 lists the companies that have a significant ownership interest in the share capital of Ebro Puleva, S.A. (Parent of the Ebro Puleva Group).

The transactions, excluding dividends, of the Ebro Puleva Group companies with these significant shareholders (unless they are directors, in which case they are reflected in Note 27.2), are summarised as follows:

SIGNIFICANT SHAREHOLDER	Ebro Puleva Group company	Type of transaction	Amount (thousands of euros) 2009	Amount (thousands of euros) 2008
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	456	510
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	4,684	7,294
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Sale of property, plant and equipment, intangible assets and other assets	5	0
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Purchase of property, plant and equipment, intangible assets and other assets	8	1
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Services rendered	2	0
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Services rendered	87	280
Instituto Hispánico del Arroz, S.A.	Herba Ricemills, S.L.U.	Leases to Herba Ricemills	76	86
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	463	529



SIGNIFICANT SHAREHOLDER	Ebro Puleva Group company	Type of transaction	Amount (thousands of euros) 2009	Amount (thousands of euros) 2008
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	461	540
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	454	520
Instituto Hispánico del Arroz, S.A. (Islasur, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	465	540
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	482	610
Instituto Hispánico del Arroz, S.A. (Australian Commodities, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	487	624
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	457	513
Instituto Hispánico del Arroz, S.A. (El Cobujón, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	461	527
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	488	530
Instituto Hispánico del Arroz, S.A. (Mundiarroz, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	492	544
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	464	626
Instituto Hispánico del Arroz, S.A. (Pesquería Isla Mayor, S.A.)	Herba Ricemills, S.L.U.	Purchases of goods (finished goods or work in progress)	464	638
Instituto Hispánico del Arroz, S.A.	Herba Nutrición S.A.U.	Sales of goods (finished goods or work in progress)	1	1
Instituto Hispánico del Arroz, S.A. (Dehesa Norte, S.A.)	Herba Nutrición S.A.U.	Sales of goods (finished goods or work in progress)	1	1
Instituto Hispánico del Arroz, S.A.	Herba Foods, S.L.U.	Services received	50	50
Sociedad Anónima DAMM (Cerbedam, S.L.)	Puleva Food, S.L.U.	Sales of goods (finished goods or work in progress)	21	49
Sociedad Anónima DAMM (Cerbeleva, S.L.)	Puleva Food, S.L.U.	Sales of goods (finished goods or work in progress)	64	55
Sociedad Anónima DAMM (Distridam, S.L.)	Puleva Food, S.L.U.	Sales of goods (finished goods or work in progress)	392	535
Sociedad Anónima DAMM (Estrella de Levante)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	1	393
Sociedad Anónima DAMM	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	2,041	2,266
Sociedad Anónima DAMM (Plataforma Continental, S.L)	Herba Ricemills, S.L.U.	Sales of goods (finished goods or work in progress)	90	244
(Font Salem, S.L.)	Nueva Comercial Azucarera, S.A.	Sales of goods (finished goods or work in progress)	1,240	4,078

The amount of the related-party transaction in 2009 with Nueva Comercial Azucarera, S.A. was calculated at April 30, 2009, the date on which this company ceased to form part of the Ebro Puleva Group.



## 27.2 Related-party transactions with directors and executives (or parties related to them) of Ebro Puleva, S.A.

The transactions, excluding dividends, with directors and executives of Ebro Puleva, S.A. are summarised as follows:

NAME OR COMPANY NAME OF THE DIRECTORS OR EXECUTIVES	Ebro Puleva Group company	Type of transaction	Amount (thousands of euros) 2009	Amount (thousands of euros) 2008
Caja de Ahorros de Salamanca y Soria	Biocarburantes de Castilla y León, S.A,	Guarantees received	Available: 6,000 Drawn down: 6,000	Available: 6,000 Drawn down: 6,000
Caja de Ahorros de Salamanca y Soria	Agroteo, S.A,	Other transactions (advances on the sugar beet marketing year)	Available: 937 Drawn down: 937	Available: 0 Drawn down: 1,713
Caja de Ahorros de Salamanca y Soria	Ebro Puleva, S.A,	Financing agreements: loans - borrower	Available: 48,509 Drawn down: 48,509	Available: 55,792 Drawn down: 55,792
Caja de Ahorros de Salamanca y Soria	Azucarera Ebro, S,L,U,	Guarantees received	Available: 13,823 Drawn down: 2,954	Available: 13,823 Drawn down: 1,918
Caja de Ahorros de Salamanca y Soria	Azucarera Ebro, S,L,U,	Financing agreements: loans - borrower	Available: 31,000 Drawn down: 26,334	Available: 31,000 Drawn down: 8,736
Caja de Ahorros de Salamanca y Soria	Biocarburantes de Castilla y León, S.A,	Financing agreements: loans - borrower	Available: 9,369 Drawn down: 9,369	Available: 10,855 Drawn down: 10,855
Caja de Ahorros de Salamanca y Soria	Biocarburantes de Castilla y León, S.A,	Financing agreements: other - borrower	Available: 10,000 Drawn down: 5,726	Available: 10,000 Drawn down: 8,441
Caja de Ahorros de Salamanca y Soria	Puleva Food, S,L,U,	Sale of goods (finished goods or work in progress)	3	0
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Biocarburantes de Castilla y León, S.A,	Financing agreements: loans - borrower	Available: 23,153 Drawn down: 17,596	Available: 20,375 Drawn down: 20,375
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Biocarburantes de Castilla y León, S.A,	Financing agreements: loans - borrower	Available: 5,000 Drawn down: 4,957	Available: 5,000 Drawn down: 229
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Agroteo, S.A,	Financing agreements: loans - borrower	Available: 9 Drawn down: 9	Available: 99 Drawn down: 99
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Agroteo, S.A,	Financing agreements: loans - borrower	Available: 1 Drawn down: 1	Available: 0 Drawn down: 0
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Ebro Puleva, S.A,	Financing agreements: loans - borrower	Available: 24,300 Drawn down: 24,300	Available: 27,927 Drawn down: 27,927
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Ebro Puleva, S.A,	Financing agreements: loans - borrower	Available: 6,000 Drawn down: 144	Available: 6,000 Drawn down: 3,880
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Ebro Puleva, S.A,	Other transactions	11,000	0
Caja España de Inversiones Caja de Ahorros y Monte de Piedad	Azucarera Ebro, S,L,U,	Financing agreements loans - borrower	Available: 46,000 Drawn down: 36,550	Available: 46,000 Drawn down: 26,164
Juan Domingo Ortega Martínez (Quesos Forlasa, S.A.)	Puleva Food, S,L,U,	Sale of goods (finished goods or work in progress)	156	0

The amounts of the related-party transactions in 2009 with Azucarera Ebro, S.L.U., Agroteo, S.A. and Biocarburantes de Castilla y León, S.A. were calculated on the date on which these companies ceased to form part of the Ebro Puleva Group: Azucarera Ebro and Agroteo on 30 April 2009; and Biocarburantes on September 24, 2009.

## 27.3 Other related-party transactions with significant shareholders, directors/ executives: dividends received from Ebro Puleva, S.A.

Within the framework of the overall dividend policy of Ebro Puleva, S.A. described in Note 18, the following amounts expressed in thousands of euros were distributed:

### Dividends 2009:

- Dividends to significant shareholders: EUR 30,032 thousand
- Dividends to directors and executives: EUR 24,404 thousand

### Dividends 2008:

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

## 27.4 Related-party transactions with other Ebro Puleva Group companies which were not eliminated in the process of preparing the consolidated financial statements and which do not form part of the company's normal business activities in terms of their purpose and terms and conditions

Note 4 includes a list of the subsidiaries and associates that compose the Ebro Puleva Group.

During 2009 the transactions with associates were not material, except as discussed in Notes 12 and 26 in relation to the loans and guarantees provided by Ebro Puleva, S.A. to Biocarburantes de Castilla y León, S.A.

The transactions with associates are summarised as follows:

NAME OF THE EBRO PULEVA GROUP COMPANY	Type of transaction	Amount (thousands of euros) 2009	Amount (thousands of euros) 2008
Biocarburantes de Castilla y León, S.A.	Financing agreements: loans – lender	29,000	12,117
Biocarburantes de Castilla y León, S.A.	Guarantees	39,975	54,966

The balance of these two transactions carried out in 2009 with Biocarburantes de Castilla y León, S.A. was calculated at September 24, 2009, the date on which this company ceased to form part of the Ebro Puleva Group.

## 27.5 Related-party transactions between Ebro Puleva Group companies and Puleva Biotech

Following is a description of the significant transactions with a transfer of funds or obligations performed in 2009 between the Puleva Biotech Group and the wholly-owned subsidiaries of its significant shareholder, Ebro Puleva, S.A.: Puleva Food, S.L.U., Herba Ricemills, S.L.U., Boost Nutrition C.V. and Fundación Ebro Puleva.

Since the shareholders of Ebro Puleva, S.A. do not exactly coincide with those of Puleva Biotech, S.A., which is also a listed company, there is a theoretical possibility that potential conflicts of interest exist. Therefore, the contractual terms and conditions stipulate that the financial relations between the various Ebro Puleva Group companies and the Puleva Biotech Group must be carried out strictly on an arm's length basis, thereby avoiding situations that might be prejudicial to the shareholders of one or the other of the parties that, in their capacity as non-controlling shareholders, do not take part in the decision-making process since they do not form part of the Boards of Directors of the companies party to the agreements.

In 2009 Puleva Biotech, S.A. and Española de I+D, S.A. continued to work with the aforementioned Ebro Puleva Group companies under the various agreements between the parties.

### 1. Relations between Puleva Food, S.L.U. and Puleva Biotech, S.A.

In 2009 Puleva Biotech, S.A. provided R&D+i services to Puleva Food based on certain specific agreements, entered into by the two companies in the context of a framework agreement entered into in 2001 to provide advisory activities. The various projects may be grouped together in the following categories:

- Nutritional and clinical assessment
- Development of new packaging technologies
- Development of new products
- Quality assurance and food safety
- Product reformulation and ingredient accreditation

In 2009 Puleva Biotech, S.A. sold to Puleva Food, S.L. 242,810 kg of functional fats (omega-3) EPA and DHA produced at the industrial plant operated by Puleva Biotech in Granada. Also, it sold it 2,350 kg of isoflavones produced at the Talayuela (Cáceres) industrial plant.

The net amount billed for the sale of goods and services by Puleva Biotech, S.A. to Puleva Food, S.L.U. totalled EUR 5,662 thousand in 2009, of which EUR 2,793 thousand relate to sales of goods and EUR 2,869 thousand to services rendered.

## **2. Relations between Herba Ricemills, S.L.U. and Puleva Biotech, S.A.**

Commercial relations between Herba Ricemills and the Puleva Biotech Group are structured through the implementation of a global R&D+i project called "Research and Technological Development in the Cereal and By-Products Sector: Scientific and Technological Bases and the new improved range of starch-based foodstuffs" (Cereales Project). To this end, on February 22, 2007 a consortium agreement was entered into, establishing that Herba, as the company leading the Project, was responsible for bearing the expenses and investments made by the companies cooperating in the performance and implementation of the Project increased by the corresponding profit margin. In 2008 and until December 31, 2009, this agreement continued to govern the contractual relationship between these companies.

The establishment of the aforementioned consortium agreement was conditional upon the obtainment of the economic aid requested from Corporación Tecnológica de Andalucía (CTA), which was granted by this body in a resolution dated May 8, 2007.

Also, Herba bore 50% of the contribution to the CTA made by Puleva Biotech during the term of the Project.

In 2009 Puleva Biotech, S.A. billed Herba Ricemills, S.L. EUR 583 thousand for the expenses incurred in the Cereales Project which included the 10% profit margin agreed upon and EUR 125 thousand corresponding to one-half of the contributions to the CTA that Puleva Biotech, S.A. had made in the year.

Also, in 2009 Puleva Biotech, S.A. rendered analytical quality services to Herba Ricemills, S.L.U. amounting to EUR 22 thousand and it sold its products amounting to EUR 3 thousand.

## **3. Relations between Herba Ricemills, S.L. and Española de I+D, S.A. (subsidiary of Puleva Biotech, S.A.)**

Through the consortium agreement for the R&D+I Project presented to Corporación Tecnológica de Andalucía and Agencia de Innovación y Desarrollo de Andalucía, entered into on 22 February 2007, and through the addendum "Operating Conditions" to the aforementioned consortium agreement for the R&D+I Project approved by Corporación Tecnológica de Andalucía, entered into on 24 September 2007, Española de I+D, S.A. has been contributing to the Project, pursuant to the scientific and technical specifications and through the persons detailed in the agreement, the research and development work, resources and services included in the activity framework that constitutes its company object.

Herba Ricemills, S.L.U., as the company leading the consortium and as coordinator of the Cereales project, bears all the expenses incurred in the performance and implementation of the aforementioned Project, within the margins established as budgets qualifying for aid by the CTA in its resolution dated May 8, 2007.

In 2009 the value of the services rendered to Herba Ricemills, S.L. by Española de I+D was EUR 820 thousand.

## **4. Other relations**

In 2009 Puleva Biotech, S.A. billed EUR 3 thousand to Boost Nutrition C.V. for analytical quality services rendered.

There are current account agreements between Puleva Food, S.L.U. and Ebro Puleva, S.A. and the balances resulting from any transfer or loan of cash made between these companies and Puleva Biotech, S.A. bear interest at market rates. In 2009 Puleva Biotech, S.A. paid borrowing costs of EUR 323 thousand in this connection to Puleva Food, S.L.U.

Puleva Food, S.L.U. provides Puleva Biotech, S.A. with certain goods and services such as the lease of the sales offices and of the industrial buildings for the normal performance of its operations, certain industrial supplies, counselling and administrative services, etc. Puleva Biotech, S.A. paid a total of EUR 730 thousand in this connection in 2009.

Also, Puleva Biotech, S.A. received services from the Parent Ebro Puleva, S.A. in 2009 amounting to EUR 2 thousand.

In 2009 Puleva Biotech, S.A. made a donation of EUR 28 thousand to the Fundación Ebro Puleva Foundation as an alternative to having to reserve 2% of its jobs for disabled persons, pursuant to the Spanish Law on the Social Integration of Disabled Persons.

## 5. Conclusions

Sales of products and services by the Puleva Biotech Group to the aforementioned Ebro Puleva Group companies in 2009 represented 38% of revenue.

### 27.6 Directors and executives

Directors' remuneration. - Ebro Puleva, S.A.'s Board members earned total remuneration at all the Group companies amounting to EUR 9,930 thousand and EUR 4,680 thousand in 2009 and 2008, respectively, the detail being as follows (in thousands of euros):

DIRECTORS' REMUNERATION AND OTHER BENEFITS	2009	2008
<b>Remuneration</b>		
Attendance fees	300	267
Bylaw-stipulated profit sharing	2,332	2,055
<b>Total non-executive directors</b>	<b>2,632</b>	<b>2,322</b>
Wages, salaries and professional fees	7,298	2,358
Termination benefits and other	0	0
<b>Total executive directors</b>	<b>7,298</b>	<b>2,358</b>
<b>Total remuneration</b>	<b>9,930</b>	<b>4,680</b>
<b>Other benefits</b>		
Life insurance and retirement benefits	52	156

The company's current bylaws provide for a bylaw-stipulated share in profits of 2.5% of net profit for the year, provided that the appropriations to the legal reserve have been made and a dividend of at least 4% of the paid-in capital has been declared for shareholders.

The Board of Directors, at its meeting held on February 26, 2010 and at the proposal of the Recruitment and Remuneration Committee, resolved, for 2009 and for the Chairman and non-executive directors, to increase the bylaw-stipulated profit-sharing by 13.5% (equal to the increase in the 2009 consolidated EBITDA with respect to that of 2008) to EUR 2,332,231 and, accordingly, to propose to the shareholders at the Annual General Meeting the assignation of a percentage of 1.32% of the consolidated net profit attributable to the Company in 2009. The Board also resolved to increase the attendance fees, which had been frozen since February 2005. Specifically, the fee for attending Board Meetings rose to EUR 1,600 from the EUR 1,400 paid in previous years, and the fees for attending the various Committee meetings was increased to EUR 800 from the EUR 700 of prior years. EUR 278 thousand of fees for attending the various collective bodies of Ebro Puleva, S.A. were paid in 2009. The fees for attending the Board Meetings of Dosbio 2010, S.L.U. and of Puleva Biotech, S.A. were set at EUR 700, representing an amount of EUR 10,500 at Dosbio and EUR 14,000 at Puleva Biotech. Of these amounts, EUR 22,400 related to amounts earned by directors of these subsidiaries that sit on the Board of Directors of Ebro Puleva, S.A. Therefore, the sum total of the attendance fees earned by the directors of Ebro Puleva, S.A., both of the Parent and of the aforementioned subsidiaries, amounted to EUR 300 thousand in 2009.

Of the total remuneration of the executive directors (EUR 7,298 thousand), EUR 4,626 thousand relate to the Multi-Year Incentive Plan associated with the Ebro Puleva Group's Strategic Plan, of which EUR 600 thousand were paid in 2009. In 2006 the Board of Directors, at the proposal of the Recruitment and Remuneration Committee, approved this incentive plan for certain executives consisting of the possibility of receiving a given amount in cash tied to the achievement of certain targets established in the Company's Strategic Plan for 2007-2009. The senior executives of the Ebro Puleva Group, including the executive directors, are the beneficiaries of the Plan. The amount shown was calculated on the basis of the degree of achievement of the EBITDA and EVA targets and of certain qualitative objectives established in the Group's Strategic Plan for the three-year period from 2007 to 2009.

The consolidated financial statements for 2007 and 2008 include provisions totalling EUR 4,206 thousand as a provisional estimate of the amount of the Multi-Year Incentive Plan for those years based on the results achieved in 2007 and 2008. These provisions, which cover both the executive directors and the executives of the Ebro Puleva Group companies included in the Plan, were recognised on the basis of the definitive settlement made in 2009 for the three-year period as a whole, as described in the preceding paragraph.

The aforementioned Incentive Plan is not tied to the value of the Ebro Puleva share and does not entail the receipt by the beneficiaries of shares or of any other right thereon.

Pursuant to the bylaws, a member of the Board of Directors who has held an executive position is entitled to a supplementary life insurance policy and pension for an annual amount EUR 52 thousand in 2009 (2008: EUR 156 thousand).

Also, the Company has not granted any loans or advances to the members of its Board of Directors and it does not have any guarantee obligations to them.

**Article 127 ter 4 of the Consolidated Spanish Public Limited Liability Companies Law:** Pursuant to Article 127 ter. 4 of the current Consolidated Spanish Public Limited Liability Companies Law, this section of the notes to the consolidated financial statements discloses information that the directors, in compliance with their duty of loyalty, have communicated to the company, relating to the equity interests and positions held at companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Ebro Puleva, S.A., whether or not these companies form part of the Ebro Puleva Group.

- Antonio Hernández Callejas:
  - Direct ownership interest of 16.666% in Instituto Hispánico del Arroz, S.A. No position is held.
  - Indirect ownership interest of 3.620% in Casarone Agroindustrial, S.A. No position is held.
  - Direct ownership interest in Puleva Biotech, S.A. with 101 shares. No position is held.
- Félix Hernández Callejas:
  - Direct ownership interest of 16.666% in Instituto Hispánico del Arroz, S.A. No position is held.
  - Indirect ownership interest of 3.620% in Casarone Agroindustrial, S.A. No position is held.
  - Direct ownership interest of 0.002% in Rivera del Arroz, S.A. He holds the position of director.
  - Direct ownership interest of 0.0002% in Mundi Riz, S.A. He holds the position of director.
- Blanca Hernández Rodríguez:
  - Direct ownership interest of 16.666% in Instituto Hispánico del Arroz, S.A. No position is held.
  - Indirect ownership interest of 3.620% in Casarone Agroindustrial, S.A. No position is held.

It is hereby stated that Antonio Hernández Callejas, Félix Hernández Callejas and Blanca Hernández Rodríguez hold indirect ownership interests in Ebro Puleva, S.A. through the 15.721% ownership interest that Instituto Hispánico del Arroz, S.A. has in this company, directly and through Hispafoods Invest, S.L.

