

**REPSOL  
YPF**



# 2007 PRELIMINARY RESULTS

*February, 28<sup>th</sup> 2008*

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*This document contains statements that Repsol YPF believes constitute forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. These forward-looking statements may include statements regarding the intent, belief, plans, current expectations or objectives of Repsol YPF and its management, including statements with respect to Repsol YPF's future financial condition, financial, operating, reserve replacement and other ratios, results of operations, business strategy, geographic concentration, business concentration, production and marketed volumes and reserves, as well as Repsol YPF's plans, expectations or objectives with respect to future capital expenditures, investments, expansion and other projects, exploration activities, ownership interests, divestments, cost savings and dividend payout policies. These forward-looking statements may also include assumptions regarding future economic and other conditions, such as future crude oil and other prices, refining and marketing margins and exchange rates. These statements are not guarantees of future performance, prices, margins, exchange rates or other events and are subject to material risks, uncertainties, changes and other factors which may be beyond Repsol YPF's control or may be difficult to predict.*

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**REPSOL**  
**YPF**



# ***OVERVIEW***

***Antonio Brufau, Chairman and CEO***

- **PUTTING YPF IN VALUE**

- ✓ *YPF transaction*

- **BOOSTING POTENTIAL THROUGH EXPLORATION:**

- ✓ *Libya*

- ✓ *Algeria*

- ✓ *Brazil*

- ✓ *GOM*

- ✓ *Peru*

- ✓ *Bolivia*

- ✓ *Alaska*

- **LNG DEVELOPMENTS:**

- ✓ *Peru LNG: Supply contract to Manzanillo*

- **DOWNSTREAM DEVELOPMENTS:**

- ✓ *FID for Bilbao refinery*
- ✓ *FID for Cartagena refinery*

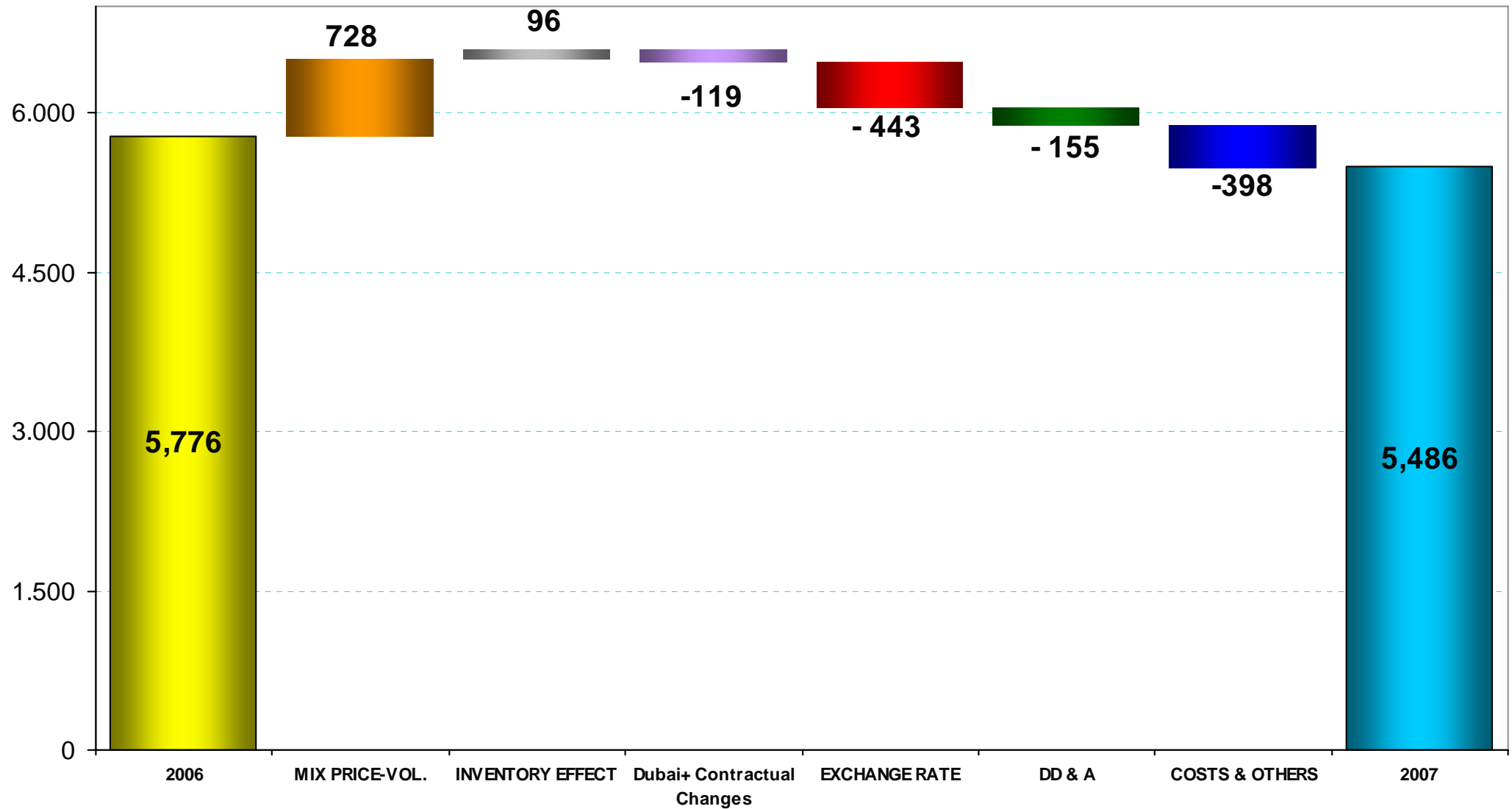
- **OPTIMIZING OUR PORTFOLIO:**
  - ✓ *Divestment of Chilean service station network*
  - ✓ *Divestment of 10% stake of CLH*
  - ✓ *Divestment of small chemical businesses*
  - ✓ *Divestment of Repsol's corporate building*
  
