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possible to endow the system with an appropriate level of liquidity once the extraordinary measures adopted have been withdrawn.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 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, 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 30 April 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*	*AAGR 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%*	
	31.12.06	**31.12.07**	*2007/2006*	**31.12.08**	*2008/2007*	**31.12.09**	*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 and 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%.

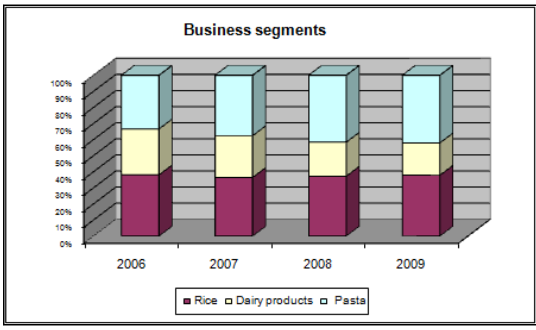
Profit from continuing operations improved as a result of the increase in profitability, of the funds generated by operations and of lower borrowing costs, which benefitted from lower interest rates, decreased indebtedness due to the sale of the sugar business and a fall in working capital. Also, there 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.

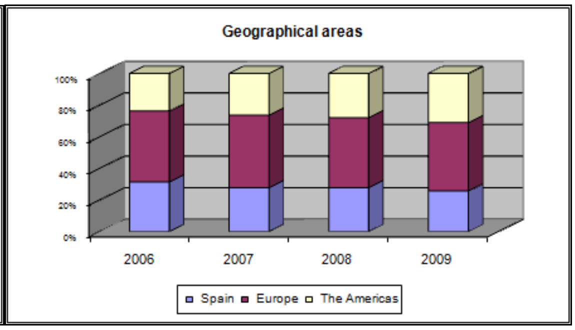
Compliance with Ebro Puleva's strategy

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:





  Of the total Ebitda, 38% was obtained in US dollars (33% in 2008) and 32% of assets are located in North America.

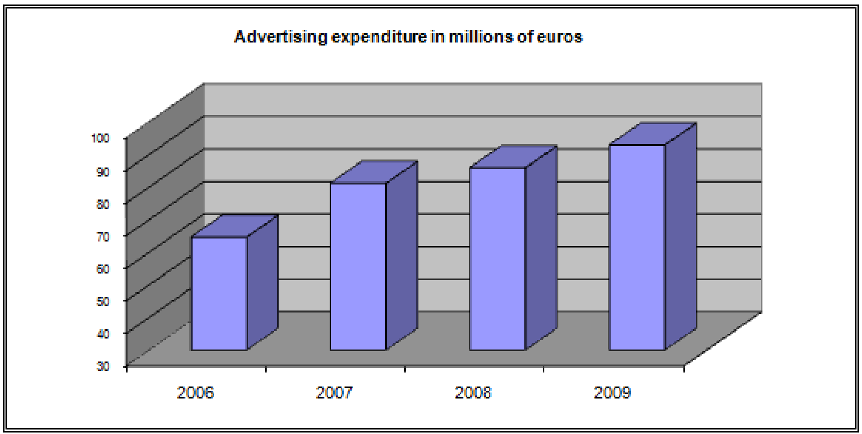
  In recent years the Company has obtained constant growth in recurrent profits (even in profit before tax if the gains on the sale of buildings -which are highly volatile and of certain significance in 2006- are subtracted).

  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

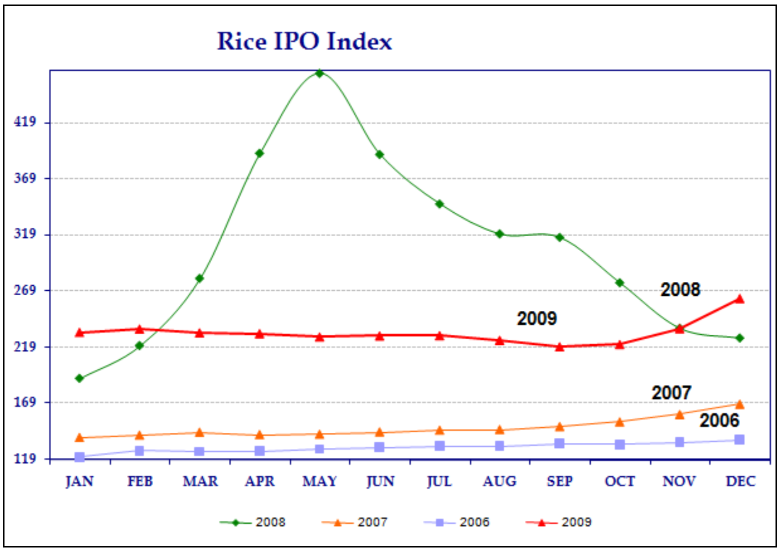
The Ebro Puleva Group is organised around the following business areas:

- ✓ 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	AAGR 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.