- Caja de Ahorros de Salamanca y Soria:
  - Ownership interest of 40% in Barrancarnes Transformación Artesanal. It holds the position of director.
  - Ownership interest of 40% in Jamones Burgaleses, S.A. It holds the position of director.
  - Ownership interest of 41.29% in Leonesa Astur de Piensos, S.A.. It holds the position of director.
  - Ownership interest of 33.040% in Dibaq Diproteg, S.A.. It holds the position of director.
  - Ownership interest of 50% in Marcos Soterrano, S.A. It holds the position of director.
  - Ownership interest of 29.370% in Qualia Lácteos, S.L.. No position is held.
- Caja España de Inversiones, Caja de Ahorros y Monte de Piedad:
  - Ownership interest of 100% in Inversiones, S.A. It holds the position of director.
- Fernando Castelló Clemente:
  - Ownership interest of 40% in Castillo Castelló, S.A. He holds the position of Non-Executive Chairman.
- Juan Domingo Ortega Martínez:
  - Indirect ownership interest of 60.84% in Quesos Forlasa, S.A. He is the representative of Forlasa Alimentación, S.L., which is the CEO of this company.
  - Direct ownership interest of 60.84% in Forlasa Alimentación, S.L. He holds the position of CEO.
  - Indirect ownership interest of 60% in Forlactaria Operadores Lecheros, S.A. He holds the position of Chairman of the Board of Directors.

■ Eugenio Ruiz Gálvez-Priego:

- He holds the position of CEO of Azucarera Ebro, S.L.U. No ownership interest is held.
- He holds the position of Deputy Chairman of Compañía de Melazas, S.A. No ownership interest is held.
- He holds the position of Chairman of Nueva Comercial Azucarera, S.A. No ownership interest is held.

The positions held by the directors at other companies belonging to the Ebro Puleva Group in which they do not have any ownership interests are as follows:

NAME OF DIRECTOR	EBRO PULEVA GROUP COMPANY	POSITION
Demetrio Carceller Arce	Puleva Biotech, S.A.	Director
Jaime Carbó Fernández	Panzani, S.A.S.	Director
Jaime Carbó Fernández	Riviana Foods, Inc.	Director
Jaime Carbó Fernández	Ebro America, inc.	Director
Jaime Carbó Fernández	El Castillo Debic Food Service, S.L.	Director
Jaime Carbó Fernández	New World Pasta Company	Director
Jaime Carbó Fernández	N&C Boost, N.V.	Director
Jaime Carbó Fernández	Boost Nutrition, C.V.	Director
Jaime Carbó Fernández	Herba Germany GMBH	Director acting severally
Jaime Carbó Fernández	Jiloca Industrial, S.A.	Director acting severally
Jaime Carbó Fernández	Arotz Foods, S.A.	Director acting severally
Jaime Carbó Fernández	Fincas e Inversiones Ebro, S.A.	Director acting severally
Leopoldo del Pino y Calvo-Sotelo	Puleva Biotech, S.A.	Director
Fernando Castelló Clemente	El Castillo Debic Food Service, S.L.	Non-Executive Chairman
Fernando Castelló Clemente	Lactimilk, S.A.	Non-Executive Chairman
Antonio Hernández Callejas	Panzani, S.A.S.	Director
Antonio Hernández Callejas	New World Pasta Company	Director
Antonio Hernández Callejas	Riviana Foods, Inc.	Director
Antonio Hernández Callejas	Puleva Biotech, S.A.	Director
Antonio Hernández Callejas	Ebro America, Inc.	Chairman
Antonio Hernández Callejas	N&C Boost, N.V.	Director
Antonio Hernández Callejas	Boost Nutrition, C.V.	Director
Antonio Hernández Callejas	Danrice, A/S	Director
Antonio Hernández Callejas	Josehp Heap&Sons Limited	Director
Antonio Hernández Callejas	S&Herba Foods Limited	Director
Antonio Hernández Callejas	Anglo Australian Rice Limited	Director
Antonio Hernández Callejas	Vogan & Co Limited	Director
Antonio Hernández Callejas	A W Mellish Limited	Director acting severally
Antonio Hernández Callejas	Josehp Heap Property Limited	Director acting severally
Antonio Hernández Callejas	Heap Comet Limited	Director acting severally
Antonio Hernández Callejas	Herba Germany GMBH	Director acting severally
Antonio Hernández Callejas	Arrozeiras Mudiarrroz, S.A.	Chairman
Félix Hernández Callejas	Herba Ricemills, S.L.U	Chairman -CEO
Félix Hernández Callejas	Herba Foods, S.L.U.	Director acting severally
Félix Hernández Callejas	Herba Nutrición, S.L.U.	Director acting severally
Félix Hernández Callejas	Fallera Nutrición, S.L.U.	Director acting severally
Félix Hernández Callejas	Nuratri, S.L.U.	Director acting severally
Félix Hernández Callejas	Nutrial, S.L.U.	Director acting severally
Félix Hernández Callejas	Nutramas, S.L.U.	Director acting severally
Félix Hernández Callejas	Pronatur, S.L.U.	Director acting severally
Félix Hernández Callejas	Vitasan, S.L.U.	Director acting severally
Félix Hernández Callejas	Risella, Oy	Director
Félix Hernández Callejas	S&B Herba Foods, Ltd.	Director
Félix Hernández Callejas	Anglo Australian Rice, Ltd.	Director
Félix Hernández Callejas	Joseph Heap&Sons, Ltd.	Director
Félix Hernández Callejas	Vogan&Co, Ltd	Director
Félix Hernández Callejas	Danrice A/S	Director
Félix Hernández Callejas	Herba Egypt Ricemills, Co.	Director
Félix Hernández Callejas	Arrozeiras Mundiarroz, S.A.	Director

NAME OF DIRECTOR	EBRO PULEVA GROUP COMPANY	POSITION
Félix Hernández Callejas	Riviana Foods, Inc.	Director
Félix Hernández Callejas	Herba de Puerto Rico, LLC	Director
Félix Hernández Callejas	Herto, N.V.	Chairman
Félix Hernández Callejas	Boost Nutrition, C.V.	Director
Félix Hernández Callejas	Herba Rice India, PVT, LTD	Director acting severally
Félix Hernández Callejas	Herba Hellas, S.A.	Receiver
Félix Hernández Callejas	Puleva Biotech, S.A.	Director
Félix Hernández Callejas	Española de I+D, S.A.	Director

Except for the aforementioned cases, it is hereby stated that none of the directors have notified the Parent that they have any percentage of ownership or hold a position in companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Ebro Puleva, S.A. and its Group companies.

In 2009 and 2008 no transactions were performed by the directors of Ebro Puleva, S.A. with Ebro Puleva Group companies that did not form part of the ordinary course of business of these companies or under non-arm's length conditions.

**Remuneration of executives:** At June 30, 2009 Ebro Puleva, S.A. had 10 executives (11 until June 30, 2009 and 7 until December 31, 2008), the total aggregate remuneration of which in 2009 was EUR 2,741 thousand (2008: EUR 1,360 thousand), of which EUR 2,615 thousand (2008: EUR 1,360 thousand) related to wages and salaries and EUR 126 thousand (2008: EUR 0 thousand) to termination benefits.

The employment contract of two of these executives include guarantee clauses in the event of termination or change of control which range from between one and two years' salary.

In the case of the other executives the termination benefits initially established are below the termination benefits provided for in the Spanish Workers' Statute due to the related length of service.

The executives (excluding executive directors) of the Ebro Puleva Group included in the Multi-Year Incentive Plan associated with the Ebro Puleva Group's Strategic Plan described in Note 27.6 earned a total of EUR 4,568 thousand in 2009 for the three-year period taken as a whole, of which EUR 370 thousand were paid in 2009.

Lastly, the Parent took out and has in force a third-party liability insurance policy covering the directors and executives of Ebro Puleva, S.A. with coverage for all its subsidiaries and an indemnity limit per annum of EUR 45 million, at an annual cost of EUR 78,000 and in force until 30 April 2010. The aforementioned policy is currently in the process of being renewed.

## 28. OBJECTIVES AND POLICIES RELATING TO RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Ebro Puleva Group carries out numerous actions to enable it to identify, assess, manage and minimise the risks to which its main business activities are exposed.

The main objective of the risk management policy consists of guaranteeing the value of the assets and the continuing growth of the Company through an optimum financial structure tailored to the legislation in force in the countries in which the Group operates. In addition, the Group's capital management policy seeks to ensure the maintenance of stable credit ratings and the maximisation of shareholder value. The accompanying consolidated directors' report includes information on financial gearing.

The measures taken in this respect cover the key parameters of the management of the business such as the income statement, borrowings, investment and the strategic policy of the Company, in order to make it possible to adopt the decisions that are key to the achievement of the objectives set out above.



The Group has pioneered the development and promotion of R&D, environmental and food quality and internal auditing in the industry. Most notable in this regard are the environmental and food quality, commercial and counterparty risk, occupational risk prevention and research and development committees, which are responsible for preventing and mitigating risks.

In addition to the general risks that affect all business activities, there are certain specific risks that arise both from the type of business activity carried on and the way in which the Group engages in this activity. The main risks and the control systems in place to mitigate them are as follows.

### **Risks specific to the industry in which the activity is carried on**

#### **1. Legal/Regulatory risk**

The Group is subject to, and its operations are effected by, the legislation of numerous countries and international organisations. This legislation establishes rules ranging from production quotas to trading prices or tariff protection. To counter the related risk, the Group opted to apply a policy of geographical and product diversification.

The Group is also exposed to the risk of not being able to adequately protect its brands and intellectual property. Therefore, the Company exhaustively monitors its intellectual property and projects its use with the competent agencies, applying for the appropriate patents wherever necessary.

#### **2. Environmental and food quality risk**

The Group's environmental policy is based on the principle of compliance with the legislation in force at any given time, for which purpose the Group has defined, developed and implemented an environmental and food safety management system that meets the requirements of the UNE-EN-ISO 14001:2004 and UNE-EN-ISO 9001:2000 standards under which most of the Group's production centres in Europe, the US and Canada have been certified.

The Company provides its employees with adequate and ongoing training in areas relating to food safety and occupational health and safety. Similarly, it performs quality controls on its products and on the materials used in producing them using its own and third-party laboratories.

Lastly, the Group has taken out several insurance policies that cover the risks relating to food safety.

#### **3. Supply risk**

The business activities carried on by Ebro Puleva depend on the supply of raw materials such as rice, durum wheat and milk. The Group is exposed to the risk of not receiving sufficient raw materials of a quality that is in line with the Group's standards at an appropriate price. To cater for this risk the Company acts along two lines:

- a) Diversifying the sources of supply, going to the main production markets if it is considered that in doing so a competitive advantage is gained.
- b) Entering into long-term supply agreements and cooperation agreements with the suppliers that the Group considers to be important for the business.

#### **4. Customer concentration and credit risk**

Although the end consumers of the Group's products are individuals, sales are made to a limited number of customers which include, inter alia, large retail chains. This gives rise to a dual risk due to the possible limitations on product range and problems relating to the credit of the Group's direct customers.

The Group is committed to the differentiation of its products through innovation and to a customer-led approach, supported by leading brands that enable the Group to find its own niche in the channels of distribution and among other industrial customers.



Also, with respect to credit risk the Group's policy has always been conservative and there are risk committees that regularly assess the situation, open positions and the automatic alerts implemented in the systems, which historically have led to low bad debt rates. Also, the commercial and collection management departments work together on a coordinated basis and take into account the credit ratings awarded by the credit insurance companies with which the Group works, which provide the last line of guarantee.

The Group does not have a significant level of credit risk concentration.

## **5. Risk due to an excess of installed capacity**

The consumer goods industry is threatened by possible surplus installed capacity, which becomes more apparent at low points in the economic cycle. Once more, the best guarantee in the face of this type of risk is the strategy of ongoing innovation and differentiation of the Group's products with expenditure on advertising as a percentage of revenue of 4.3% in 2009 (3.6% in 2008) and a high level of spending on R&D+I. Also, the Group endeavours to keep up to date and renew its production structure by abandoning the assets that it does not consider to be sufficiently efficient (bio-fuel activities) and by investing in new plants (Memphis) or production lines.

## **Risks specific to the Ebro Puleva Group**

### **1. Risks to production assets.**

All the Group companies insure all of their assets, capital goods and inventories by taking out the related insurance policies.

### **2. Country risk.**

The Group carries on activities in certain countries classified as "developing countries". This situation means that certain investments are affected by the typical risks associated with these countries such as possible political changes that might affect market conditions, restrictions on the movement of capital, nationalisation of assets or devaluations of reference currencies. Ebro Puleva's presence in these countries is limited and in most cases it is restricted to taking positions to optimise supply (primarily rice). In view of these possible contingencies the Group opted to diversify the risks with a presence in Europe, the Americas, Asia (Thailand and India) and Africa (Morocco and Egypt).

### **3. Risk related with the Group's growth strategy.**

The Group's strategy to be leaders in "Meal Solutions" entails the possibility of making certain acquisitions. These acquisitions can have a negative impact if the companies, brands and processes acquired do not become fully integrated. To combat this situation, Ebro Puleva implements certain practices to minimise acquisition risk, most notably including:

- Performance of due diligence reviews with firms of acknowledged prestige.
- Negotiation of the end price based on risk analysis.
- Request for guarantees until the resolution of litigation or the definitive clarification of the risk.
- Deferred payment or bank guarantee in the event of possible contingencies.

Also, certain investment alternatives (organic growth) may represent a risk if the expected success is not achieved. In order to cater for these risks all the investment projects include risk analysis, which enables them to be assessed on an economic and strategic basis, prior to taking any decisions. These decisions are taken by the corresponding body, on the basis of the established limits, and the most significant projects (those amounting to more than EUR 2 million) require the approval of the Board of Directors.

### **4. Foreign currency risk.**

The Group hedges the transactions that may give rise to this risk, either by using financial derivatives or by natural hedging by financing loans with cash flows generated in the same currency (see table below on Financial Risks).

### **5. R&D+I risk.**

The Group, through its biotechnology and research and development subsidiaries Puleva Biotech, Española de I+D and Crecerpal (Panzani subgroup), supports its main business lines by facilitating product and process development and innovation to enable them to capitalise on the commercial launch on the food market of new functional foods, such as Omega 3 or probiotics, and become an industry benchmark in biotechnology and innovation.

## 6. Labour risks.

This relates to both attracting human resources and limiting labour risks. Accordingly, the Group promotes both personal incentive and remuneration schemes for the main executives tied to results and the improvement of working conditions.

### Financial risk management and financial instruments

The Group's principal financial instruments include bank loans, bank overdraft facilities, equity instruments, cash and short-term deposits. Also, the Group has other financial assets and liabilities such as trade receivables and payables.

In order to manage the foreign currency and interest rate risk arising from the Group's operations and, on occasions, the risk relating to possible changes in the price of certain raw materials (gas), the Group arranges derivatives, basically in the form of interest rate and foreign currency forwards and options, swaps or combinations thereof.

The accounting policies used to measure these financial instruments are described in Note 3 to these consolidated financial statements.

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 the aforementioned credit risk.

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

#### Cash flow interest rate risk

The Group is exposed to the risk of changes in market interest rates, primarily in connection with its long-term payment obligations that bear floating interest rates.

The Group manages its borrowing costs by using, where necessary, a combination of floating and fixed interest rates. The Group minimises its exposure to this risk and to do so it closely monitors the changes in interest rates with the support of external experts. When it is deemed necessary, the Group arranges derivative financial instruments on interest rates. These derivative instruments are designed to hedge underlying payment obligations.

A sensitivity analysis performed on the main financial instruments in the Group's balance sheet exposed to interest rate change risk with an impact on Group results showed variations on the income statement of EUR 3.4 million with interest rate changes equal to 50 basis points (2008: EUR 5.9 million).

The main assumptions used in the sensitivity analysis model were as follows:

- Only financial instruments sensitive to material changes as a result of interest rate increases and decreases were included.
- All hedging transactions were excluded, since they are perfect hedges and are not subject to changes.
- The interest rate was considered as the sole variable, with all other variables in the model remaining constant.

CHANGES IN INTEREST RATES	2009				2008			
Income/(Expense)	(0.50%)	(0.25%)	0.25%	0.50%	(0.50%)	(0.25%)	0.25%	0.50%
Profit before tax	3.362	1.680	(1.680)	(3.362)	5.946	2.973	(2.973)	(5.946)

#### Foreign currency risk

The ultimate objective of the risk management policy is to offset (at least partially) the potential fall in the value of assets denominated in currencies other than the euro by savings due to decreases in value of the liabilities in these currencies.

As a result of the major investments made in the US, the Group's balance sheet could be significantly affected by changes in the USD/EUR exchange rate.

The Group endeavours to mitigate the effect of its structural foreign currency risk by obtaining loans in US dollars and, accordingly, most of its investments in the US are hedged in this way

At December 31, 2009, "Other Receivables" included two loans totalling USD 586 million (December 31, 2008: EUR 630 million) (see Note 22) which were designated as hedges of net investments in the US subsidiaries and are used to hedge the Group's exposure to foreign currency risk on these investments. The gains or losses on the translation to euros of these loans are recognised in equity to offset any gains or losses on the translation of the net investments in the subsidiaries.

In addition, the Group is exposed to foreign currency risk on its transactions. This risk arises from purchases and sales made by the operating units in currencies other than the functional currency. In relation to important transactions, the Group's operating units use forward foreign currency contracts to eliminate foreign currency risk. Forward foreign currency contracts must be expressed in the same currency as the item that they are hedging.

The Group does not arrange forward foreign currency contracts until a firm agreement has been entered into and negotiates the terms and conditions of the derivative to match the terms and conditions of the hedged item, thereby maximising the efficiency of the hedge.

Certain Rice Business companies (Herba, S&B Herba and Euryza) and Pasta Business companies (Panzani) have forward foreign currency contracts (foreign currency swaps) to mitigate the expose of their commercial transactions. These transactions are carried out in order to minimise foreign currency risk although they do not qualify for hedge accounting. The outstanding contracts at 2009 end-year were as follows:

CURRENCY	Notional amount (thousands)	
	2009	2008
USD	28,436	28,108
CAD	0	440
EUR	11,839	8,582
GBP	2,702	2,201

The sensitivity analysis performed on the financial instruments in the Group balance sheet exposed to changes in exchange rates was based on the following assumptions:

- Only financial instruments sensitive to material changes as a result of changes in exchange rates were included.
- All borrowings constituting a perfect hedge of the object of the investment are excluded.
- The exchange rate was considered as the sole variable, with all other variables in the model remaining constant.

#### Impact on Group results

CHANGES IN THE EURO EXCHANGE RATE	2009				2008			
<b>Arising from derivatives:</b>								
Income/(Expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit before tax	99	56	(56)	(99)	(1,578)	(810)	810	1,578
<b>Arising from other financial instruments:</b>								
Income/(Expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit before tax	234	120	(120)	(234)	319	160	(160)	(319)

CHANGES IN THE POUND STERLING EXCHANGE RATE	2009				2008			
<b>Arising from derivatives:</b>								
Income/(Expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit before tax	909	444	(444)	(909)	65	18	(18)	(65)
<b>Arising from other financial instruments:</b>								
Income/(Expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit before tax	(351)	(180)	180	351	(248)	(124)	124	248

CHANGES IN THE US DOLLAR EXCHANGE RATE	2009				2008			
<b>Arising from derivatives:</b>								
Income/(Expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit before tax	(609)	(291)	291	609	1,276	668	(668)	(1,276)
<b>Arising from other financial instruments:</b>								
Income/(Expense)	(10.00%)	(5.00%)	5.00%	10.00%	(10.00%)	(5.00%)	5.00%	10.00%
Profit before tax	(63)	(120)	63	120	(72)	(36)	36	72

### Impact on borrowings

CHANGES IN THE US DOLLAR EXCHANGE RATE	2009				2008			
+ Borrowing / (-Borrowing)	(10,00%)	(5,00%)	5,00%	10,00%	(10,00%)	(5,00%)	5,00%	10,00%
ECB borrowings	(43,654)	(21,827)	21,827	43,654	(53,353)	(26,677)	26,677	53,353

### Liquidity risk

The Group's objective is to match the maturities of its payables to its ability to generate cash flows to settle these obligations. In order to achieve this, it maintains a balance between continuity of the financing and flexibility through the use of revolving credit policies, bank loans that may include grace periods to adapt them to the return on the related assets, and forward purchase contracts.