- **DIVIDEND GROWTH:**
  - ✓ *Improved retribution to shareholders*
  
- **NEW CORPORATE STRUCTURE**

# 2007 INCOME FROM OPERATIONS



## 2007: Adjusted Income from Operations

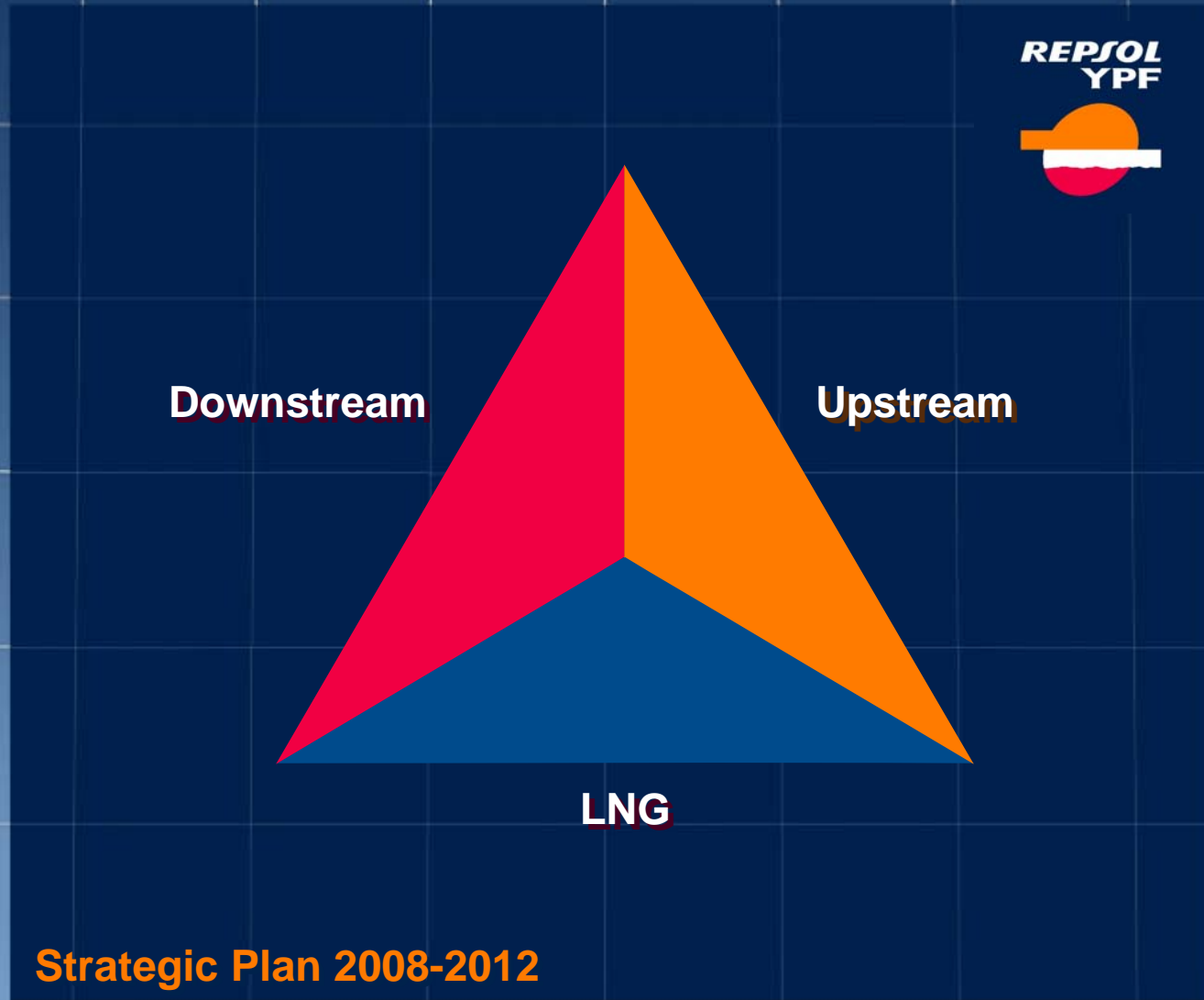
Million €



- ***RECORD RESULTS***
- ***SIGNIFICANT DIVIDEND INCREASED***
- ***STRONG FINANCIAL STRUCTURE***
- ***FIRST STEP INTO YPF TRANSACTION GIVEN***