- 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.

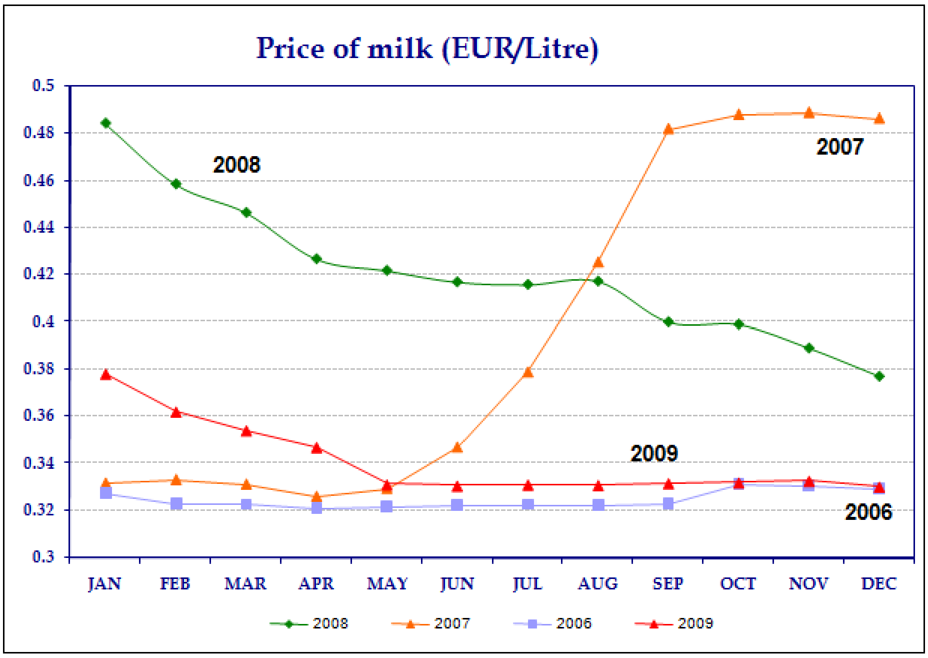
- The endeavours made to manage working capital led to a ROCE of 19.7%, up on 2008 and a record for the area.

- 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

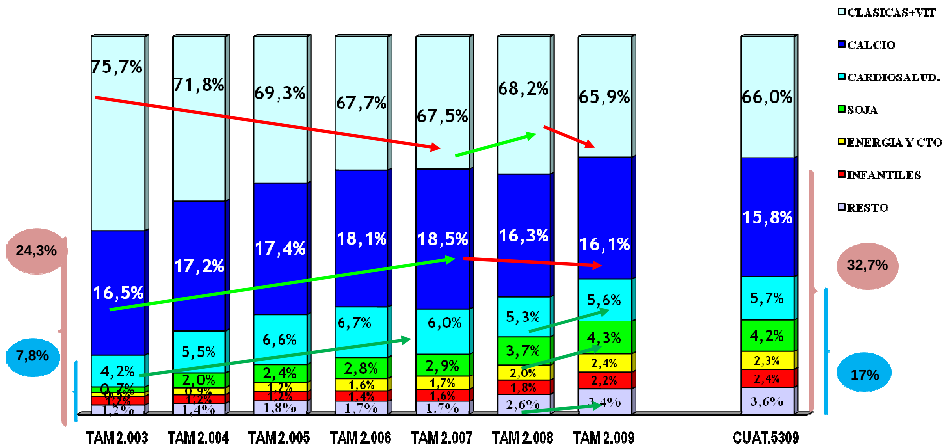
DAIRY PRODUCTS BUSINESS										
Thousands of euros		2006	2007	2007/2006	2008	2008/2007	2009	2009/2008	AAGR 2009/2006
Revenue		504,140	527,489	4.6%	506,064	-4.1%	444,419	-12.2%	-4.1%
EBITDA		55,460	53,033	-4.4%	50,135	-5.5%	67,084	33.8%	6.5%
	% of revenue	11.0%	10.1%		9.9%		15.1%		
EBIT		40,176	37,541	-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.