## 29. INFORMATION ON THE ENVIRONMENT

Ebro Puleva has always been committed to doing its utmost to strike a balance between carrying on its business and protecting the environment. Being fully aware that sustainable growth is not possible without such a commitment, the Company has a comprehensive policy of respect for the environment to prevent, control and minimise environmental impact.

This environmental policy is based on the concerted action of everyone in the Company's organisation and is based on the following fundamental features:

- The definition, development and implementation of an Environmental Management System which meets the requirements of the UNE-EN-ISO 14001:2004 standard, or, where applicable, carrying out environmental management practices that improve its production practices.
- Modernisation of material resources that enable the Company to prevent and minimise consumption, emissions, and harmful environmental impacts.
- Training and raising the awareness of all Company employees about the environmental aspects of their work and the organisation.
- Setting environmental targets that foster continuous improvement in this area, provided with the appropriate financial and operational resources.
- Encourage the Company's suppliers to adopt principals similar to those discussed above, cooperating with them to put them into practice.
- Ensure the achievement of the objectives set, compliance with legal requirements and the aforementioned principles, carrying out periodic in-house and external audits of the Environmental Management System.

In 2009 Ebro Puleva continued to implement an advanced policy of respect for the environmental to achieve sustainable development in a context of ongoing prevention and improvement. The Group invested EUR 3.5 million in implementing improvements that minimise its environmental impact, 54% more than in 2008.

Total expenditure on environmental management activities (€)	3,516,091
Expenditure on R&D+i aimed at environmental conservation (€)	404,372.00

Independently from the above, all the companies have implemented in-house environmental training programmes, involving their employees in the measures that can have the most significant impact on savings in the consumption of water, energy and other resources. The various environmental awareness and training courses organised accounted for 0.5% of the total investment in environmental management activities.

## Certification and environmental management programmes

To date, the plants certified under the UNE-EN-ISO 14.001 standard are as follows:

COMPANY	Country	Name of plant	Standard
Panzani	France	Semolina gennevilliers	ISO 14.001
Panzani	France	Semolina marseille littoral	ISO 14.001
Panzani	France	Semolina marseille st. just	ISO 14.001
Puleva food	Spain	Granada plant	ISO 14.001
Puleva food	Spain	Grelva combined heat and power plant	ISO 14.001
Puleva food	Spain	Lugo plant	ISO 14.001

In addition, the Group's Dairy Product Division in Spain was awarded the corresponding Integrated Environmental Authorisations in compliance with the EU regulation on integrated pollution prevention and control (the IPPC Directive). This new administrative control vehicle groups together and recasts the set of environmental authorisations existing to date and establishes an environmental condition for the operation of industrial complexes that carry on activities included in its scope of application.

The Group companies in the US carry on their business activities 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

## Main environmental indicators

These indicators cover the operations of 37 production plants and 28 corporate headquarters or sales offices throughout the world.

### Energy consumption

Total energy consumption (kWh)	1,272,442,212
Total energy purchased (kWh)	1,006,760,053
Electricity consumed (kWh)	268,967,534
Diesel consumed (t)	2,671

### Actions taken during the year to improve energy efficiency

1. Rice Division:
  - Energy study of the pre-cooked meal plant in Jerez de la Frontera (Cádiz).
  - Energy study of the San Juan de Aznalfarache (Seville) plant.
  - Installation of high energy-efficiency engines in the Riviana (US) plants.
  - Installation of condensers for electricity storage at the Riviana (US) plants.
  - Installation of motion-sensor lights at the Riviana (US) plants.
2. Pasta Division:
  - Installation at the St. Louis (US) plant of control equipment for the closed-circuit heating system, reducing the temperature by 60 degrees with respect to prior years.
  - Reduction of the use of extractor fans at the St. Louis (US) plant.
  - Installation of motion-sensor lights at the warehouses of the Fresno (US) plant.
  - Renewal of the lighting system at the Fresno (US) plant.
  - Performance of a study at the Montreal (Canada) plant for the replacement of the old lighting system with a new electronic system.
  - Installation of an energy efficiency programme at the Winchester (US) plant.
  - Installation of energy saving compressors and bulbs at the Birkel plants in Germany.
  - Performance of energy audits at the Panzani plants in France.

### 3. Dairy Product Division:

- Installation of thermal insulation at the production plants.
- Drainage water heat recovery at the Grelva combined heat and power plant.

### Water consumption

Water consumption (t)	4,638,758
-----------------------	-----------

### Actions taken during the year to reduce water consumption

#### 1. Rice Division:

- Installation in Riviana (US) of new pre-cooked rice production equipment that uses steam instead of water, thereby halving water consumption.
- In-house training programmes at Riviana (US) for the rational use of water.

#### 2. Pasta Division:

- Replacement of washers and filling of level controls at the plant in St. Louis (US).
- Promotion of the use of recycled water in the absorption tanks at the plant in St. Louis (US).
- Closed-circuit recycling of all cooling water at the plants in St. Louis and Fresno (US).
- Installation of new valves in the boilers at the Winchester (US) plant.
- Installation of a fully closed cooling system for all the production lines of Birkel (Germany).
- Modification of the rinser cooling system at the production plants of Panzani (France).

#### 3. Dairy Product Division:

- Replacement of the packaging technology in the sterilisation tower at the Granada plant.

### Consumption of toner and paper

Paper consumed (t)	25,119
Percentage of paper recycled	85.70%
Number of cartridges of ink or toner used	4,682

### Actions taken during the year to recycle paper and cardboard

#### 1. Rice Division:

- The Riviana plants in the US have implemented programmes to recycle the corrugated cardboard not sent to customers.
- Separation of white paper for recycling at the Riviana (US) plants.

#### 2. Pasta Division:

- Promotion of the use of paper, corrugated cardboard and scrap compactors at the St. Louis (US) plant.
- Installation of special recycling containers at the plant and office in Fresno (US).
- Recycling of all the paper and packaging material at the plant in Montreal (Canada).
- Optimisation of the materials and construction of components at the Division's plants in Germany.

#### 3. Dairy Product Division:

- Installation of paper recycling containers at all the facilities.

Also, in order to ensure the fulfilment of the packaging and packaging waste reduction, recycling and recovery objectives defined in Law 11/1997, of 24 April, the two companies in the Dairy Product Division (Puleva Food and Lactimilk) and Herba, the Rice Division's representative in Spain, are members of Ecoembalajes España, S.A. (Ecoembes), a not-for-profit public limited liability company the mission of which is to design and develop systems aimed at the selective collection and recovery of used packaging and packaging waste. Ecoembes uses what is known as the Green Dot concept (a symbol that appears on the packaging) to evidence that the packer of the product has paid an amount of money for each package placed on the market.

In addition, both the European rice companies and Ebro Puleva's head office have entered into an agreement with companies similar to Ecoembes for the destruction of paper and other media. This agreement enables them to both comply with the Spanish Data Protection Law and ensure the sustainable management of this documentation through the commitment that these companies have to recycle the related items.

## Discharge and waste management

Waste generated in the year (t)	15,302
Percentage of hazardous waste	0.44%

### Actions taken during the year to improve waste management and reduce discharges

1. Rice Division:
  - Optimisation of cooking processes at the Riviana (US) plants.
2. Pasta Division:
  - System for recycling water from the aspirator pump at the cooling tower at the plant in St. Louis (US).
  - Replacement of washers and filling of level controls at the St. Louis (US) plant.
  - Improved management of universal waste by changing the suppliers that managed this waste for the St. Louis (US) plant.
  - Installation of independent containers for the recycling of corrugated cardboard, paper, metal and engines at the Fresno (US) plant.
  - Recycling of oils, chemicals, metal, paper and batteries at the Montreal (Canada) plant.
  - Installation of independent containers for the treatment of all manner of waste at the Birkel plants in Germany.
3. Dairy Product Division:
  - Improved waste management infrastructure (collection points and temporary warehouses).
  - Installation of container washing machinery.
  - Improvements to the waste water network and connections at plants.

## Atmospheric emissions

Total CO <sub>2</sub> emissions (t)	214,506
NO <sub>x</sub> emissions (t)	350.83
Sulphur dioxide emissions (t)	580.13
Nitrogen monoxide emissions (t)	30.553
Atmospheric ammonia emissions (t)	3.428
Non-VOC smog emissions (t)	1.2
VOC (Volatile Organic Compounds) emissions (t)	58.53

### Actions taken during the year to reduce the volume of atmospheric emissions

1. Rice Division:
  - Installation of NO<sub>x</sub> burners in the boilers and rice driers at the new Riviana plant in Memphis (US).
2. Pasta Division:
  - Improvements to the dust collectors and boiler control at the Fresno (US) plant.
  - Monthly monitoring of dust collectors at the plant in Montreal (Canada).

Lastly, various Group companies have taken out third-party liability insurance to cover sudden unintentional pollution, since they consider that such insurance covers all possible risks in this connection.

To date, there have been no significant claims in this connection. There have, however, been favourable rulings in respect of the results of audits, inspections, the absence of allegations in the processing of Integrated Environmental Authorisations, etc.



### 30. FEES PAID TO AUDITORS

"Outside Services" in the consolidated income statement includes the fees paid to the auditors of the consolidated financial statements. The fees for the financial audit services provided to the companies composing the Ebro Puleva Group in 2009 totalled EUR 1,507 thousand (2008: EUR 2,063 thousand), of which the audits performed by the principal auditor (firms in the Deloitte international organisation in 2009 and Ernst & Young in 2008) amounted to EUR 1,470 thousand (2008: EUR 1,974 thousand).

Also, the Ebro Puleva Group commissioned services other than financial audit services amounting to EUR 40 thousand from Deloitte Group firms in 2009 (2008: Ernst & Young Group firms amounting to EUR 297 thousand).

### 31. EVENTS AFTER THE REPORTING PERIOD

On March 8, 2010, the Boards of Directors of Ebro Puleva, S.A. and Lactalis (French Group) reached a preliminary agreement with respect to the sale of the Ebro Puleva Group's dairy product business for EUR 630 million. In the four weeks following this preliminary agreement, the financial statements of the Ebro Puleva Group's dairy product business will be audited and the definitive sale agreement will be drawn up on the basis of the terms and conditions initially agreed upon. At the end of this period the transaction will be subject to the approval of the competition authorities.

This agreement will mean the exclusion of the dairy product business from the scope of consolidation of the Ebro Puleva Group in 2010, once all the conditions precedent of the transfer have been met. The impact of this transaction and the gain obtained will be recognised for accounting purposes once the agreements become effective, in accordance with IFRS 3 and IAS 10 (event after the reporting period of the second type defined in the standard). Note 7, "Segment Reporting" and other notes to the consolidated financial statements provide information on the assets, liabilities and transactions performed by the dairy product business, which is considered to be a segment in its own right.

No other significant events took place between the reporting date and the authorisation for issue of the consolidated financial statements.

### 32. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.





## Director's Report



# Director's Report for the year ended December 31, 2009 (thousands of euros)

## 1. ANALYSIS OF THE YEAR. SOLID BALANCED GROWTH

### Backdrop

2009 was characterised by the economic crisis. In general the developed economies -in which Ebro Puleva carries on the most significant portion of its business- reached their nadir in the first half of the year and then began to recover slightly due to expansive fiscal and monetary policies. Even so, serious risks persist associated with imbalances in the levels of indebtedness of the public and private sectors and the need to restructure the financial services industry that would make it possible to endow the system with an appropriate level of liquidity once the extraordinary measures adopted have been withdrawn.

As a result of the growing lack of confidence, of the need to tackle the major levels of public and private indebtedness and of the high levels of unemployment, there was a considerable drop in household spending. The leading international agencies forecast that that this situation will continue, at least into the near future. The slowdown in household expenditure has gone hand-in-hand with certain changes in purchasing habits.

Of course, these changes have impacted the food markets. With slight differences among the various OECD countries, there has been an increase in eating at home, restrictions in the number and value of meals taken out of the home, changes in consumers' perception of products and a search for the best quality/price relationship in terms of both products and distributors.

### Group earnings

Against the backdrop of crisis described above, the Ebro Puleva Group achieved growth in its principal business ratios. Net profit increased by 35.1% to EUR 176,539 thousand. Considering solely continuing operations, performance was even better, since the increase was 75% to a total of EUR 129,635 thousand.

EBITDA increased by 13.5% with respect to 2008, with an AAGR of 13.6% during the period 2006-2009. The improvements were seen across all the margins in the income statement as a result of the endeavours made in cost and supply management, constant investment in production (CAPEX of EUR 87 million), in innovation and in adapting to consumer needs.

The earnings for the period, and particularly those from discontinued operations, reflect the sale of the Sugar Business. On December 15, 2008, Ebro Puleva, S.A., which owned all the shares of Azucarera Ebro, S.L., and Associated British Foods (ABF), which owns all the shares of British Sugar, entered into a purchase and sale agreement for Azucarera Ebro, S.L. The purchase and sale transaction was implemented, following its approval by the competition authorities, on April 30, 2009.

From completion of the transaction to the effective date of the sale, in accordance with International Financial Reporting Standards, the results of the sugar business and its net profit were presented as discontinued operations in the consolidated income statement for the period and for the periods prior to its inclusion in that category. Also, the assets and liabilities associated with the business are presented as specific line items in the consolidated balance sheet. The information disclosed in this directors' report reflects the aforementioned circumstance, except where expressly indicated otherwise.

The Group's most significant economic aggregates are as follows:

CONSOLIDATED DATA								
(Thousands of euros)	2006	2007	2007/2008	2008	2008/2007	2009	2009-2008	CAGR 2009-2006
Revenue	1,744,687	2,004,182	14.9%	2,367,902	18.1%	2,197,731	(7.2%)	8.0%
EBITDA	210,257	226,854	7.9%	271,821	19.8%	308,491	13.5%	13.6%
% of revenue	12.1%	11.3%		11.5%		14.0%		
EBIT	146,902	158,919	8.2%	201,821	27.0%	240,447	19.1%	17.9%
% of revenue	8.4%	7.9%		8.5%		10.9%		
Profit before tax	173,031	82,851	(52.1%)	103,454	24.9%	172,991	67.2%	0.0%
% of revenue	9.9%	4.1%		4.4%		7.9%		
Tax	(59,079)	(20,629)	(65.1%)	(29,549)	43.2%	(43,356)	46.7%	(9.8%)
% of revenue	(3.4%)	(1.0%)		(1.2%)		(2.0%)		
Consolidated profit for the year (continuing operations)	113,952	62,222	(45.4%)	73,905	18.8%	129,635	75.4%	4.4%
% of revenue	6.5%	3.1%	0.0%	3.1%	0.0%	5.9%	0.0%	
Net profit of discontinued operations	72,396	30,251	(58.2%)	57,965	91.6%	43,188	(25.5%)	(15.8%)
% of revenue	4.1%	1.5%	0.0%	2.4%	0.0%	2.0%	0.0%	
Net profit	180,363	90,577	(49.8%)	130,637	44.2%	176,539	35.1%	(0.7%)
% of revenue	10.3%	4.5%		5.5%		8.0%		
Average working capital (*)	493,143	472,497	(4.2%)	587,423	24.3%	323,230	(45.0%)	
Capital employed (*)	1,654,931	1,675,831	1.3%	1,669,991	(0.3%)	1,176,282	(29.6%)	
ROCE (1) (*)	12.8	12.4		13.3		20.4		
Capex (*)	298,225	87,199	(70.8%)	96,497	10.7%	87,414	(9.4%)	
Average headcount	5,476	6,064	10.7%	5,829	(3.9%)	5,693	(2.3%)	
	12-31-06	12-31-07	2007/2006	12-31-08	2008/2007	12-31-09	2009/2008	
Equity	1,187,962	1,198,245	0.9%	1,203,131	0.4%	1,280,322	6.4%	
Net debt (*)	1,134,894	988,249	(12.9%)	1,055,853	6.8%	556,800	(47.3%)	
Average net debt (*)	1,046,354	1,129,254	7.9%	1,208,078	7.0%	716,725	(40.7%)	
Gearing ratio (2)	0.88	0.94		1.00		0.56		
Total assets	3,363,715	3,375,496		3,422,912		2,684,465		

(\*) In order to keep these parameters consistent, they were calculated including both the results of the Sugar Business and its associated assets liabilities

(1) ROCE = Profit from operations AAG last 12 months / Intangible assets - Property, plant and equipment - Working capital)

(2) Ratio of average net interest-bearing financial debt with cost to equity (excluding non-controlling interests)

Revenue decreased slightly as a result of the consolidation of the stability of raw material prices and the passing-on of the decrease in these prices to customers.

Profitability grew spectacularly. The EBITDA/Sales ratio was 14%; far higher than in previous years, with ROCE at 20.4%. The concentration in high-return industries along with the favourable evolution of working capital facilitated this trend.

The improved returns were concentrated in the Pasta and Dairy-Products business although if the rice trading transactions performed in 2008 -which contributed around EUR 20 million to earnings- are eliminated, year-on-year balanced growth can be seen across all the areas of around or above 10%.

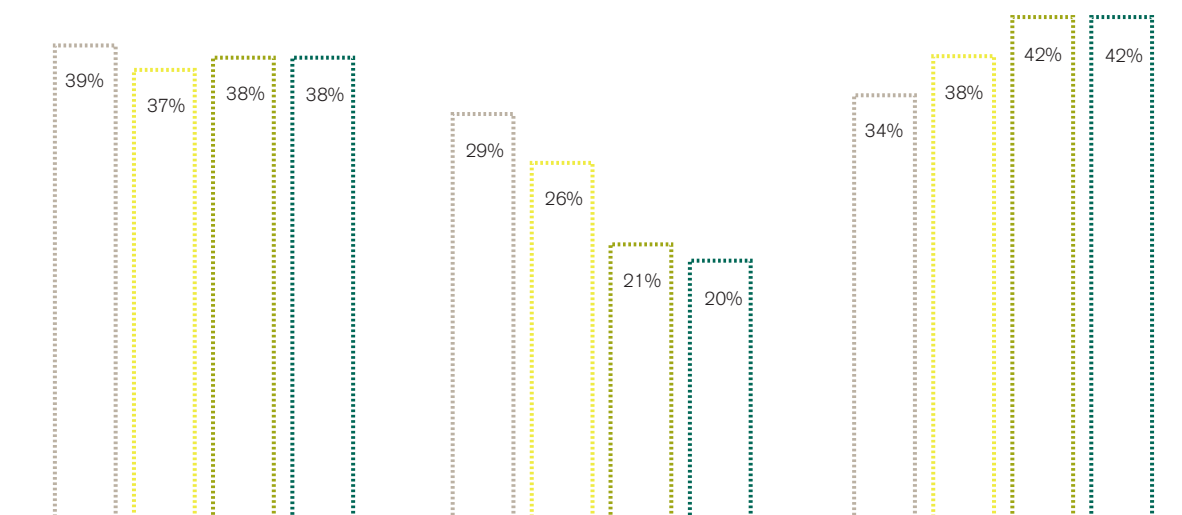
Profit from continuing operations improved as a result of the increase in profitability, of the funds generated by operations and of lower borrowing costs, which benefitted from lower interest rates, decreased indebtedness due to the sale of the sugar business and a fall in working capital. Also, there was an adverse impact arising from asset write-downs (in part replaced by new more efficient investments) and the partial derecognition of the goodwill relating to Exxentia.

### Compliance with Ebro Puleva's strategy

The Group's Strategic Plan for the three-year period ended in 2009 was based around the concept of Meal Solutions. This concept means that Ebro Puleva responds to the food needs of the consumer and requires a major capacity to adapt to a changing environment. In view of the situation of the markets and of the results obtained, Ebro Puleva considers that this objective has been achieved.

