

**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, CONSISTING IN A CAPITAL STOCK REDUCTION TOTALLING 168,588.90 EUROS THROUGH THE CANCELLATION OF 561,963 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 144.1.1<sup>a</sup>) 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 2008 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 561,963 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 168,588.90 Euros, by cancelling 561,963 of the Company's treasury shares. This change would require amending article 5 of the company's by-laws, which was until now worded as follows:

*"Article 5: The share capital is 14,189,052.60 Euros (fourteen million one hundred and eighty nine thousand and fifty two Euros and sixty euro centimes) represented by 47,296,842 shares (forty seven million two hundred and ninety six thousand eight hundred and forty two 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 14,020,463.70 Euros (fourteen million twenty thousand four hundred and sixty three Euros and seventy euro centimes) represented by 46,734,879 shares (forty six million seven hundred and thirty four thousand eight hundred and seventy nine 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 18th April 2008.

In Pamplona, on 18th April 2008.