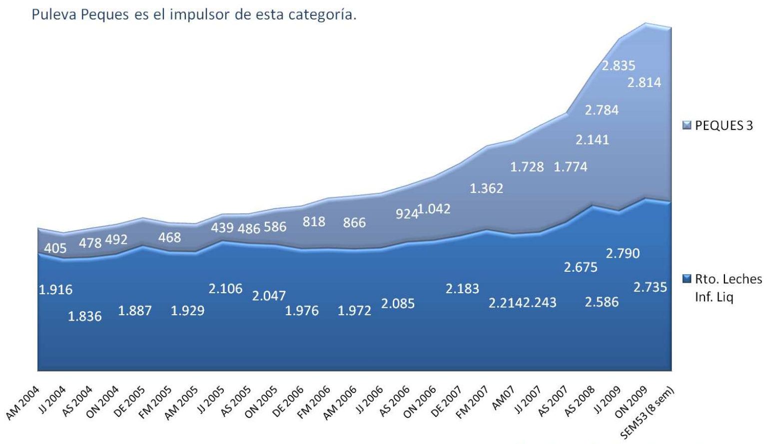
- The liquid milk market followed the trends seen in 2008. The crisis pushed consumers with less purchasing power towards the traditional milks which are being put on special offer and which are the subject of major efforts by large retailers to capture this segment. The result was an increase in volume 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.



Fuente: Panel detallistas y Scantrack

- 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.



Fuente: Panel de Detallistas y 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.

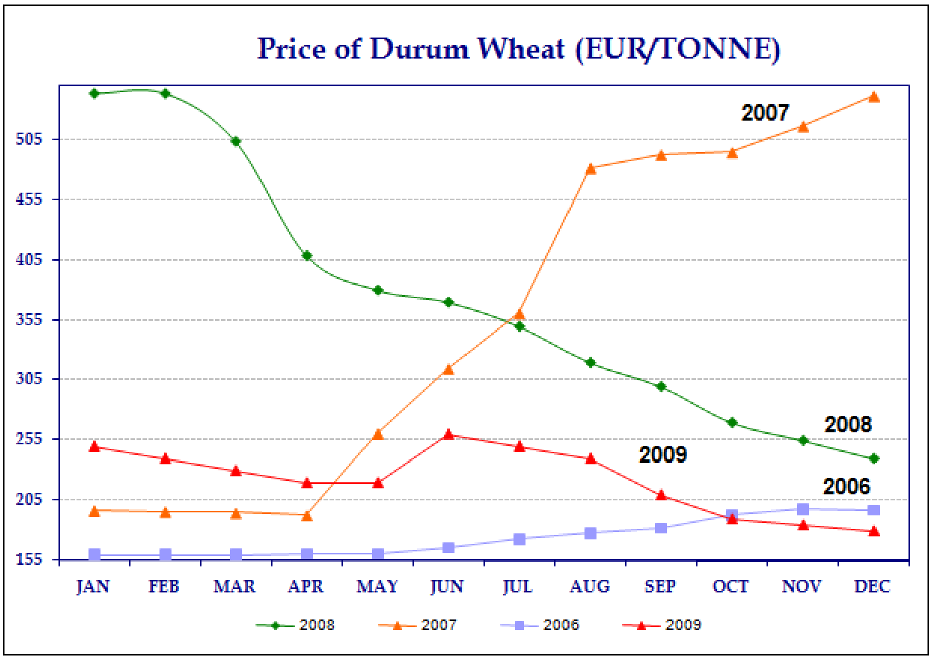
- In line with the commitment to brands and leadership in new value added products, advertising expenditure increased to EUR 17.1 million, up 9.2% on 2008.

- 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	AAGR 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.



- 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 8 March 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. El 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. El 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 24 February 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 then 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 is 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 HAACP (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 31 December 2009, "Other Receivables" included two loans totalling USD 586 million (31 December 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 8 March 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. <u>ARTICLE 116 BIS OF THE SPANISH SECURITIES MARKET LAW</u> (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.

(THOUSAND OF EUROS)

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 13 July.

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 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.