In addition, the Group bases its strategy on the following principles:

- **Stability and diversification.** The Group's structure provides it with a highly balanced source of income, with significant capacity to face up to situations of crisis. The detail of sales, by business and geographical area, is as follows:



PERCENTAGE OF SALES BY BUSINESS SEGMENTS

#### RICE

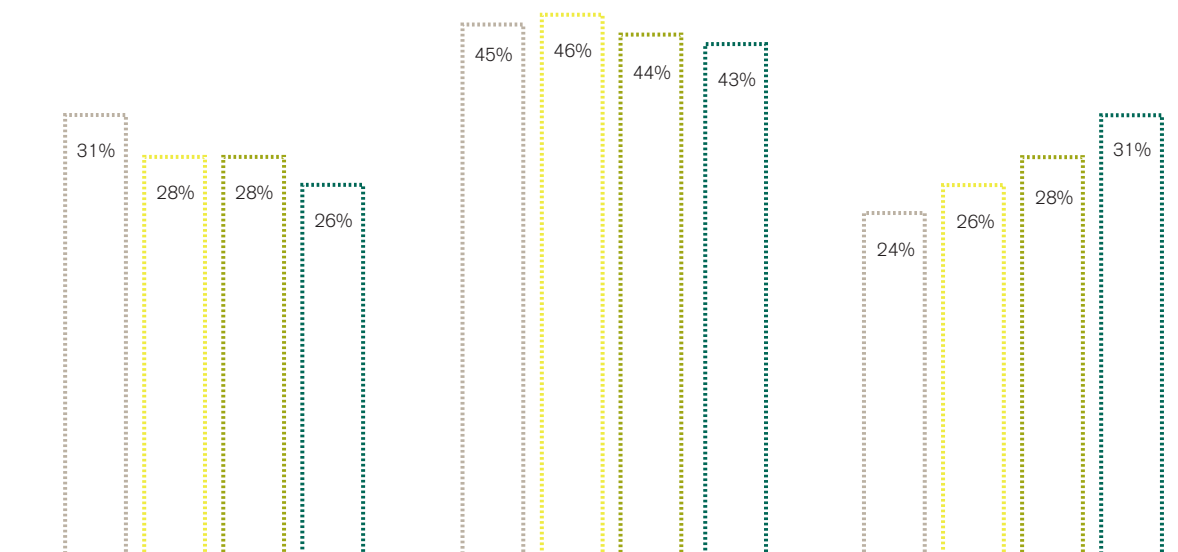
2006 2008  
2007 2009

#### DAIRY PRODUCTS

2006 2008  
2007 2009

#### PASTA

2006 2008  
2007 2009



PERCENTAGE OF SALES BY GEOGRAPHICAL REGIONS

#### SPAIN

2006 2008  
2007 2009

#### EUROPE

2006 2008  
2007 2009

#### AMERICA

2006 2008  
2007 2009

Of the total Ebitda, 38% was obtained in US dollars (33% in 2008) and 32% of assets are located in North America.

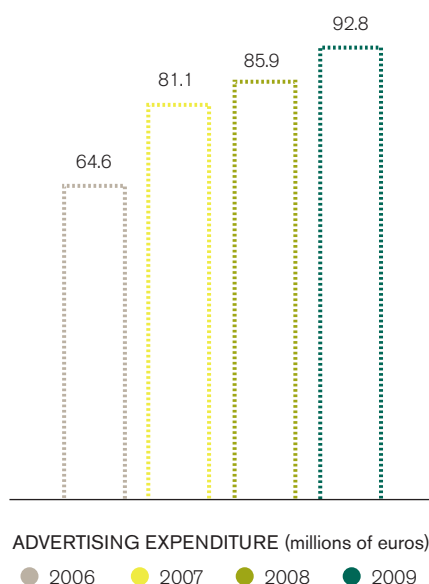
In recent years the Company has obtained constant growth in recurrent profits (even in profit before tax if the gains on the sale of buildings -which are highly volatile and of certain significance in 2006- are subtracted).

The search for business opportunities and, in particular, the diversification of raw material sources, has led the Group to establish itself in production areas such as North Africa, Thailand and India.

■ **Differentiation and innovation.** Consumers are increasingly demanding and the economic crisis has accentuated this trend. Ebro Puleva is firmly committed to investment in products along two lines; major innovation and development, and firm backing of leading brands in its business areas. The leading products that respond to the needs of pleasure, quality, guarantee and convenience see their position strengthened in times of crisis.

In 2009 there were launches, or launches were being prepared, of microwaveable baby foods, new varieties of milk with calcium, new dairy products for adolescents (Puleva), dried gnocchi suitable for frying, new varieties of risotto sauces, new heat'n eat pasta products (Panzani), vegetable-flavoured and express pasta (NWP) and the distribution markets of various microwaveable products were extended (Herba and Riviana).

Advertising expenditure is in constant growth to support both the new products and the identity of the existing ones. Advertising expenditure as a percentage of sales was 4.23% and exceeds 5.5% if industrial sales are eliminated. The following table show the growth in expenditure in recent years.



■ **Growth and consolidation of synergies.** Ebro Puleva is a Group specialising in foodstuffs with a major presence in North America and Europe. Diversification is carried out through selective growth in the areas that enable synergies to be amply integrated. In 2009 the Group's information systems were integrated and the integration of logistics and marketing was consolidated across North America.

The ultimate objective of this strategy is to suitably remunerate the shareholders. In 2009 EUR 145 million were distributed to the shareholders in the form of cash and stock dividends.

## Financial position

The debt position at the end of the period was especially satisfactory.

CONSOLIDATED							
NET DEBT (thousands of euros)	2006	2007	2007/2006	2008	2008/2007	2009	2009/2008
Equity	1,187,962	1,198,245	0.9%	1,203,131	1.3%	1,280,322	6.4%
Net debt	1,134,894	988,249	(12.9%)	1,055,853	(7.0%)	556,800	(47.3%)
Average net debt	1,046,354	1,129,254	7.9%	1,208,078	15.5%	716,725	(40.7%)
Gearing ratio	95.5%	82.5%	(13.7%)	87.8%	(8.1%)	43.5%	(50.4%)
Gearing ratio AD (1)	88.1%	94.2%	7.0%	100.4%	14.0%	56.0%	(44.2%)
EBITDA	210,257	226,854	7.9%	271,821	29.3%	308,491	13.5%
Coverage	5.40	4.36		3.88		1.80	

(1) Ratio of average net interest-bearing financial debt to equity (excluding non-controlling interests).

The Company's ratios are all the better since in most industries they have worsened due to lower levels of profitability and very high debt positions.

The reduction in borrowings is primarily a result of the high level of cash generated from operations and the sale of the Sugar Business. This ability to generate cash made it possible to distribute a dividend of EUR 145 million, of which EUR 110 million were paid in cash.

A consequence of the current debt position is the vote of confidence given by the market resulting in a share price increase of 48%, which is clearly above that of the other leading companies in the industry and of the principal reference indexes.

## Main businesses

The Ebro Puleva Group is organised around the following business areas:

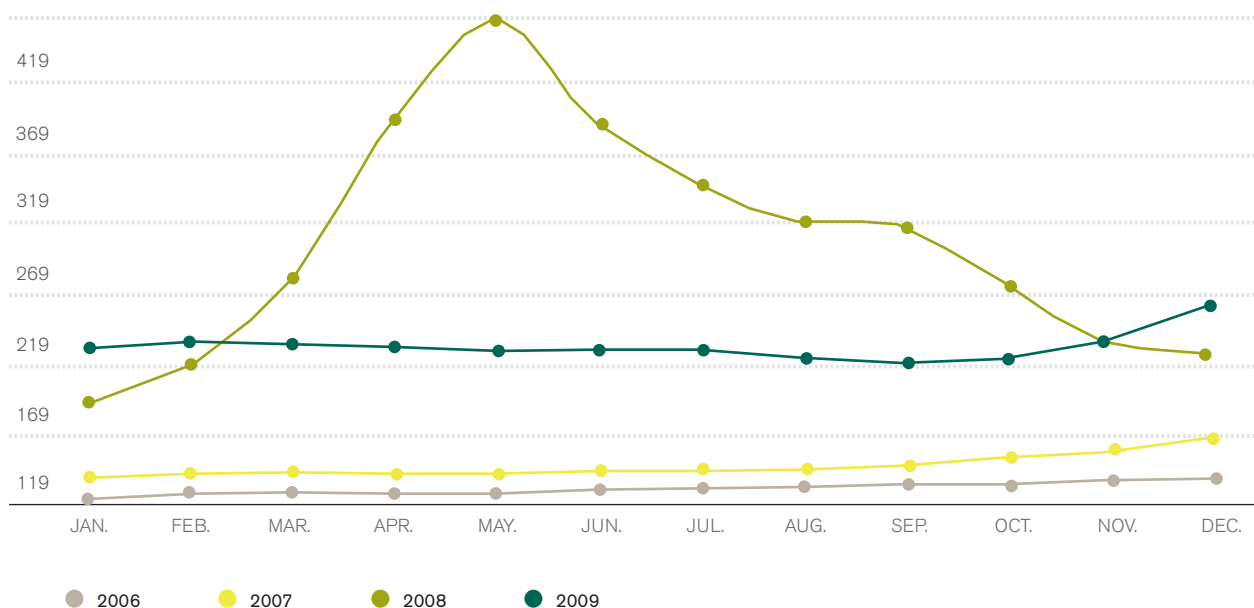
- Dairy Products Business: which includes basically liquid milk, fermented products, milk-based drinks and baby foods. This business is carried on by the Puleva Food and Lactimilk Groups.
- Rice Business: which includes the industrial and branding activities in relation to rice and other products. The Group operates throughout Europe, the Mediterranean Region, North America and Thailand through Herba and Riviana (USA).
- Pasta Business: which includes the production and marketing of dry and fresh pasta, sauces and semolina carried on by the Panzani, New World Pasta and Birkel Groups.
- Other Businesses: which include the research and development activities carried on by the Biotech Group in the nutraceutical area, the management of real estate assets and other activities related to foodstuffs and the management of the various businesses.

## RICE

RICE BUSINESS								
(Thousands of euros)	2006	2007	2007/2006	2008	2008/2007	2009	2009/2008	CAGR 2009/2006
Revenue	672,500	741,107	10.2%	890,969	20.2%	836,147	(6.2%)	7.5%
EBITDA	71,343	96,194	34.8%	126,560	31.6%	118,561	(6.3%)	18.4%
% of revenue	10.6%	13.0%		14.2%		14.2%		
EBIT	51,368	75,297	46.6%	105,724	40.4%	97,575	(7.7%)	23.8%
% of revenue	7.6%	10.2%		11.9%		11.7%		
Average working capital	191,208	188,294	(1.5%)	263,281	39.8%	185,446	(29.6%)	
Capital employed	462,702	498,237	7.7%	556,299	11.7%	495,768	(10.9%)	
ROCE	11.1	15.1		19.0		19.7		
Capex	23,098	22,046	(4.6%)	20,044	(9.1%)	55,138	175.1%	

- Rice prices remained stable throughout 2009 with a certain degree of pressure towards the end of the year due to certain Asian countries after a series of typhoons, although it does not appear that this will continue. At the beginning of 2010 stability returned and this should continue until the summer.

Rice IPO Index



- As a result of the changes in the raw materials market the Group's procurement strategy was redefined, reducing product inventories to a minimum. These inventories had been held at high levels in view of the situation in the market during the first half of 2008 and made it possible to perform trading transactions with supplementary margins.
- Sales fell as a result of the changes in market prices and the sale of the rice cookie business in 2008, whose results for a complete year are not included for the first time.
- In general, the brands have seen volumes fall due to the concerted pressure on consumption that has favoured private brands and "low price" brands. The growing success of retail chains that place emphasis on private brands and a small range of leading brands has been observed. Leadership and appropriate brand support (investment of EUR 24 million in 2009, up 19%) have taken on special importance.
- Despite the situation of the market, pre-cooked rice has on average performed better with volume growth of 14.3% in the US and a stable volume in Spain (Nielsen Scantrack). In this category the Minute brand, whose rollout was completed in the US and which began to be successfully retailed in Canada, continues to grow.
- Earnings fell off slightly compared with 2008 due to the absence of trading transactions discussed earlier which affected the Herba business, whereas in the US margins increased.
- The endeavours made to manage working capital led to a ROCE of 19.7%, up on 2008 and a record for the area.
- The main investments made in the area relate to the new Memphis factory which since the end of 2009 has been at the trial stage and which in 2009 accounted for investment of USD 60 million, new lines of ready-cooked and boil-in-the-bag products at the San Juan de Aznalfarache plant and the new frozen rice and pasta production facilities in Denmark (EUR 6 million).

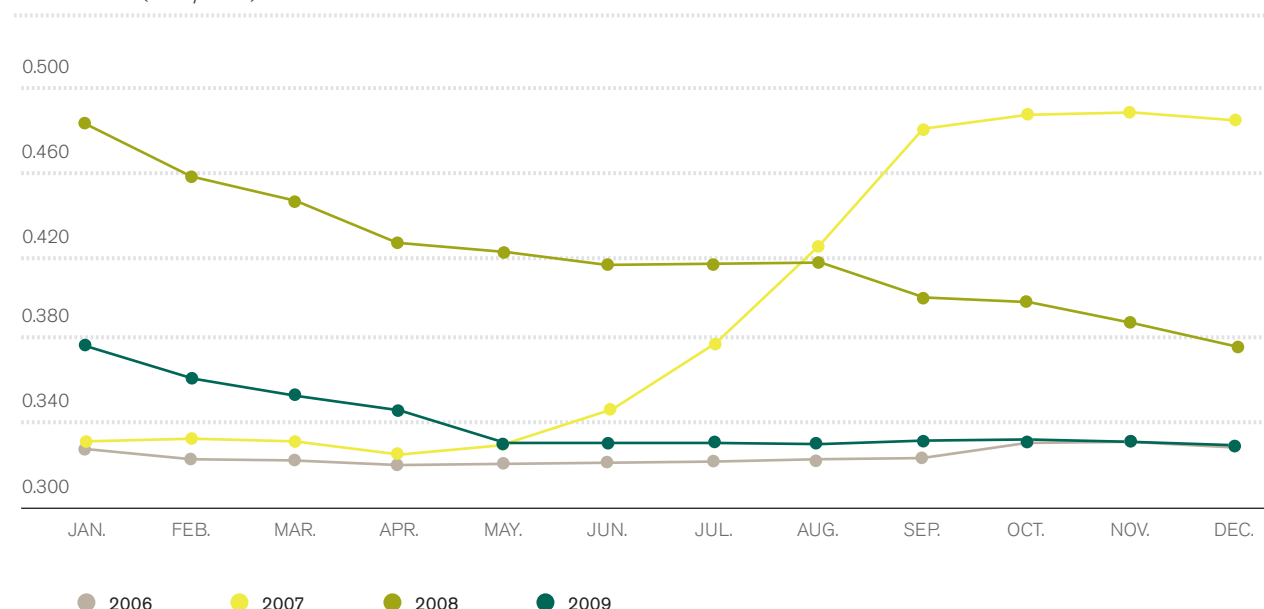


## DAIRY PRODUCTS

DAIRY PRODUCTS BUSINESS								
(Thousands of euros)	2006	2007	2007/2006	2008	2008/2007	2009	2009/2008	CAGR 2009/2006
Revenue	504,140	527,489	4.6%	506,064	(4.1%)	444,419	(12.2%)	(4.1%)
EBITDA	55,460	53,033	(4.4%)	50,135	(5.5%)	67,084	33.8%	6.5%
% of revenue	11.0%	10.1%		9.9%		15.1%		
EBIT	40,176	37,541	(6.6%)	34,993	(6.8%)	52,198	49.2%	9.1%
% of revenue	8.0%	7.1%		6.9%		11.7%		
Average working capital	87,508	74,072	(15.4%)	60,738	(18.0%)	43,961	(27.6%)	
Capital employed	223,511	196,938	(11.9%)	182,363	(7.4%)	159,043	(12.8%)	
ROCE	18,0	19,1		19,2		32,8		
Capex	14,625	16,872	15.4%	10,879	(35.5%)	8,756	(19.5%)	

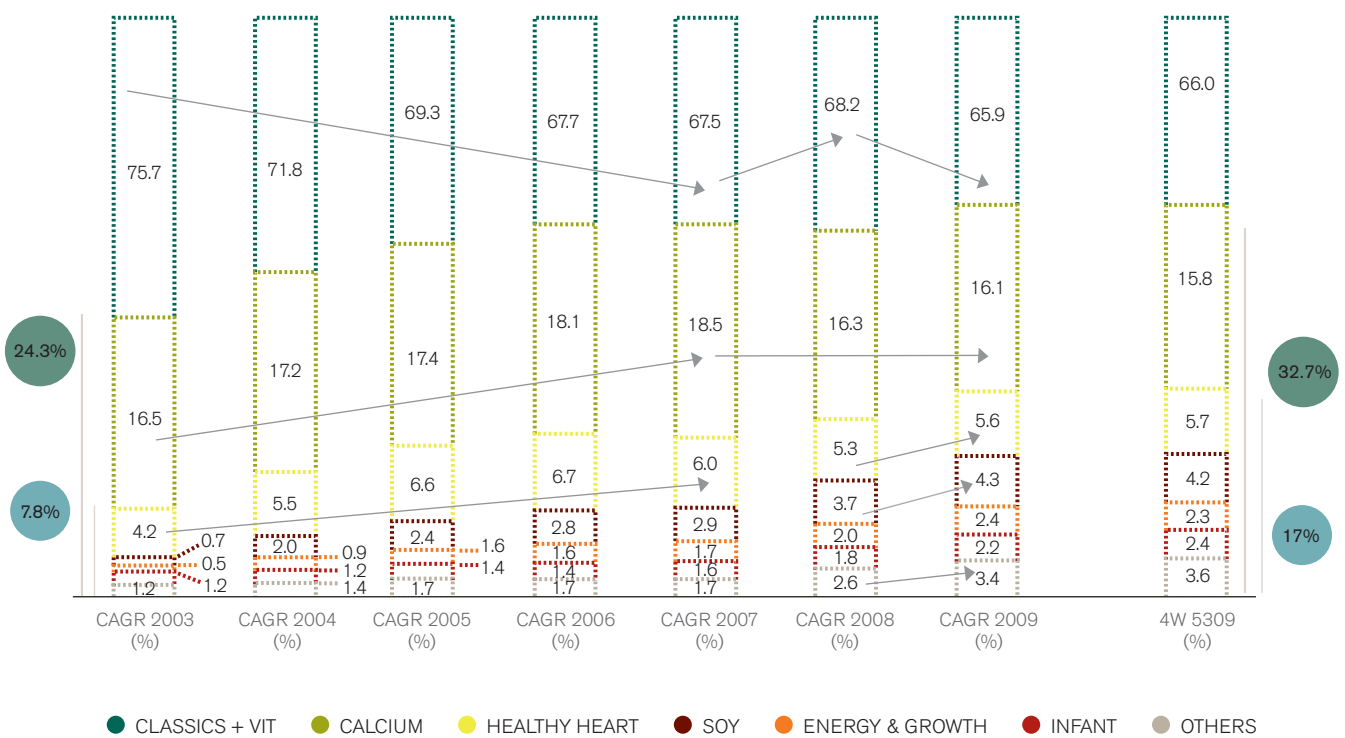
- Having overcome the pressures on prices at source, prices tended to fall back in the first half of the year to levels witnessed in 2006 and 2007 and from then on levelled off.

