

REPSOL INTERNATIONAL CAPITAL Ltd.

Management Report– For the half year ended June 2009

1. General comments and results

- 1.1 The sole business of Repsol International Capital Limited is to issue preference shares in various markets and advance the net proceeds to various non-Spanish members of the Repsol YPF Group. The Company engages in no activities other than those related to the borrowing and lending of such funds.
- 1.2 The net loss for the year half year ended 30 June 2009 was EUR 1.8 million compared with a net loss of EUR 20.9 million for the half year ended 30 June 2008. The income from the collar, which is reported under the caption "Other financial income" accounts for most of the Company's loss decrease in 2009 compared to 2008.
- 1.3 The Balance Sheet maintains a similar structure to that it showed at 2008.
- 1.4 It is not expected any significant change in the foreseeable future.

2. Events after Balance Sheet date

There have been no significant events after the balance sheet date.

3. Main activities perform during 2008

- Shareholder's deficit increased from EUR 258.8 million to EUR 260.6 million a increase of less than 1%. The increase is due mainly to the loss for half year (EUR 1.8 million).
- Tenants of Preference Share A received a dividend of USD 20.3 million.
- Tenants of Preference Share B received a dividend of EUR 19.7 million.
- Tenants of Preference Share C received a dividend of EUR 39.4 million.
- During the six first months of 2009 Repsol International Capital Ltd. continue to granted loans to Repsol Netherlands Finance BV. As per June 30, 2009 the amount granted to RNF arrived to EUR 3,159.8 million of which EUR 2,682.3 million were denominated in euros at an interest rate of 4.8% and EUR 477.5 million were denominated at USD at an interest rate of 6.44%

4. Financial risk management

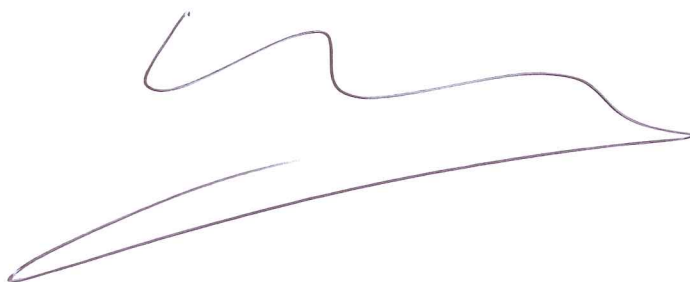
- 4.1 The Company's activities expose it primarily to the market risks of changes in foreign currency exchange rates and interest rates. Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.
- 4.2 The Group's Corporate Risk function provides services to manage the financial risk relating to the Company's operations. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.
- 4.3 Note 10 of the 2008 annual accounts provide a detailed description of the nature and extent of risk arising from the financial instruments to which the entity is exposed at the reporting date. The disclosure includes a sensitivity analysis in order for the users of the financial statements to evaluate the risks

5. **Research and development activities**

Repsol International Capital Ltd has not carried out any research and development activities during 2009.

6. **Operations with treasury shares**

Repsol International Capital Ltd has not carried out neither any own's shares operations nor any parent company share operations in 2009.

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