

(Free translation from the original in Spanish, in event of discrepancy, the Spanish-language version prevails).

DIRECTORS' REPORT.
CAPITAL REDUCTION THROUGH THE CANCELLATION OF TREASURY SHARES

REPORT PREPARED BY THE BOARD OF DIRECTORS OF "VISCOFAN, SOCIEDAD ANÓNIMA" RELATING TO THE AMENDMENT OF THE BY LAWS SUBMITTED TO THE CONSIDERATION OF THE COMPANY'S GENERAL SHAREHOLDERS' MEETING, TO BE HELD ON FIRST CALL ON JUNE 2, 2009 AND ON SECOND CALL ON JUNE 3, 2009, CONSISTING IN A CAPITAL STOCK REDUCTION TOTALLING 39,359.10 EUROS THROUGH THE CANCELLATION OF 131,197 OF THE COMPANY'S TREASURY SHARES,

A) PURPOSE OF THE REPORT.

With this report, the Board of Directors meets its obligation to inform shareholders of the change that it wishes to make to the company's by-laws.

The Company's Board of Directors issues and approves this report pursuant to article 144.1.1a) of the Law on Joint Stock Companies relating to the amendment of article 5 of the company's by-laws, which it puts forward to the General Shareholders' Meeting to be held on 2nd and 3rd June 2009 for its approval.

B) CONTENT OF THE PROPOSED BY-LAWS AMENDMENT

The Company owns a number of treasury shares that it has been acquiring pursuant to the authorisation granted to the Company's Board of Directors by the General Meetings held in recent years, within the limits laid down by the General Meeting itself and by existing legal requirements relating to the acquisition of treasury shares and, more specifically, by article 75 of the Consolidated Law on Joint Stock Companies.

These shares in the Company's portfolio are subject to the system outlined by article 79 of the aforementioned law.

The Board of Directors currently deems it advisable to cancel 131,197 purchased shares that have not yet been sold, as an additional means of remunerating shareholders.

Consequently, the Board proposes to the General Meeting that the company's capital be reduced, for the purpose of cancelling treasury shares valued at 39,359.10 Euros, by cancelling 131,197 of the Company's treasury shares. This change would require amending article 5 of the company's bylaws, which was until now worded as follows:

"Article 5: The share capital is 14,020,463,70 Euros, represented by 46,734,879 shares each with a nominal value of 0.30 Euros (30 euro centimes).

The capital is fully subscribed and paid up."

Once the resolution has been adopted, it shall then be worded as follows:

"Article 5: The share capital is 13,981,104.60 Euros, represented by 46,603,682 shares each with a nominal value of 0.30 Euros (30 euro centimes).

The capital is fully subscribed and paid up."

C) APPROVAL OF THE REPORT.

The present report has been issued and approved unanimously by the Board of Directors by means of a circular resolution dated 27th April 2009.

In Pamplona, on 27th April 2009.