Price of milk (EUR/Litre)



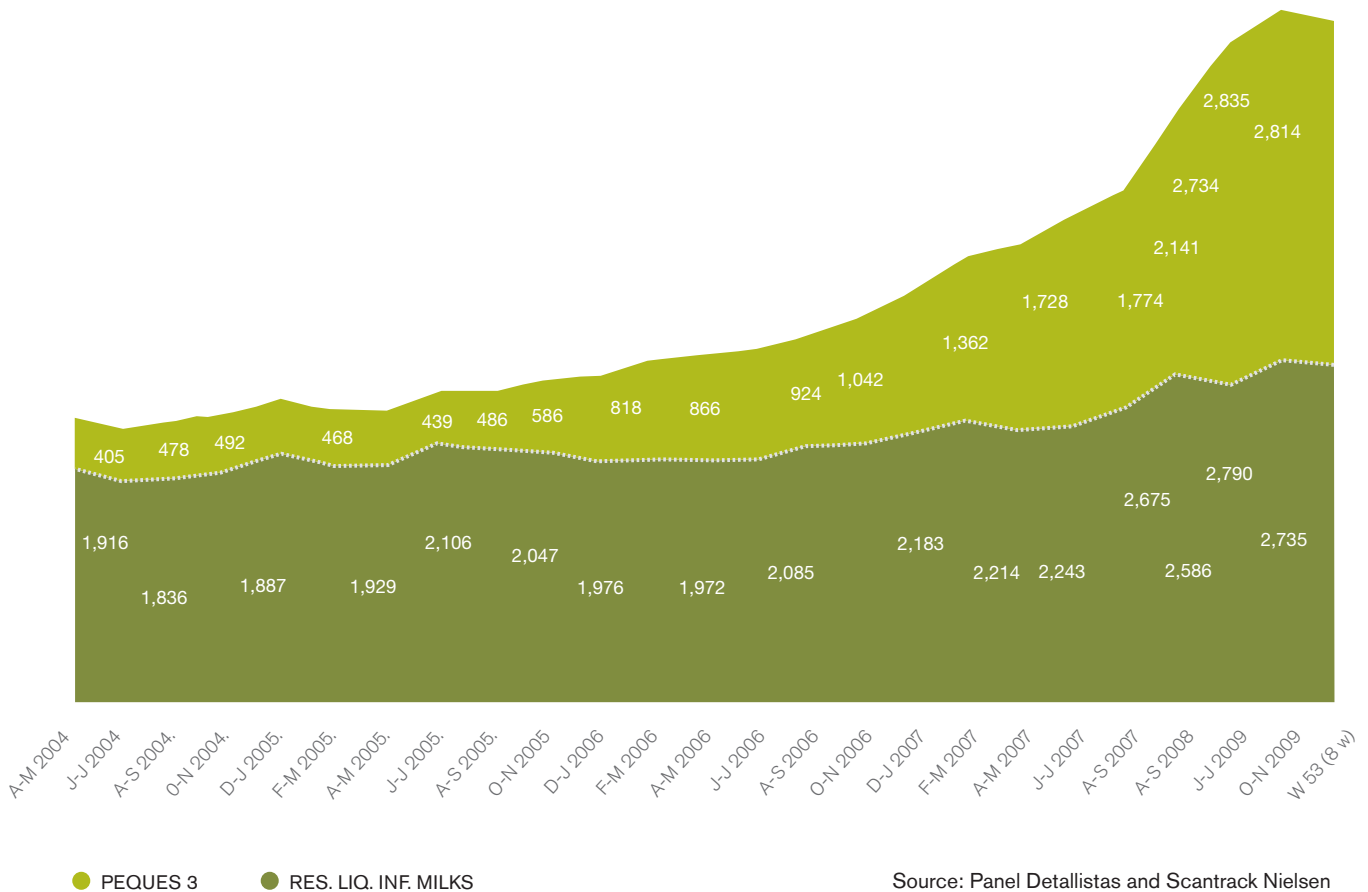
- The liquid milk market followed the trends seen in 2008. The crisis pushed consumers with less purchasing power towards the traditional milks which are being put on special offer and which are the subject of major efforts by large retailers to capture this segment. The result was an increase in volume and a decrease in market share, thereby eroding the margins on these products.
- Sales of value added milks, in which Puleva specialises, remained vigorous as a result of the energy and growth categories, soya, digestive and baby products whereas the cardio vascular milks get stable and the milks with calcium fell back somewhat.





Source: Nielsen Scantrack 52 Weeks

Of particular note is the performance of the infant milk segment where Puleva places a major portion of its value-creation strategy, which in volume terms grew by 12.6%. Puleva Peques accounts for 57% of total segment volume and has completely revolutionised the category.



Source: Panel Detallistas and Scantrack Nielsen

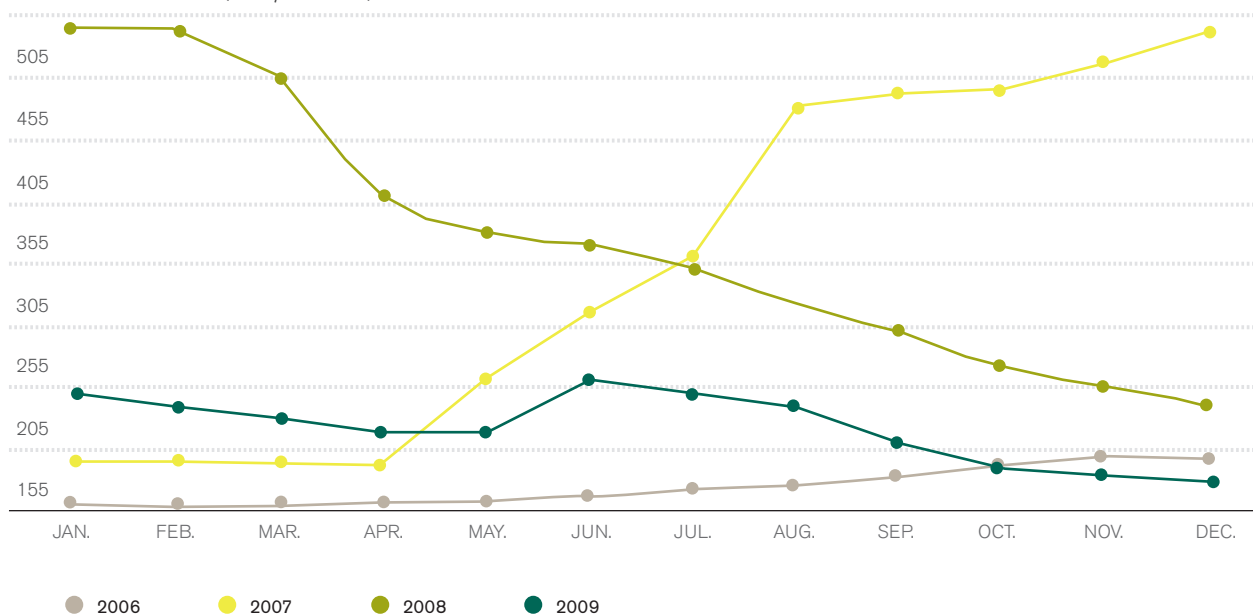
- Sales decreased by 12% due to the fall in prices and shrinking volumes of traditional and calcium milks; however, the product mix is favourable and, therefore, the performance of the margins led to an increase in Ebitda of 33% with respect to 2008, with a ROCE of 32.8% (19.2% in 2008) and the obtainment of the best results in the Company's history.
- In line with the commitment to brands and leadership in new value added products, advertising expenditure increased to EUR 17.1 million, up 9.2% on 2008.
- The main investments relate to changes in packaging lines, increasing single-portion packages and the use of PET.

## PASTA

PASTA BUSINESS								
(Thousands of euros)	2006	2007	2007/2006	2008	2008/2007	2009	2009/2008	CAGR 2009/2006
Revenue	588,573	762,489	29.5%	993,696	30.3%	928,077	(6.6%)	16.4%
EBITDA	92,093	88,450	(4.0%)	105,993	19.8%	137,057	29.3%	14.2%
% of revenue	15.6%	11.6%		10.7%		14.8%		
EBIT	66,408	58,274	(12.2%)	75,581	29.7%	108,831	44.0%	17.9%
% of revenue	11.3%	7.6%		7.6%		11.7%		
Average working capital	57,592	69,642	20.9%	121,795	74.9%	91,292	(25.0%)	
Capital employed	361,120	441,731	22.3%	511,570	15.8%	469,915	(8.1%)	
ROCE	18.4	12.0		14.8		23.2		
Capex	19,419	23,677	21.9%	20,747	(12.4%)	18,359	(11.5%)	

- In 2009 durum wheat prices remained stable, with a slight downward trend. Forecasts point to a similar performance, with good harvests in the main producing countries which will keep up world stocks.

Price of durum wheat (EUR/TONNE)



- The consumption of pasta in the markets in which Ebro Puleva operates increased, with volume increases of between 6% (Canada) and 1.9% (France) (Nielsen Scantrack S53).
- Sales, as in the previous areas, reflect the rapid fall in at-source prices and the passing-on thereof to the customer. In contrast, volumes grew following market trends.
- Advertising expenditure was EUR 48.8 million, more than 5% of sales, supporting a large number launches that required major initial promotion in the media.
- Ebitda increased by 29% to EUR 137 million with margins recovering fully after the price shock and will allow a series of launches of quick cook products, vegetable-flavoured pasta, new types of fibre-rich pasta, heat 'n eat pastas, and new sauce varieties. The area obtained a ROCE of 23.2 %
- CAPEX remained in line with previous years. An ambitious investment plan for the area was approved that will last three years and which will represent a major overhaul of the dry pasta facilities.

## 2. OUTLOOK FOR THE GROUP

Forecasts point to a slow economic recovery with an all but flat 2010 in the developed countries where consumption constraints will persist.

Stable raw material prices. With no great changes in worldwide demand and harvests underway that will ensure world stocks of rice and cereals, everything indicates that prices will remain stable.

Ebro Puleva is noteworthy for its anti-cyclical character with staple products, based on industry leading brands that enable the Company to capitalise on changes in consumer habits and continue to be a favourite in consumers' shopping baskets.

The Company's excellent financial position and the possibilities that arise in a climate of crisis pave the way for Company growth.

### Rice business

During 2010 the Memphis factory will come into full operation. The effect of the production improvements will not be complete until 2011 which is when there will be a notable impact on results.

The intense sales drive will be maintained to avoid any possible trade down effect, particularly in countries in which the weight of the hard discount and the pressure from private brands is greater.

### Dairy products business

The keys of previous years will be maintained. Commitment to functional products that our customers find practical and pleasurable. The loyalty of the consumers that value Puleva's products is key to the growth of the business. This loyalty is based on the confidence in the products for each age and group of consumers and, therefore, the infant products are increasingly important.

As announced publically, on March 8, 2010, the Boards of Directors of Ebro Puleva, S.A. and Lactalis (French Group) entered into a preliminary agreement in relation to the sale of the dairy products business of the Ebro Puleva Group (see Note 8 of this directors' report).

### Pasta

In the immediate future the value of the entire range of products launched in recent months will be extracted and a suitable level of penetration will be achieved that will make it possible to improve profitability in the medium term.

2010 will see the commencement of the investment plan drawn up for the dry pasta facilities. This three-year plan will lead to investment in the US (USD 42 million) and Europe (EUR 59 million) that will enable the dry pasta facilities to undergo a substantial increase in productivity.

### 3. R&D+I ACTIVITIES

Ebro Puleva has always been ahead of new consumer trends and an international benchmark in the research and development of products applied in the foodstuffs industry. Being fully aware that R&D+i is an essential tool for the implementation of its quality and differentiation strategy, in 2009 the Group continued to be unwaveringly committed to it, which manifested itself in the performance of numerous nutritional evaluation field trials and constant innovation as regards products, technologies and formats.

Together with Puleva Biotech, Ebro Puleva has been constructing its R&D+i engine with another four research centres in France, the US and Spain, which enable the Company to considerably boost the development of its research activity in the field of cereals. The centres are:

1. CEREC, located in St. Genis Laval (France), with seven employees, oriented towards developing the Pasta division's range of fresh pasta, fresh pre-cooked meals and sauces.
2. CRECERPAL, located in Marseille, with seven researchers and six technicians working in a laboratory on raw materials and analysis. The centre's research focuses on the development of the category of durum wheat, dry pasta, cuscus, rice and new food processing technologies applied to cereals.
3. TECH Centre, with nine researchers devoted to the research and subsequent development of new products, processes and technologies for the Rice division in the US.
4. Española de I+D, with 14 researchers dedicated to developing new and/or improved products and technologies, technology transfer and technical assistance in the areas of rice technology and its by-products and modern hostelry: fast-food and catering.

In 2009 the Cereales Project was completed which led to the discovery of new scientific and technological bases in the cereals field. In order to accelerate the development of product technologies, in 2010 significant investments in a pilot plant will foreseeably be made. This plant will be located in La Rinconada (Seville).

In 2009 research continued into infant food products through the extension of the range with the development of formulas low in lactose, of vegetal origin and cereal-based and the development of formulas for special medical use (lactose free formula, formula based on soya protein, formula with hydrolyzed protein and formula for premature babies) for new-born babies.

Also, in view of the experience accumulated over almost a decade of relations, in 2009 the Boards of Directors of Ebro Puleva, S.A. and Puleva Biotech, S.A. jointly commissioned a report from Ernst & Young with the objective of clarifying which of the companies held title to intellectual property -based on the terms and conditions of the research and development framework agreements entered into in the past- of the various projects undertaken based on the aforementioned framework agreements and of the other legal relationships maintained under other agreements.

A further objective of the commission was to prepare recommendations aimed at governing future relations between the Ebro Puleva and Puleva Biotech Group companies. The report of Ernst & Young, issued on February 24, 2010 and supplemented by an additional report on 11 March 2010, clarifies these questions and presents certain recommendations that will be included in the new agreements that will foreseeably be entered into in the future.

#### 4. TREASURY SHARE TRANSACTIONS

In 2009 the Parent purchased and sold treasury shares as provided for under the authorisation granted by the shareholders at the Annual General Meetings held on 28 April 2009 and 9 June 2008, having duly notified the Spanish National Securities Market Commission (CNMV) pursuant to current legislation. During this period 1,064,871 shares were purchased and 1,849,002 were sold and, in addition, an extraordinary stock dividend totalling 3,628,135 shares was distributed (see Note 12-b.2 to the financial statements). At 2009 year-end the Company held 666,469 treasury shares representing 0.43% of its share capital. No specific use has been designated for these treasury shares.

#### 5. EMPLOYEES

The number of employees at Ebro Puleva continued to grow with the inclusion of new employees and businesses. This situation allows for the integration of diverse cultures and skills with a constant flow of information and knowledge.

#### 6. RISK AND FINANCIAL INSTRUMENT MANAGEMENT OBJECTIVES AND POLICIES

The Ebro Puleva Group carries out numerous actions to enable it to identify, assess, manage and minimise the risks to which its main business activities are exposed.

The main objective of the risk management policy consists of guaranteeing the value of the assets and the continuing growth of the Company through an optimum financial structure tailored to the legislation in force in the countries in which the Group operates. In addition, the Group's capital management policy seeks to ensure the maintenance of stable credit ratings and the maximisation of shareholder value. This consolidated directors' report includes information on the gearing ratio.

The measures taken in this respect cover the key parameters of the management of the business such as the income statement, borrowings, investment and the strategic policy of the Company, in order to make it possible to adopt the decisions that are key to the achievement of the objectives set out above.

The Group has pioneered the development and promotion of R&D, environmental and food quality and internal auditing in the industry. Most notable in this regard are the environmental and food quality, commercial and counterparty risk, occupational risk prevention and research and development committees, which are responsible for preventing and mitigating risks.

In addition to the general risks that affect all business activities, there are certain specific risks that arise both from the type of business activity carried on and the way in which the Group engages in this activity. The main risks and the control systems in place to mitigate them are as follows:

##### **Risks specific to the industry in which the activity is carried on**

**Legal/Regulatory risk.** The Group is subject to, and its operations are effected by, the legislation of numerous countries and international organisations. This legislation establishes rules ranging from production quotas to trading prices or tariff protection. To counter the related risk, the Group opted to apply a policy of geographical and product diversification.

The Group is also exposed to the risk of not being able to adequately protect its brands and intellectual property. Therefore, the Company exhaustively monitors its intellectual property and projects its use with the competent agencies, applying for the appropriate patents wherever necessary.

**Environmental and food quality risk.** The Group's environmental policy is based on the principle of compliance with the legislation in force at any given time, for which purpose the Group has defined, developed and implemented an environmental and food safety management system that meets the requirements of the UNE-EN-ISO 14001:2004 and UNE-EN-ISO 9001:2000 standards under which most of the Group's production centres in Europe, the US and Canada have been certified.

The Group has in place a food quality and safety management system that meets the requirements of the UNE-EN-ISO 17025 Standard, certified by ENAC for the Spanish subsidiaries. Many of the subsidiaries have organic production certificates. In matters of food safety, of special note is the absence of incidents and the ongoing development of a Hazard Analysis and Critical Control Points system (HACCPs) that meets the requirements established under the European Union legislation. Most of the handling processes have obtained IFS (International Food Security) certificates. Furthermore, the Group has undertaken various initiatives to reduce gas emissions and atmospheric waste, improve water quality and reduce waste discharges, improve energy efficiency and water conservation, as well as recycling programmes for physical waste such as paper, aluminium and other materials. Lastly, mention should be made of some of the programmes to improve quality applied by the US subsidiaries, such as GMP (Good Manufacturing Practices) or HACCP (Hazard Analysis and Critical Control).

The Company provides its employees with adequate and ongoing training in areas relating to food safety and occupational health and safety. Similarly, it performs quality controls on its products and on the materials used in producing them using its own and third-party laboratories.

Lastly, the Group has taken out several insurance policies that cover the risks relating to food safety.

**Supply risk.** The business activities carried on by Ebro Puleva depend on the supply of raw materials such as rice, durum wheat and milk. The Group is exposed to the risk of not receiving sufficient raw materials of a quality that is in line with the Group's standards at an appropriate price. To cater for this risk the Company acts along two lines:

- a. Diversifying the sources of supply, going to the main production markets if it is considered that in doing so a competitive advantage is gained.
- b. Entering into long-term supply agreements and cooperation agreements with the suppliers that the Group considers to be important for the business.

**Customer concentration and credit risk.** Although the end consumers of the Group's products are individuals, sales are made to a limited number of customers which include, inter alia, large retail chains. This gives rise to a dual risk due to the possible limitations on product range and problems relating to the credit of the Group's direct customers.

The Group's is committed to the differentiation of its products through innovation and to a customer-led approach, supported by leading brands that enable the Group to find its own niche in the channels of distribution and among other industrial customers.

Also, with respect to credit risk the Group's policy has always been conservative and there are risk committees that regularly assess the situation, open positions and the automatic alerts implemented in the systems, which historically have led to low bad debt rates. Also, the commercial and collection management departments work together on a coordinated basis and take into account the credit ratings awarded by the credit insurance companies with which the Group works, which provide the last line of guarantee.

The Group does not have a significant level of credit risk concentration.

**Risk due to an excess of installed capacity.** The consumer goods industry is threatened by possible surplus installed capacity, which becomes more apparent at low points in the economic cycle. Once more, the best guarantee in the face of this type of risk is the strategy of ongoing innovation and differentiation of the Group's products with expenditure on advertising as a percentage of revenue of 4.3% in 2009 (3.6% in 2008) and a high level of spending on R&D+i. Also, the Group endeavours to keep up to date and renew its production structure by abandoning the assets that it does not consider to be sufficiently efficient (bio-fuel activities) and by investing in new plants (Memphis) or production lines.

### Risks specific to the Ebro Puleva Group

Risks to production assets. The exposure of the company's production assets to catastrophic natural events such as earthquakes and floods is limited. Also, all the Group companies insure all of their assets, capital goods and inventories by taking out the related policies.

**Country risk.** The Group carries on activities in certain countries classified as “developing countries”. This situation means that certain investments are affected by the typical risks associated with these countries such as possible political changes that might affect market conditions, restrictions on the movement of capital, nationalisation of assets or devaluations of reference currencies. Ebro Puleva's presence in these countries is limited and in most cases it is restricted to taking positions to optimise supply (primarily rice). In view of these possible contingencies the Group opted to diversify the risks with a presence in Europe, the Americas, Asia (Thailand and India) and Africa (Morocco and Egypt).

**Risk related with the Group's growth strategy.** The Group's strategy to be leaders in “Meal Solutions” entails the possibility of making certain acquisitions. These acquisitions can have a negative impact if the companies, brands and processes acquired do not become fully integrated. To combat this situation, Ebro Puleva implements certain practices to minimise acquisition risk, most notably including:

- Performance of due diligence reviews with firms of acknowledged prestige.
- Negotiation of the end price based on risk analysis.
- Request for guarantees until the resolution of litigation or the definitive clarification of the risk.
- Deferred payment or bank guarantee in the event of possible contingencies.

Also, certain investment alternatives (organic growth) may represent a risk if the expected success is not achieved. In order to cater for these risks all the investment projects include risk analysis, which enables them to be assessed on an economic and strategic basis, prior to taking any decisions. These decisions are taken by the corresponding body, on the basis of the established limits, and the most significant projects (those amounting to more than EUR 2 million) require the approval of the Board of Directors.

**Foreign currency risk.** The Group hedges the transactions that may give rise to this risk, either by using financial derivatives or by natural hedging by financing loans with cash flows generated in the same currency (see table below on Financial Risks).

**R&D+i risk.** The Group, through its biotechnology and research and development subsidiaries Puleva Biotech, Española de I+D and Crecerpal (Panzani subgroup), supports its main business lines by facilitating product and process development and innovation to enable them to capitalise on the commercial launch on the food market of new functional foods, such as Omega 3 or probiotics, and become an industry benchmark in biotechnology and innovation.

**Labour risks.** This relates to both attracting human resources and limiting labour risks. Accordingly, the Group promotes both personal incentive and remuneration schemes for the main executives tied to results and the improvement of working conditions.

There are certain protocols to prevent potential claims, including evacuation plans, first aid, etc. There are also specific programmes designed to promote an enhanced working environment and to maximise protection levels, which most notably include training courses for Group employees and the purchase of material and tools so employees can perform their work correctly.

### Financial risk management and financial instruments

The Group's principal financial instruments include bank loans, bank overdraft facilities, equity instruments, cash and short-term deposits. Also, the Group has other financial assets and liabilities such as trade receivables and payables.

In order to manage the foreign currency and interest rate risk arising from the Group's operations and, on occasions, the risk relating to possible changes in the price of certain raw materials (gas), the Group arranges derivatives, basically in the form of interest rate and foreign currency forwards and options, swaps or combinations thereof.

The accounting policies used to measure these financial instruments are described in Note 3 to these consolidated financial statements.

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 the aforementioned credit risk.

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

#### **Cash flow interest rate risk**

The Group is exposed to the risk of changes in market interest rates, primarily in connection with its long-term payment obligations that bear floating interest rates.

The Group manages its borrowing costs by using, where necessary, a combination of floating and fixed interest rates. The Group minimises its exposure to this risk and to do so it closely monitors the changes in interest rates with the support of external experts. When it is deemed necessary, the Group arranges derivative financial instruments on interest rates. These derivative instruments are designed to hedge underlying payment obligations.

See Note 28 to the accompanying consolidated financial statements for information on the Group's financial instruments exposed to interest rate risk.

#### **Foreign currency risk**

The ultimate objective of the risk management policy is to offset (at least partially) the potential fall in the value of assets denominated in currencies other than the euro by savings due to decreases in value of the liabilities in these currencies.

As a result of the major investments made in the US, the Group's balance sheet could be significantly affected by changes in the USD/EUR exchange rate.

The Group endeavours to mitigate the effect of its structural foreign currency risk by obtaining loans in US dollars and, accordingly, most of its investments in the US are hedged in this way

At December 31, 2009, "Other Receivables" included two loans totalling USD 586 million (December 31, 2008: EUR 630 million) (see Note 22) which were designated as hedges of net investments in the US subsidiaries and are used to hedge the Group's exposure to foreign currency risk on these investments. The gains or losses on the translation to euros of these loans are recognised in equity to offset any gains or losses on the translation of the net investments in the subsidiaries.

In addition, the Group is exposed to foreign currency risk on its transactions. This risk arises from purchases and sales made by the operating units in currencies other than the functional currency. In relation to important transactions, the Group's operating units use forward foreign currency contracts to eliminate foreign currency risk. Forward foreign currency contracts must be expressed in the same currency as the item that they are hedging.

The Group does not arrange forward foreign currency contracts until a firm agreement has been entered into and negotiates the terms and conditions of the derivative to match the terms and conditions of the hedged item, thereby maximising the efficiency of the hedge.

Certain Rice Business companies (Herba, S&B Herba and Euryza) and Pasta Business companies (Panzani) have forward foreign currency contracts (foreign currency swaps) to mitigate the expose of their commercial transactions. These transactions are carried out in order to minimise foreign currency risk although they do not qualify for hedge accounting.

See Note 28 to the accompanying consolidated financial statements for information on the Group's financial instruments exposed to foreign currency risk.



### Liquidity risk

The Group's objective is to match the maturities of its payables to its ability to generate cash flows to settle these obligations. In order to achieve this, it maintains a balance between continuity of the financing and flexibility through the use of revolving credit policies, bank loans that may include grace periods to adapt them to the return on the related assets, and forward purchase contracts.

## 7. INFORMATION ON THE ENVIRONMENT

The information on the environment is included in Note 29 to the accompanying consolidated financial statements.

## 8. EVENTS AFTER THE REPORTING PERIOD

On March 8, 2010, the Boards of Directors of Ebro Puleva, S.A. and Lactalis (French Group) reached a preliminary agreement with respect to the sale of the Ebro Puleva Group's dairy product business for EUR 630 million. In the four weeks following this preliminary agreement, the financial statements of the Ebro Puleva Group's dairy product business will be audited and the definitive sale agreement will be drawn up on the basis of the terms and conditions initially agreed upon. At the end of this period the transaction will be subject to the approval of the competition authorities.

This agreement will mean the exclusion of the dairy product business from the scope of consolidation of the Ebro Puleva Group in 2010, once all the conditions precedent of the transfer have been met. The impact of this transaction and the gain obtained will be recognised for accounting purposes once the agreements become effective, in accordance with IFRS 3 and IAS 10 (event after the reporting period of the second type defined in the standard). Note 7, "Segment Reporting" and other notes to the consolidated financial statements provide information on the assets, liabilities and transactions performed by the dairy product business, which is considered to be a segment in its own right.

No other significant events took place between the reporting date and the authorisation for issue of the consolidated financial statements.

## 9. ARTICLE 116 BIS OF THE SPANISH SECURITIES MARKET LAW

(data relating only to the Parent Ebro Puleva, S.A. as a listed company to which this provision applies).

Article 116 bis of the Spanish Securities Market Law, as worded by Law 6/2007, of 12 April, requires listed companies to present an annual explanatory report on additional disclosures to be included in the 2009 directors' report to the shareholders at the Annual General Meeting.

**a) Capital structure, including securities not traded on a regulated EU market, indicating, where appropriate, the various classes of shares and, for each class of shares, the rights and obligations conferred by the shares and the percentage of share capital that they represent.**

*The share capital amounts to EUR 9,319,235.20, divided into 153,865,392 fully subscribed and paid shares of EUR 0.60 par value each, represented by book entries of the same series and class.*

*The shares representing the share capital have the status of marketable securities and are governed by the provisions of the Securities Market Law.*

**b) Restrictions on the transferability of shares.**

There are no restrictions on the transferability of the shares.

**c) Significant direct or indirect ownership interests in the share capital, including directors.**

SIGNIFICANT SHAREHOLDER	Number of direct voting rights	Number of indirect voting rights	Percentage of total voting power
Instituto Hispánico Del Arroz, S,A,	13,588,347	Indirect holder, through Hispafoods Invest, S.L., of 10,600,210 voting rights, representing 6.889% of share capital.	15.721%
Sociedad Estatal de Participaciones Industriales	0	Indirect holder, through Alimentos y Aceites, S.A., of 13,315,016 voting rights, representing 8.654% of share capital.	8.654%
Sociedad Anónima Damm	0	Indirect holder, through Corporación Económica Damm, S.A., of 10,300,000 voting rights, representing 6.694% of share capital	6.694%
Lolland, S,A,	0	Indirect holder, through Casa Grande Cartagena, S.L., of 9,707,778 voting rights, representing 6.309% of share capital.	6.309%
Caja de Ahorros de Salamanca y Soria	9,474,951	0	6.158%
Caja España de Inversiones, Caja de Ahorros y Monte de Piedad	0	Indirect holder, through Invergestión, Sociedad de Inversiones y Gestión, S.A., of 7,940,277 voting rights, representing 5.161% of share capital.	5.161%

**d) Restrictions on voting rights.**

There are no restrictions on voting rights.

**e) Shareholders' agreements.**

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

**f) Rules applicable to the appointment and removal of members of the Board of Directors and amendment of the Company's bylaws.**

The appointment and the replacement of directors are governed by the bylaws (Articles 19 and 20) and by the Board Regulations (Articles 21, 23 and 24).

The Board of Directors shall be composed of a minimum of 7 and a maximum of 15 members, the General Meeting being responsible for determining the number and for appointing and removing directors. The Board currently has 14 members.

Directors shall be appointed for a term of four years and the post may be rejected, appointments may be revoked and directors may be re-elected. Once this term has elapsed, directors may be re-elected one or more times for terms of equal length.

The appointment of directors shall lapse when, on expiry of the term, the next General Meeting has been held or the period established by law for holding the General Meeting which has to resolve whether to approve the financial statements for the previous year has ended.

Should vacancies arise during the term for which the directors are appointed, the Board may designate from among the shareholders persons to occupy the vacancies until the next General Meeting is held.

The nominations for the appointment and re-election of directors submitted by the Board of Directors shall relate to persons of acknowledged prestige who have the experience and professional knowledge required to discharge their duties.

Nominations shall be made taking into account the existence of three types of director: (i) executive directors; (ii) non-executive directors, which may be of two types: those that belong to the Board at the request of shareholders with significant ownership interests in the Company's share capital, and those which may be deemed to be independent directors pursuant to applicable legislation or good corporate governance recommendations; and (iii) directors who do not belong to either of these categories.

The distribution of directors according to the categories defined above shall be adjusted from time to time in accordance with the functional requirements and actual shareholder structure of the Company on the basis of the relationship between the share capital controlled by significant shareholders and the percentage held by institutional investors and non-controlling shareholders.

In any case, any steps taken by the directors in relation to the composition of the Board shall be without prejudice to the sovereign powers of the General Meeting to appoint and remove directors and, as the case may be, to the shareholders' right of proportional representation.

Directors shall tender their resignation to the Board and formally resign in the following cases:

- When they are subject to any incompatibility or prohibition provided for by law, in the bylaws or in these Regulations.
- When they cease to discharge the executive functions associated with their appointment as directors, when the shareholder they represent sells its entire ownership interest or when that shareholder reduces its ownership interest to a level that requires a reduction of the number of its proprietary directors and, in general, when the reasons for which they were appointed cease to exist.
- When the Board, following a report from the Nomination and Remuneration Committee, considers that they have seriously breached their obligations or that there are reasons in Company's interest that justify such resignation.

The Board shall submit the removal of the director to the General Meeting in the event that the director does not resign in any of the above situations.

Directors who stand down from the Board prior to the end of their mandate, due to resignation or any other cause, must explain their reasons for vacating their office to the Board and, without prejudice to the fact that the removal is communicated as a significant event, the Company shall give the reasons for the removal in the Annual Corporate Governance Report.

If a director chooses to resign after expressing serious reservations on matters on which the Board had adopted resolutions, the director shall explain the reasons for the resignation as described above.

No procedures or requirements for the amendment of the bylaws other than those provided for by law are established, except for the higher quorum requirement for General Meetings established in Article 12 of the bylaws, where sixty per cent of the share capital with voting rights is required on first call and thirty per cent on second call. The requirements for voting are the same as those established in the Consolidated Spanish Public Limited Liability Companies Law.

**g) Powers of the members of the Board of Directors and, in particular, those relating to the possibility of issuing or repurchasing shares.**

The executive directors Antonio Hernández Callejas and Jaime Carbó Fernández hold the following powers:

1. To represent the Company and use the corporate signature in all manner of acts, businesses and agreements included in the company object. To enter into contracts for project work or for the supply of goods or services with the European Union, the State, the Autonomous Communities, provinces, islands or municipalities and, in general, with any public or private person, by means of merits-based or price-based tenders, direct award or any other legal method of contracting, presenting and signing the appropriate proposals, accepting awards, as the case may be, performing any such acts and executing any such public or private documents as may be required or deemed appropriate for their formalisation, performance and liquidation.  
These powers shall be exercised jointly by two attorneys when the amount of the act, business or contract exceeds EUR 50,000.
2. To plan, organise, manage and control the operation of the Company and all its activities at all the workplaces and facilities, reporting to the Chairman of the Board and proposing any modifications to the Company organisation deemed to be appropriate.  
These powers may be exercised severally.

3. To sell, buy, exchange, replace, assign, encumber and dispose in any manner of all types of assets, including buildings and shares, and to provide guarantees to subsidiaries or third parties. To participate in the incorporation of other companies and acquire shares. To accept positions or appoint others to positions in other companies or entities.  
These powers shall be exercised jointly by two attorneys.
4. To set the terms of, create, accept, modify, withdraw or cancel provisional or definitive payments, deposits and guarantees at any kind of public or private entity including the Government Depositary and the Bank of Spain.  
These powers may be exercised severally.
5. Banking powers:
- a) To open, use, clear and cancel demand deposits, savings accounts or credit facilities at any bank, including the Bank of Spain or any other credit institutions or savings banks, signing for this purpose any such documents as may be required, and to use and withdraw amounts by cheque, money order, receipt or transfer.
  - b) To arrange, formalise and execute loan transactions, signing for this purpose any such public or private documents as may be required, reporting to the Board the use made of these powers in the following meeting.
- These powers shall be exercised jointly by two attorneys.
6. To issue, accept, collect, pay, endorse, protest, discount, guarantee and negotiate commercial or financial bills of exchange, promissory notes and other drafts and commercial instruments. To endorse and discount receipts and negotiable instruments of any kind and to order payment from the Public Treasury, banks, depositaries and other entities where the Company may hold securities, bills, cash or any other type of asset.  
The powers relating to issues, acceptance and payment orders shall be exercised jointly by two attorneys.
7. To claim, collect and receive amounts to be paid or received by the Company in any respect, whether in cash, in bills or in the shape of any other type of benefit, from individuals, banks and other entities, from the European Union, the State, the Autonomous Communities, provinces, islands or municipalities and, in general, from any public or private entity. To give and request receipts and payment documents and to set and finally settle balances. To determine the method for payment of amounts owed to the Company, to grant extensions and to set payment dates and amounts.  
To accept from debtors all manner of secured and unsecured guarantees, including mortgages, fixed and floating charges, pledges and security interests subject to the covenants, clauses and conditions deemed appropriate and to cancel such guarantees after receipt of the guaranteed amounts or receivables.  
These powers may be exercised severally by any Company attorney.
8. To make all manner of payments, taking any such steps as may be required for due compliance with all the Company's obligations and to demand the relevant receipts and payment documents.  
This power shall be exercised jointly by two attorneys when the amount of the payment exceeds EUR 50,000.
9. To represent the Company in dealings with third parties and with all manner of administrative bodies, chambers, commissions, committees, mutual entities, registers, delegations, offices and units of the European Union, the State, the Autonomous Communities, provinces, islands or municipalities and with other centres or bodies of an administrative, government or other nature, at all levels and instances, in Spain and abroad, or to appoint a person to act as the Company's representative in such dealings. To exercise the rights and to act, as the case may be, in the interest of the Company. To file requests and motions. To institute any applicable proceedings, requesting any relevant data, copies or documents and filing claims, including preliminary claims, and any administrative appeals. To withdraw from proceedings, claims and appeals at any stage thereof, to enforce or ensure the enforcement of final judgments. To respond to or issue certificates or demands, whether notarial or of any other nature. To request certificates, evidence and duly authenticated copies of interest to the Company.  
These powers may be exercised severally.

10. To appear and represent the Company in court, before tribunals, higher judicial authorities, the Public Prosecutor, juries and other judicial review or employment-related centres or bodies in all jurisdictions and at all instances and levels, in Spain, abroad or relating to any international organisation, establishing the legal relations deemed appropriate and complying in particular, by signing the application for judicial review, with the provisions of Article 45.2.d) of Law 29/1998, of July, 13.

To grant and revoke powers of attorney for lawyers and court procedural representatives.

To bring all manner of claims or actions; to file all types of exceptions in any proceedings or appeals, either as the claimant or as the defendant or with any other standing. To file all manner of claims and ordinary and extraordinary appeals at court, including extraordinary appeals on a point of law and appeals for judicial review of final decisions. To discontinue any actions, claims, lawsuits and court appeals at any stage of the proceedings. To give evidence in court as the legal representative of the Company and, where required, to personally and expressly vouch for the truth of such evidence. To settle in court and submit to arbitration any matters of interest to the Company. To enforce or ensure the enforcement of final court judgments. To represent and appear on behalf of the Company in all manner of administrations, bankruptcy proceedings, debt compositions and rescheduling, insolvency proceedings or court-ordered liquidations, evidencing the Company's claims and endeavouring to ensure that they are secured and accepting awards in payment thereof, with the power to grant or refuse reductions and extensions. To appoint, accept and reject liquidators, administrators, experts and official receivers and to put forward and challenge proposals made in the related acts.

To settle and to agree deadlines and debt compositions and rescheduling in the framework of insolvency proceedings and carry out all the formalities until compliance with and enforcement of the final decisions.

To select the place of residence and submit to constructive or express jurisdictions.

These powers may be exercised severally.

11. To execute, with respect to executives, the resolutions adopted by the Board of Directors or the Executive Committee after hearing the Nomination and Remuneration Committee. With respect to Company employees, to hire, transfer, penalise, suspend or dismiss employees; to determine the remuneration, salaries and other emoluments to be received by any Company employee; to grant termination benefits; and, in general, to decide on any matters relating to the employees of the Company. To appoint and revoke the appointment of mandataries or agents.

These powers may be exercised severally.

12. To enforce and ensure compliance with the resolutions of the General Meeting, the Board of Directors, its Executive Committee or its Chief Executive Officer and to execute, where applicable, the public deeds and other public or private documents required in accordance with the legal nature of the acts performed.

These powers may be exercised severally.

13. To replace and/or grant partial or full powers to third parties, to the extent of the powers granted under this power of attorney, and to partially or fully revoke such powers, including those granted prior to this power of attorney, executing for such purpose the corresponding public or private documents giving substance to the aforementioned replacement, informing the Board of Directors at the first meeting following the exercise of this power.

These powers shall be exercised jointly by at least three attorneys.

14. To attend and represent the Company at the General Meetings of all the Ebro Puleva Group companies and in the adoption of any resolutions deemed necessary, without any restrictions whatsoever.

These powers may be exercised severally and indistinctly.

Lastly, it should be noted that neither Antonio Hernández Callejas or Jaime Carbó Fernández or any other director or executive is empowered to issue or repurchase shares.

**h) Significant agreements entered into by the Company and which come into force or are modified or terminated in the event of a change of control of the Company as a result of a takeover bid, and their effects, except when disclosure would be seriously detrimental to the Company. This exception shall not apply where the Company is obliged by law to disclose this information**

No agreements of this nature have been entered into.

**i) Agreements between the Company and its directors, executives or employees which provide for termination benefits upon resignation or dismissal without justification or upon termination of the employment relationship as a result of a takeover bid**

In 2006 the Chairman, Antonio Hernández Callejas, informed the Board of Directors of his full and irrevocable waiver of the golden parachute clause originally established in his contract, consisting of net termination benefits equivalent to two years' gross annual remuneration.

The director and General Manager, Jaime Carbó Fernández, and the General Secretary and Secretary of the Board, Miguel Ángel Pérez Álvarez, also waived the golden parachutes originally established in their contracts, consisting of net termination benefits equivalent to two years' gross annual remuneration. In both cases the Board of Directors resolved to replace the golden parachute with equivalent net termination benefits for dismissal or change of control to those that would apply under the present regime provided for in the Workers' Statute. "Net" is included solely for the purpose of calculating the termination benefits and does not imply a modification of each taxpayer's tax obligations in accordance with the law and, in any event, the result of this calculation may not exceed an amount equivalent to two years' annual remuneration in each case.

As regards the other executives of Ebro Puleva, S.A., the contracts of two executives include guarantee clauses relating to dismissal or change of control that range between one and two years' annual remuneration.

As a result of their length of service, the clauses established initially for the other executives currently provide for termination benefits below the amount stipulated in the Workers' Statute.

## **10. ANNUAL CORPORATE GOVERNANCE REPORT**

Pursuant to legislation currently in force, the following section of the consolidated directors' report includes the 2009 Annual Corporate Governance Report of Ebro Puleva, S.A. required by the Spanish National Securities Market Commission.

# Annual Corporate Governance Report



## **ANNUAL CORPORATE GOVERNANCE REPORT**

### **LISTED COMPANIES**

### **DETAILS OF ISSUER**

**YEAR ENDED: 31/12/2009**

**TAX REGISTRATION NUMBER: A47412333**

**Name: EBRO PULEVA, S.A.**



## 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.	13,588,347	10,600,210	15.721
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	0	13,315,016	8.654
HISPAFOODS INVEST S.L.	10,600,210	0	6.889
SOCIEDAD ANÓNIMA DAMM	0	10,300,000	6.694
CASA GRANDE DE CARTAGENA, S.L.	9,707,778	0	6.309
LOLLAND, S.A.	0	9,707,778	6.309

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	Interest / total voting rights (%)
INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.	7,940,277	0	5.161

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.	10,600,210	6.889
SOCIEDAD ESTATAL DE PARTICIPACIONES INDUSTRIALES	ALIMENTOS Y ACEITES, S.A.	13,315,016	8.654
SOCIEDAD ANÓNIMA DAMM	CORPORACIÓN ECONÓMICA DAMM, S.A.	10,300,000	6.694
LOLLAND, S.A.	CASA GRANDE DE CARTAGENA, S.L.	9,707,778	6.309

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	3,083	0	0.002
ALIMENTOS Y ACEITES, S.A.	13,315,016	0	8.654
CAJA DE AHORROS DE SALAMANCA Y SORIA	9,474,951	0	6.158
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	0	7,940,277	5.161
CORPORACIÓN ECONÓMICA DAMM, S.A.	10,300,000	0	6.694

Name of director	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights held
EUGENIO RUIZ-GÁLVEZ PRIEGO	153	0	0.000
FERNANDO CASTELLÓ CLEMENTE	2,284,750	0	1.485
FÉLIX HERNÁNDEZ CALLEJAS	10	0	0.000
JAIME CARBÓ FERNÁNDEZ	23,059	0	0.015
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	0	1,127,007	0.732
JUAN DOMINGO ORTEGA MARTÍNEZ	1,490	2,605,175	1.694
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
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	INVERGESTIÓN, SOCIEDAD DE INVERSIONES Y GESTIÓN, S.A.	7,940,277	5.161
JUAN DOMINGO ORTEGA MARTÍNEZ	MONZOTAMI, S.L.	1,394,319	0.906
JUAN DOMINGO ORTEGA MARTÍNEZ	QUESOS FORLASA, S.A.	1,200,856	0.780
JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL	FUENTE SALADA, S.L.	1,127,007	0.732

<b>Total % of voting rights held by board members</b>	30.595
---	--------

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:**

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:**

Corporate

**Brief description:**

INSTITUTO HISPÁNICO DEL ARROZ, S.A. HOLDS 100% OF HISPAGRO INVEST, S.L.: DIRECT INTEREST OF 51.62% AND INDIRECT INTEREST OF 48.38%

Name of related parties
INSTITUTO HISPÁNICO DEL ARROZ, S.A.

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 and describe 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 (%)
666,469	0	0.433

(\*) Through:

Total	0
-------	---

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
14/05/2009	1,966,068	0	1.27896

Gain/(loss) obtained during the year on trading in own shares	10,718
---	--------

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 29 April 2009 resolved, under item eight 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 authorisation of 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 9 June 2008.

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
--	---

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
--	---

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	01/01/2001	27/04/2005	VOTE AT AGM

Name of director	Representative	Position on Board	Date first appointment	Date latest appointment	Election procedure
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



<b>Total number of directors</b>	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

<b>Name of Director</b>	<b>Committee proposing appointment</b>	<b>Position in company's organisation</b>
ANTONIO HERNÁNDEZ CALLEJAS	NOMINATION AND REMUNERATION COMMITTEE	CHAIRMAN
JAIME CARBÓ FERNÁNDEZ	NOMINATION AND REMUNERATION COMMITTEE	GENERAL MANAGER

<b>Total number of executive directors</b>	3
<b>% of board</b>	21.429

#### NON-EXECUTIVE PROPRIETARY DIRECTORS

<b>Name of Director</b>	<b>Committee proposing appointment</b>	<b>Name of significant shareholder represented or that proposed appointment</b>
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

Name of Director	Committee proposing appointment	Name of significant shareholder represented or that proposed appointment
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.

<b>Total number of independent directors</b>	4
<b>% of board</b>	28.571

**OTHER NON-EXECUTIVE DIRECTORS**

<b>Name of Director</b>	<b>Committee proposing appointment</b>
EUGENIO RUIZ-GÁLVEZ PRIEGO	NOMINATION AND REMUNERATION COMMITTEE

<b>Total number of independent directors</b>	1
<b>% of board</b>	7.143

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

**Name of Director**

EUGENIO RUIZ-GÁLVEZ PRIEGO

**Company, executive or shareholder with which he is related**

AZUCARERA EBRO, S.L.U.

**Profile**

Up to 30 April 2009, Eugenio Ruiz-Gálvez Priego was an 'Executive Director' because up to that date he was CEO of Azucarera Ebro, S.L.U., a company then wholly-owned by Ebro Puleva, S.A. On 30 April 2009, Ebro Puleva sold all its shares in Azucarera, so Mr. Ruiz Gálvez ceased to be an Executive Director and was classified as an Other Non-Executive Director", since he cannot be considered independent.

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

<b>Name of director</b>	<b>Date of change</b>	<b>Previous condition</b>	<b>Current condition</b>
EUGENIO RUIZ-GÁLVEZ PRIEGO	30/04/2009	EXECUTIVE	OTHER NON-EXECUTIVE

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	BOOST NUTRITION, C.V.	DIRECTOR
ANTONIO HERNÁNDEZ CALLEJAS	DANRICE, A/S	DIRECTOR
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

Name of director	Name of Group company	Position
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
FERNANDO CASTELLÓ CLEMENTE	CASTILLO CASTELLÓ, S.A.	CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	CASTILLO CASTELLÓ, S.A.	NON-EXECUTIVE CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	EL CASTILLO DEBIC FOOD SERVICE, S.L.	CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	EL CASTILLO DEBIC FOOD SERVICE, S.L.	NON-EXECUTIVE CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	LACTIMILK, S.A.	CHAIRMAN
FERNANDO CASTELLÓ CLEMENTE	LACTIMILK, S.A.	NON-EXECUTIVE 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, A/S	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

<b>Name of director</b>	<b>Name of Group company</b>	<b>Position</b>
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.	CHAIRMAN / CEO
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
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	AROTZ FOODS, S.A.	JOINT & SEVERAL DIRECTOR
JAIME CARBÓ FERNÁNDEZ	BOOST NUTRITIÓN, C.V.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	EBRO AMERICA, INC.	DIRECTOR

Name of director	Name of Group company	Position
JAIME CARBÓ FERNÁNDEZ	EL CASTILLO DEBIC FOOD SERVICE, S.L.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	FINCAS E INVERSIONES EBRO, S.A.	JOINT & SEVERAL DIRECTOR
JAIME CARBÓ FERNÁNDEZ	HERBA GERMANY GMBH	JOINT & SEVERAL DIRECTOR
JAIME CARBÓ FERNÁNDEZ	HERBA RICEMILLS, S.L.U.	DIRECTOR
JAIME CARBÓ FERNÁNDEZ	JILOCA INDUSTRIAL, S.A.	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
LEOPOLDO DEL PINO Y CALVO-SOTELO	PULEVA BIOTECH, S.A.	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:

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

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

a) In the Company issuing this report:

<b>Emoluments</b>	<b>Thousand euro</b>
Fixed remuneration	1,230
Variable remuneration	4,216
Attendance fees	278
Emoluments stipulated in bylaws	2,332
Stock options and/or other financial instruments	0
Others	0

<b>Total</b>	<b>8,056</b>
--------------	--------------



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	420
Variable remuneration	1,432
Attendance fees	22
Emoluments stipulated in bylaws	0
Stock options and/or other financial instruments	0
Others	0

<b>Total</b>	<b>1,874</b>
--------------	--------------

Other Benefits	Thousand euro
Advances	0
Loans granted	0
Pension Funds and Schemes: Contributions	52
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	5,446	1,852
Non-executive proprietary	1,750	18
Non-executive independent	781	4
Other non-executive	79	0
<b>Total</b>	<b>8,056</b>	<b>1,874</b>

d) Directors' share in the profit of the parent company:

<b>Total directors' emoluments (thousand euro)</b>	9,930
<b>Total directors' emoluments / profit attributed to parent company (%)</b>	5.6

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
ANA MARÍA ANTEQUERA PARDO	MANAGER COMMUNICATIONS

Name	Position
NICOLÁS BAUTISTA VALERO DE BERNABÉ	MANAGER BIOFUELS
LEONARDO ÁLVAREZ ARIAS	GROUP I.T. MANAGER
GABRIEL SOLÍS PABLOS	TAX MANAGER

Total remuneration top management (thousand euro)	2,741
---	-------

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	4
-------------------------	---

	Board of Directors	General Meeting
Body authorising the clauses	YES	NO

Is the General Meeting informed on the clauses?	YES
---	-----

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>

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.

On 26 February 2010, as proposed by the Nomination and Remuneration Committee, the Board resolved to increase the statutory share of the Chairman and non-executive directors for 2009 by 13.5% (equivalent to the year-on-year growth in the consolidated EBITDA in 2009) to 2,332,231 euro and, consequently, to submit a proposal to the General Meeting to apply 1.32% of the consolidated net profit attributable to the company in 2009.

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 2009, after the latest review by the Board upon recommendation by the Nomination and Remuneration Committee, is as follows:

- 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:
  - Member of the Committee: 0.2 points
  - Chairman of the Committee: 0.05 points per meeting
  - Committee members: 0.03 points per meeting

The Board also resolved on 26 February 2010, upon recommendation by the Nomination and Remuneration Committee, to increase the attendance fees for board meetings from 1,400 euro to 1,600 euro and the attendance fees for the different committees from 700 euro to 800 euro.

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

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

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

YES

<b>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</b>	YES
<b>Variable remuneration items</b>	YES

<b>Main features of the welfare system, estimating the amount or equivalent annual cost</b>	YES
<b>Conditions to be respected in the contracts of those exercising top management duties as executive directors</b>	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

<b>Issues contemplated in the remuneration policy</b>
<p>1. Background</p> <p>2. Internal regulations applicable</p> <p>3. Remuneration policy for 2009</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>

<b>Role of the Remuneration Committee</b>
Examined and issued a favourable report on the Report on the Directors' Remuneration Policy for 2009, to be submitted to the Board.

<b>Was any external counselling used?</b>	YES
---	-----

<b>Identity of the external advisers</b>
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	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	DIRECTOR
FÉLIX HERNÁNDEZ CALLEJAS	HISPAFOODS INVEST S.L.	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**

CORPORACIÓN ECONÓMICA DAMM, S.A.

**Name of significant shareholder**

SOCIEDAD ANÓNIMA DAMM

**Description of relationship**

SOCIEDAD ANÓNIMA DAMM HAS A DIRECT HOLDING OF 99.93% IN CORPORACIÓN ECONÓMICA DAMM, 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**

LEOPOLDO DEL PINO Y CALVO-SOTELO

**Name of significant shareholder**

LOLLAND, S.A.

**Description of relationship**

LEOPOLDO DEL PINO Y CALVO-SOTELO HAS A DIRECT HOLDING OF 20.81% IN LOLLAND, S.A.

**Name of director**

LEOPOLDO DEL PINO Y CALVO-SOTELO

**Name of significant shareholder**

CASA GRANDE DE CARTAGENA, S.L.

**Description of relationship**

LEOPOLDO DEL PINO Y CALVO-SOTELO HAS A DIRECT HOLDING OF 20.81% IN CASA GRANDE DE CARTAGENA, 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 minimum (7) and maximum (15) 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.

Since the alteration of the Bylaws approved in 2006, Directors are appointed for a term of four years (previously 5 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 causes 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
-----------------------------------	---

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.

Explanation of reasons and initiatives
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:

<b>Number of board meetings</b>	12
<b>Number of board meetings held without the chairman</b>	0

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

<b>Number of meetings of the Executive Committee</b>	7
<b>Number of meetings of the Audit Committee</b>	7
<b>Number of meetings of the Nomination and Remuneration Committee</b>	5
<b>Number of meetings of the Nomination Committee</b>	0
<b>Number of meetings of the Remuneration Committee</b>	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:

<b>Number of absences of directors during the year</b>	0
<b>% absences to total votes during the year</b>	0.000

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.

<b>Appointment and removal procedure</b>
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.

Appointment and removal procedure
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.

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"> <li>- Conform to the text and spirit of the laws and statutory instruments, including those approved by the watchdogs.</li> <li>- Conform to the company Bylaws and the Regulations of the General Meeting, the Board and any other regulations the company may have.</li> <li>- Take account of the recommendations on good governance accepted by the company.</li> </ul> <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 equity, 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. Indicate whether the external auditors have changed during the year. If so, name the incoming and outgoing auditors:

YES

Outgoing auditor	Incoming auditor
ERNST & YOUNG, S.L.	DELOITTE, S.L.

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)	0	40,000	40,000
Cost of work other than auditing / Total amount invoiced by the auditors (%)	0.000	2.600	2.600

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	1	1

	Company	Group
Number of years audited by current auditors / Number of years that the company has been audited (%)	4.7	4.7

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	CASARONE AGROINDUSTRIAL, S.A.	3.620	NO POSITION HELD
ANTONIO HERNÁNDEZ CALLEJAS	INSTITUTO HISPANICO DEL ARROZ, S.A.	16.666	NO POSITION HELD
CAJA DE AHORROS DE SALAMANCA Y SORIA	BARRANCARNES TRANSFORMACIÓN ARTESANAL, S.A.	40.000	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	LEONESA ASTUR DE PIENSOS, S.A.	41.290	DIRECTOR



Name of director	Name of company	% interest	Position or duties
CAJA DE AHORROS DE SALAMANCA Y SORIA	MARCOS SOTERRANO, S.L.	50.000	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	DIBAQ DIPROTEG, S.A.	33.040	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	JAMONES BURGALESES, S.A.	40.000	DIRECTOR
CAJA DE AHORROS DE SALAMANCA Y SORIA	QUALIA LÁCTEOS, S.L.	29.370	NO POSITION HELD
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	CAMPO INVERSIONES, S.A.	100.000	DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	COMPAÑÍA DE MELAZAS, S.A.	0.000	VICE-CHAIRMAN
EUGENIO RUIZ-GÁLVEZ PRIEGO	AZUCARERA EBRO, S.L.U.	0.000	MANAGING DIRECTOR
EUGENIO RUIZ-GÁLVEZ PRIEGO	NUEVA COMERCIAL AZUCARERA, S.A.	0.000	CHAIRMAN
FÉLIX HERNÁNDEZ CALLEJAS	CASARONE AGROINDUSTRIAL, S.A.	3.620	NO POSITION HELD
FÉLIX HERNÁNDEZ CALLEJAS	INSTITUTO HISPÁNICO DEL ARROZ, S.A.	16.666	DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	FORLACTARIA OPERADORES LECHEROS, S.A.	60.000	CHAIRMAN OF THE BOARD
JUAN DOMINGO ORTEGA MARTÍNEZ	FORLASA ALIMENTACIÓN, S.L.	60.840	MANAGING DIRECTOR
JUAN DOMINGO ORTEGA MARTÍNEZ	QUESOS FORLASA, S.A.	60.690	PHYSICAL REPRESENTATIVE OF FORLASA ALIMENTACIÓN, S.L., MANAGING DIRECTOR
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 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
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. 124.1, 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.

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

**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

**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

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 who is an independent director 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 Officers. 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 meets once 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 company executive may be called to attend a committee meeting. Committee meetings are held at the registered office of the company, or wherever 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 equity, 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](http://www.ebropuleva.es)) and on the web site of the National Securities Market Commission ([www.cnmv.es](http://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	Purchase of goods (finished or otherwise)	7,514
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Services received	87

Name of significant shareholder	Name of company or group company	Relationship	Type of transaction	Amount (thousand euro)
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Services rendered	2
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Lease	76
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	3,264
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Purchase of tangible, intangible and other assets	8
INSTITUTO HISPÁNICO DEL ARROZ, S.A.	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of tangible, intangible and other assets	5
SOCIEDAD ANÓNIMA DAMM	HERBA RICEMILLS, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	2,132
SOCIEDAD ANÓNIMA DAMM	PULEVA FOOD, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	477

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	EBRO PULEVA, S.A	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	48,509
CAJA DE AHORROS DE SALAMANCA Y SORIA	PULEVA FOOD, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	3
CAJA ESPAÑA DE INVERSIONES, CAJA DE AHORROS Y MONTE DE PIEDAD	EBRO PULEVA, S.A	FINANCIAL	Financing arrangements: loans and injections of capital (borrower)	30,300
JUAN DOMINGO ORTEGA MARTÍNEZ	PULEVA FOOD, S.L.U.	CONTRACTUAL	Sale of goods (finished or otherwise)	156

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:

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 Transformación Artesanal, S.A., Jamones Burgaleses, S.A., Leonesa Astur de Piensos, S.A., Dibacq Diprteg, 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**

EUGENIO RUIZ-GÁLVEZ PRIEGO

**Description of the conflict of interest**

See section B.1.40 of this report concerning his interest and positions in the following companies: Azucarera Ebro, S.L.U., Compañía de Melazas, S.A. and Nueva Comercial Azucarera, S.A.

**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 directors and 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 has an interest or a company in which the director has an executive position or a significant shareholding.
- 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 2009 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., Boost Nutrition C.V. and Fundación Ebro Puleva.</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 the Puleva Biotech Group 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 2009, Puleva Biotech, S.A. and Española de I+D, S.A. continued working with the companies in the Ebro Puleva Group named above under different contracts signed with them:</p> <p>1. Relations between Puleva Food S.L.U. and Puleva Biotech, S.A.</p> <p>During 2009, Puleva Biotech S.A. has provided 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>

- Nutritional and clinical evaluation
- Development of new packaging technologies
- Development of new products
- Food safety and quality guarantee
- Product reformulation and authorisation of ingredients

In addition, during 2009 Puleva Food, S.L.U. purchased functional fats (omega3) EPA and DHA in a volume of 242,810 kg, produced at the plant operated by Puleva Biotech, S.A. in Granada. It also purchased 2,350 kg of isoflavones produced at the Puleva Biotech Talayuela plant (Cáceres).

The net turnover on goods and services supplied by Puleva Biotech, S.A. to Puleva Food, S.L.U. in 2009 is 5,662 thousand euro, of which 2,793 thousand euro correspond to sales of goods and 2,869 thousand euro to the rendering of services.

## 2. Relations between Herba Ricemills, S.L.U. and Puleva Biotech, S.A.

The commercial relationship between Herba Ricemills and the Puleva Biotech Group is structured through the development of 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 and up to 31 December 2009.

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 has paid 50% of the contribution made by Puleva Biotech to the CTA throughout the duration of the Project.

In 2009, Puleva Biotech, S.A. invoiced Herba Ricemills, S.L. 583 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.

Puleva Biotech, S.A. also provided quality analysis services to Herba Ricemills S.L.U. during 2009 for the value of 22 thousand euro and sold its products for a total amount of 3 thousand euro.

## 3. Relations between Herba Ricemills, S.L.U. and Española de I+D, S.A. (subsidiary of Puleva Biotech, S.A.)

By virtue of the Consortium Agreement for the R+D+I Project signed on 22 February 2007 and presented to the Andalusian Technological Corporation and the Andalusian Innovation and Development Agency, and by virtue of the Rider of Operating Conditions to that Consortium Agreement for the R+D+I Project approved by the Andalusian Technological Corporation, 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 subject to incentive by the CTA in its decision of 8 May 2007.

During 2009, Española de I+D, S.A. provided services to Herba Ricemills, S.L.U. for a value of 820 thousand euro.

#### 4. Others

During 2009, Puleva Biotech, S.A. invoiced 3 thousand euro to Boost Nutrition C.V. for quality analysis services.

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 loan of cash between these companies and Puleva Biotech, S.A. Puleva Biotech, S.A. paid Puleva Food, S.L.U. financial expenses of 323 thousand euro for this interest in 2009.

Puleva Food, S.L.U. supplies certain goods and services to Puleva Biotech, S.A., such as lease of the commercial offices and industrial buildings for the normal performance of its business, certain industrial supplies, counselling and administration services, etc. The total cost for Puleva Biotech, S.A. of all these items during 2009 was 730 thousand euro.

Puleva Biotech, S.A. also received services from the parent company Ebro Puleva, S.A. during 2009 for the value of 2 thousand euro.

Puleva Biotech, S.A. made a donation of 28 thousand euro to the Ebro Puleva Foundation in 2009 as an alternative measure to the obligation to reserve 2% of employment in the company for disabled workers, pursuant to the Disabled Persons Integration Act.

#### 5. Conclusions

The sales of goods and rendering of services made by the Puleva Biotech Group to above-mentioned companies in the Ebro Puleva Group during 2009 represent 38% of its net turnover.

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**

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.

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.

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 on the control of any possible conflicts of interest.

See in this regard section C.6 of this Report.



## 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.

The ultimate purpose of these risk control systems is to defend the interests of our shareholders, customers, employees and social environment. At the said time, they provide a sustained guarantee of the corporate reputation and financial strength of the Ebro Puleva Group.

These risk control systems cover all the activities performed by the Group, consisting essentially of the agro-industrial rice, pasta and dairy businesses. The risks covered by these systems affect food quality, environmental, business, credit (or counterparty), regulatory, social and political, financial (exposure to exchange rate fluctuations) occupational and technological issues.

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 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.

In addition, 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 India) 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. Are there any differences in respect of the system stipulated in the Corporations Act for adopting corporate resolutions? If so, explain.

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, clearly stating 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"> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- The directors attending the general meeting shall form the Presiding Board.</li> </ul> <p>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.</p> <p>The powers of the Chairman of the General Meeting are described in Article 13 of the Regulations:</p> <ul style="list-style-type: none"> <li>- Direct the debate, ensuring that it remains within the confines of the agenda, closing the debate when he considers the business sufficiently debated.</li> <li>- Organise the shareholders' contributions as established in Article 12 of the Regulations of the General Meeting..</li> <li>- Decide, where appropriate, on any extension of the time initially granted to shareholders to speak.</li> <li>- Moderate the shareholders' contributions, requesting them if necessary to keep to the agenda and observe the appropriate rules of correct conduct when speaking.</li> </ul>

- 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 2009.

**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	
29/04/2009	0.310	74.480	0.000	0.000	74.790

**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 29 April 2009 were approved on the terms and with the results indicated below:

#### ITEM ONE ON THE AGENDA

- To approve the annual accounts of EBRO PULEVA, S.A. and its consolidated group for the year ended 31 December 2008.

- To approve the directors' reports on the year ended 31 December 2008 of both Ebro Puleva, S.A. and its consolidated group, including the report issued under section 116 bis of the Securities Market Act and the Annual Corporate Governance Report, as drawn up by the Board of Directors.

These resolutions were approved by a majority of 99.996% of the voting capital present and represented.

#### ITEM TWO ON THE AGENDA

- To approve the management and all other actions by the Ebro Puleva board during the year ended 31 December 2008.

This resolution was approved by a majority of 99.764% of the voting capital present and represented.

#### ITEM THREE ON THE AGENDA

- To approve the proposal for application of the profit for the year of Ebro Puleva, S.A. as at 31 December 2008, according to the following details taken from the notes to the separate accounts, in thousand euro:

##### FOR APPLICATION

Unappropriated Reserves: 639,468

Profit/loss for 2008 after tax: (12,584)

##### BASE OF APPLICATION: 680,884

Unappropriated Reserves: 625,493

Dividend (0.36 euro per share): 55,391

- To approve the distribution of an ordinary dividend in cash against the unappropriated reserves of 0.36 euro per share outstanding, payable in four quarterly payments of 0.09 euro per share each, as decided by the Ebro Puleva board on 19 December 2008. The first of such payments made against this distribution on 2 April 2009 is thus ratified. This dividend includes the proportional allotment that would correspond to the treasury shares.

These resolutions were approved by a majority of 99.998% of the voting capital present and represented.

#### ITEM FOUR ON THE AGENDA

- To ratify the sale of the sugar business to Associated British Foods (ABF), owner of 100% of British Sugar, as resolved by the Board of Directors of Ebro Puleva, S.A., on the following terms:

- ABF will buy the sugar business for a debt-free price of €385 million. The debt to be deducted will be as at the date of closing the transaction. The price includes 100% of the share in Azucarera Ebro, S.L. and the value of the sugar brands owned by Ebro Puleva, S.A.

- Ebro Puleva will receive sums to be determined, initially estimated at approximately €141 million, corresponding to compensations, mainly from the restructuring funds contemplated in the CMO sugar reform.

- The agreement also contemplates incorporation by Ebro Puleva, S.A. in its property assets, through two wholly-owned subsidiaries in its group, of more than 200 hectares of land with different planning ratings from Azucarera Ebro, S.L., with an estimated value of €42 million.

The transaction will foreseeably be made, provided it is approved by the European anti-trust authorities, within the first half of 2009.

This resolution was approved by a majority of 99.940% of the voting capital present and represented.

#### ITEM FIVE ON THE AGENDA

A) To approve, pursuant to Article 34 of the Bylaws, an extraordinary dividend in kind consisting of distributing own shares from the treasury stock against the share premium recorded under liabilities on the balance sheet as at 31 December 2008 (€34,334,000), using up the entire amount thereof, up to the number of treasury shares held at the date of the AGM.

This dividend in kind was approved on the following terms:

- The Reference Value and average closing price of the Ebro Puleva, S.A. share in the electronic continuous trading system (SIBE) in Spain over the last twenty sessions prior to the date of the AGM, is set at 9.43 euro per share.

- The maximum number of shares to be delivered is 3,640,827 shares.

- The exact ratio for distribution is one new share for every 40.73 existing shares.

- The shares will be delivered on 12 May 2009 (Delivery Date), provided the sale of the sugar business is completed as planned on 30 April 2009 (Determination Date).

- BARCLAYS BANK, tax no. A47001946, with registered office at Plaza de Colón no. 1, Madrid, is named agent bank.

- All those recorded in the accounting records of the shares participating in the securities clearing and settlement system of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR) as holders of shares in Ebro Puleva, S.A. at the close of the stock markets on the Determination Date will be entitled to receive this dividend in kind. The shares will be delivered on the aforesaid Delivery Date through the systems and mechanisms established by IBERCLEAR.

- In order to effect this operation, the Agent Bank, BARCLAYS BANK, Plaza de Colón no. 1, Madrid, will coordinate and carry out with IBERCLEAR and its members such actions and operations as may be necessary or purely convenient to distribute the dividend contemplated in this agreement, pursuant to the procedure and on the terms established herein and any others that may be decided by the board of directors of Ebro Puleva, S.A.

- This notwithstanding, a mechanism is established to facilitate this operation for shareholders who, at the Determination Date, hold a number of shares that exceeds or does not reach the multiple established as the exact ratio for delivery. The shares exceeding that multiple in the first case or falling short of the multiple in the second case, shall be called "Surplus" or "Odd lot".

(i) On the Delivery Date, Ebro Puleva, S.A. will deliver to the qualifying shareholders, through IBERCLEAR and its members, the whole numbers of shares corresponding to them by virtue of the exact ratio for delivery approved.

(ii) Since, by application of the exact ratio for delivery mentioned above, surpluses will not be entitled to a whole share in Ebro Puleva, S.A. but only to a fraction of a share, an odd lot settlement system will be established for each and every shareholder without requiring express instructions from the latter. This system contemplates the settlement of odd lots by means of payment of cash in a sum equivalent to the value of the odd lot, in lieu of the corresponding fraction of share.

(iii) For this purpose, the value of odd lots will be calculated according to the Reference Value, such that the amount payable by the Agent Bank for each odd lot will be equal to the result of multiplying the Reference Value by the fraction of a multiple represented by the odd lot, rounding the result off to the nearest euro cent.

(iv) The Agent Bank appointed by Ebro Puleva, S.A. will keep the treasury shares that would have corresponded to the afore-mentioned odd lots and may dispose of them after completion of the operation.

- Any charges or commissions that could legally be charged by the members of IBERCLEAR or depositaries on the distribution will be paid by Ebro Puleva, S.A., but the company will not pay any charges or commissions accruing after transfer of the shares distributed as dividend in kind.

- This dividend includes the proportional allotment that would correspond to the shares held as treasury stock.

- The board of directors is expressly vested, with the express power to delegate to the Executive Committee or such director or directors as it may deem fit or such other person as the board may appoint, with all the powers required to execute this resolution, including development of the procedure established and such powers as may be necessary or convenient to conclude any formalities and other actions that may be required to conclude this operation.

This resolution was approved by a majority of 99.986% of the voting capital present and represented.

B) To approve an extraordinary dividend payable in cash against unappropriated reserves of 0.36 euro per share outstanding (in addition to the ordinary dividend), payable in three payments of 0.12 euro each during 2009, coinciding with the dates of the last 3 payments of the ordinary dividend (2 July, 2 October and 22 December), in a total sum of 55,391,000 euro. This dividend includes the proportional allotment that would correspond to the shares held as treasury stock.

This resolution was approved by a majority of 99.986% of the voting capital present and represented.

The effectiveness of both resolutions and, therefore, the payment of both extraordinary dividends, are conditional upon fulfilment of the condition precedent of conclusion and completion of the sale of the sugar business ratified by the AGM under item four on the agenda.

## ITEM SIX ON THE AGENDA

- To approve the following directors' emoluments for the year ended 31 December 2008:

### REMUNERATION AND OTHER BENEFITS

#### REMUNERATION

- Attendance fees: 267
- Emoluments established in the bylaws: 2,055
- Total non-executive shareholders: 2,322
- Wages, salaries and professional fees: 2,358

TOTAL REMUNERATION: 4,680

#### OTHER BENEFITS

Life assurance and retirement: 156

This resolution was approved by a majority of 99.333% of the voting capital present and represented,

- To approve the Report on the Directors' Remuneration Policy for 2008.

This resolution was approved by a majority of 99.333% of the voting capital present and represented.



#### ITEM SEVEN ON THE AGENDA

- To appoint DELOITTE, S.L., tax number B79104469, registered office at Plaza Pablo Ruiz Picasso, 1 - Torre Picasso, Madrid, as Auditor of the Company and its Group for a period of three years, to audit the separate and consolidated annual accounts and directors' reports of Ebro Puleva, S.A. corresponding to the years 2009, 2010 and 2011.

This resolution was approved by a majority of 99.986% of the voting capital present and represented.

#### ITEM EIGHT ON THE AGENDA

- To authorise the Board to buy back own shares and authorise subsidiaries to acquire shares in the parent company, by purchase or any other transaction for value, 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 the equivalent of the par value of the own shares purchased and their price on an official secondary market at the time of purchase, respectively.

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, under 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 9 June 2008, 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.

This resolution was approved by a majority of 99.782% of the voting capital present and represented.

#### ITEM NINE ON THE AGENDA

- To delegate to the Board, in pursuance of the Corporations Act s. 153.1.b), the power to increase the capital on one or several occasions, in such amount as it may decide up to a maximum of 50% of the issued capital at the date of this authorisation, within a period not exceeding five years and without previously consulting the General Meeting. Any such capital increases shall be made by means of monetary contributions and the issuance of new ordinary voting shares, with or without a share premium.

This delegation shall subsist on its own terms until the end of the five-year period established or until rendered void by the General Meeting, even though the directors may change and without prejudice to the possible decision by the general meeting, subsequent to this delegation, to make one or several capital increases.

This resolution renders void the corresponding resolution adopted at the AGM on 5 April 2006, which has not been executed by the board.

- To further delegate to the board the power to freely offer any shares not subscribed within the preferential subscription period or periods, if granted, and to stipulate that in the event of incomplete subscription the capital will be increased by the amount of the subscriptions made, pursuant to section 161.1 of the Corporations Act.

- To authorise the board to exclude the preferential subscription right pursuant to section 159.2 of the Corporations Act in any issues of shares made under this delegation, although this power will be limited to a maximum of 20% of the company's issued capital as of the date of this authorisation.

- To delegate to the board the power to alter Articles 6 and 7 of the Bylaws regarding the capital and shares whenever such alterations are due to a resolution adopted by the board in execution of the powers vested in it at this general meeting to increase the capital and exclude the preferential subscription right.

- To authorise the board to apply for admission to trading of any shares that may be issued by virtue of the foregoing resolutions on the national stock exchanges on which the Ebro Puleva shares are listed at the time of making each capital increase, complying at all times with the applicable legal provisions.

This resolution was approved by a majority of 99.428% of the voting capital present and represented.

#### ITEM TEN ON THE AGENDA

- 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 four hundred and fifty thousand euro (€450,000), 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 by a majority of 99.985% of the voting capital present and represented.

## ITEM ELEVEN ON THE AGENDA

- To expressly authorise the Chairman, Secretary and Vice-Secretary of the Board, as extensively as may be required by law, so that any one of them, acting individually and with his/her sole signature, may execute, register and report each and all of the resolutions adopted at this General Meeting, supplement, develop and remedy those resolutions, deliver them and have them entered in the Trade Register or in the registers of any competent public or private authorities, execute and remedy all kinds of public or private instruments and, in general, take whatsoever action or actions as may be necessary.

This resolution was approved by a majority of 99.997% of the voting capital present and represented.

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
---	-----

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 the applicable legal provisions.

This section includes, pursuant to current legislation, the chapter on Corporate Governance. The specific address of this chapter is:

[http://www.ebropuleva.com/ep/accionistas\\_inversores/gobierno\\_corporativo/gobierno.jsp](http://www.ebropuleva.com/ep/accionistas_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 and downloading 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.

Explanation

- The proposed resolution to appoint new auditors for Ebro Puleva, S.A. and its consolidated group corresponding to item seven on the agenda of the annual general meeting was decided by the board after publication of the notice of call to the AGEM.

- Since at the time of calling to the AGM it was impossible to determine exactly certain aspects of the extraordinary dividend in kind consisting of the delivery of shares from the treasury stock, contemplated in item five on the agenda for the AGM (specifically, the reference value, maximum number of shares to be delivered, exact ratio for delivery, date of delivery of the shares and appointment of agent), they had to be proposed by the board after publication of the notice of call.

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.

The company considers that the current composition of the board (2 executive directors, 7 proprietary directors, 4 independent directors and one director classified as "others") reflects the composition of the shareholding body and that for the time being it is not necessary to appoint another independent director, owing to the very small difference in respect of the recommended percentage.

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.

The board appointed the non-executive directors it considered most suitable as members of this Committee, in view of their expertise, skills and experience and the duties of the Nomination and Remuneration Committee. Its current composition (3 proprietary and 2 independent directors, one of whom is the chairman) has a similar structure to that of the board and enables this Committee to perform its duties adequately.

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).

The Nomination and Remuneration Committee does not report to the board on the gender issues contemplated in Recommendation 14 of the Code of Good Governance because the company does not make any positive or negative discrimination in the election of directors, who are elected regardless of their sex, as explained in the Annual Corporate Governance Report in respect of that Recommendation 14.

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.

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 2009 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 paragraphs a) and b) of this section:

Of the total variable remuneration of the executive directors of Ebro Puleva, S.A. (€4,216 thousand), €3,380 thousand correspond to the Multi-Year Incentive Scheme for executives under the Ebro Puleva Group Strategic Plan for the period 2007-2009.

Of the total variable remuneration of the company directors for being on the boards of other group companies (€1,460 thousand), €1,246 thousand correspond to the Multi-Year Incentive Scheme for executives under the Ebro Puleva Group Strategic Plan for the period 2007-2009.

Provisions were made for this in the annual accounts of 2007 and 2008, with a cumulative total of €4,114 thousand, of which €2,261 thousand corresponded to directors performing executive duties.

- Explanations concerning the following pay items and other benefits reflected in section B.1.11:

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.1.12.

Of the total remuneration of the senior management (€2,741 thousand), €624 thousand correspond to the Multi-Year Incentive Scheme for executives under the Ebro Puleva Group Strategic Plan. Provisions were made for this in the annual accounts of 2007 and 2008, with a cumulative total of €4,114 thousand, of which €331 thousand corresponded to members of the top management of Ebro Puleva, S.A.

#### EXPLANATORY NOTE SEVEN, 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 reference to net terms is deemed made for the sole purpose of calculating the compensation and does not alter the tax obligations corresponding to each taxpayer by law. In any case, the results of this calculation may not exceed a sum equivalent to two years of the respective fixed annual remuneration.

As regards the remaining executives of Ebro Puleva, S.A., the contracts of two executives contemplate guarantee clauses in the event of dismissal or takeover, equivalent to between one and two years' salary.

The clauses initially established for other executives are below the compensation established in the Workers' Statute, owing to their accumulated seniority.

#### EXPLANATORY NOTE EIGHT, 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 NINE, 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 15.720% 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 wholly owns Quesos Forlasa, S.A.

See sections A.3 and C.5 of this Report.

#### EXPLANATORY NOTE TEN, CONCERNING SECTION B.2.1.

The Audit Committee of Ebro Puleva, S.A. is called the Audit and Compliance Committee.

#### EXPLANATORY NOTE ELEVEN, CONCERNING SECTIONS C.2, C.3 AND C.4.

Related-party transactions have been made with the following companies which ceased to belong to the Ebro Puleva Group during 2009 but which were in the Group at the date of the transaction:

- Azucarera Ebro, S.L.U., Nueva Comercial Azucarera, S.A. and Agroteo, S.A. ceased to belong to the Ebro Puleva Group on 30 April 2009.

- Biocarburantes de Castilla y León, S.A. ceased to belong to the Ebro Puleva Group on 24 September 2009.

The following related-party transaction was made in the first half of 2009 between a significant shareholder and one of the sugar companies:

- Related-party contractual transaction (sale of goods, finished or otherwise) between Sociedad Anónima Damm and Nueva Comercial Azucarera, S.A. for €1,240 thousand.

The related-party transactions made during the year between directors and these companies are listed below:

- Related-party financial transaction (Guarantees and bonds received) between Caja de Ahorros de Salamanca y Soria and Azucarera Ebro, S.L.U. for €13,823 thousand.
- Related-party financial transaction (Guarantees and bonds received) between Caja de Ahorros de Salamanca y Soria and Biocarburantes de Castilla y León, S.A. for €6,000 thousand.
- Related-party financial transaction (Financing arrangements: loans and injections of capital - borrower) between Caja de Ahorros de Salamanca y Soria and Azucarera Ebro, S.L.U. for €26,334 thousand.
- Related-party financial transaction (Financing arrangements: loans and injections of capital - borrower) between Caja de Ahorros de Salamanca y Soria and Biocarburantes de Castilla y León, S.A. for €19,369 thousand.
- Related-party financial transaction (Financing arrangements: loans and injections of capital - borrower) between Caja de Ahorros de Salamanca y Soria and Agroteo, S.A. for €937 thousand.
- Related-party financial transaction (Financing arrangements: loans and injections of capital - borrower) between Caja España de Inversiones and Biocarburantes de Castilla y León, S.A. for €28,153 thousand.
- Related-party financial transaction (Financing arrangements: loans and injections of capital - borrower) between Caja España de Inversiones and Agroteo, S.A. for €10 thousand.
- Related-party financial transaction (Financing arrangements: loans and injections of capital - borrower) between Caja España de Inversiones and Azucarera Ebro, S.L.U. for €46 thousand.

Finally, the following related-party transactions between Ebro Puleva, S.A. and Biocarburantes de Castilla y León, S.A. were not eliminated in the preparation of the consolidated financial statements and are not included in the normal business of the company, by virtue of their purpose and conditions:

- Financing arrangements: loans and injections of capital - borrower for €29 thousand.
- Guarantees and bonds given for €39,975 thousand.

#### EXPLANATORY NOTE TWELVE, 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

25/03/2010.

State whether any directors voted against approval of this Report or abstained in the corresponding vote.

NO



09

## Annual Financial Report

1. ANALYSIS OF THE FINANCIAL INFORMATION
2. STOCK MARKET INFORMATION
3. AUDITOR'S REPORT ON SEPARATE ANNUAL ACCOUNTS
4. SEPARATE ANNUAL ACCOUNTS, DIRECTORS' REPORT AND ANNUAL CORPORATE GOVERNANCE REPORT
5. AUDITOR'S 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 2009 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 equity, 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, taken as a whole, together with a description of the main risks and uncertainties to which they are exposed.

This declaration is made in respect of the separate and consolidated Annual Accounts of Ebro Puleva, S.A. for 2009, as drawn up by the Board of Directors of the company on the twenty-fifth of March two thousand and ten.