# *Focused Management for Profitability & Growth*



***1. Progress to date in the Strategic Plan 2005-09***

***2. Repsol YPF Group Strategic Vision 2008-2012***

***3. Strategic Plan 2008-2012***

***1. Progress to date in the Strategic Plan 2005-09***

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# 2005-2007: Favorable macro-environment but challenging operating conditions

## Positive price and margin environment in 2005-2007 period....

- High crude oil (avg. Brent: 64\$/bbl) and gas prices (avg. HH: 7.7\$/MBtu)
- Strong refining margins (avg. Brent Cracking NWE 4.5\$/bbl)

## .... resulting in tougher operating conditions in the industry

- Increasing energy nationalism in oil & gas producing countries
- Intense competition for E&P and LNG assets and projects
- Escalating lifting costs
- Significant increase in investment costs driven by raising engineering and raw material costs
- Constrained availability of technical and human resources
- Increasing share of production coming from mature basins globally

**Note:** Strategic Plan 2005-09 assumptions: Brent: 25\$/bbl, HH: 4.0 \$/Mbtu and Brent cracking NWE 2\$/bbl

# Repsol YPF has reinforced its strengths since 2005 but important challenges remain relevant



## Strategic Plan 2005-2009: Assessment of Repsol YPF key Strengths and Challenges

### Strengths

- Quality people ✓
- Integrated business in two large areas ✓
- Leading and high performance downstream positions ✓
- Atlantic Basin LNG; Gas Natural relationship ✓
- Unique position in an improving Argentina ✓
- Strong North Africa portfolio ✓
- Superior NOC relations in Key areas ✓

### Challenges

- Increase shareholder returns ✓
- Replace reserves ✗
- Improve margins ✓
- Reinvest successfully ✓
- Diversify geographically ✓
- Reinforce credibility ✓
- Become outward looking, more commercial and international ✓
- Attract and retain talent ✓

# 2005-2007: Building solid foundations for growth and profitability enhancement



## Re-balance Group's business portfolio

- Local partner and anticipated additional free float critical to increase value
- Divestment of non-core assets (CLH, Chile marketing, Repsol Tower, etc.)
- Reduced LatAm exposure (38% of CE in 2007 vs. 52% in 2004) and increased OCDE

## Recovery of Upstream performance and creation of new growth platforms

- Exploration ex-Argentina: Activity increase (27 wells/yr (2005-07) vs. 17 in 2002) and performance enhancement <sup>(1)</sup>
- Development of new core areas (Gulf of Mexico, Brazil)
- Acquisition of new high value assets (TSP, Camisea)
- Develop expertise in mature basins

## Organization transformation and reinforced accountability

- New management team fully aligned with new strategy and vision
- Efficiency of corporate functions (400 positions eliminated) and reduced bureaucracy
- New talent management and performance evaluation tools already in place

## Stronger corporate governance and transparency

- Improved Board control over reserves and safety and environment
- Reserves audited and restated
- Internationally recognized for transparency and social corporate responsibility

## Increased shareholder returns and financial flexibility

- Operating cash-flow: 6.6 B€/year (2005-07) vs. 5.5 B €/year (2002-04)
- Dividends: +100% DPS increase (2004-2007<sup>(2)</sup>)
- Debt-to-Capital employed ratio (incl. preference shares): 40%(2004) to 26.5%(2007)

(1) Discovery cost in core areas: 2.90 \$/bbl(2002-03) to 1.60 \$/bbl (2004-06). Calculated as exploration and appraisal outlays divided by contingent resources found. Core areas: North Africa and North Latin America

(2) Estimated

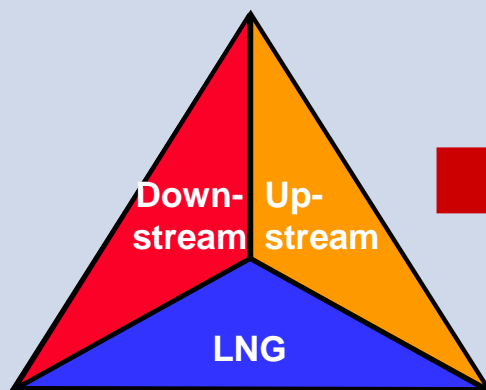
*1. Progress to date in the Strategic Plan 2005-09*

**2. Repsol YPF Group Strategic Vision 2008-2012**

*3. Strategic Plan 2008-2012*

# Our vision and strategic priorities 2008-2012

**Integrated  
core business**



- Optimize profitability of current operations
- Focused growth through 10 key projects
- Divest non-performing assets

**Operated  
Key  
Shareholding**



- Partial divestment to improve and rebalance portfolio
- Local partner and anticipated additional free float critical to increase value. Local focus within the framework of a global company
- Improve performance by capturing opportunities in an expanding energy market

**Non-operated  
Key  
Shareholding**



- Growth of operations via Stream JV
- Growth and leverage maximization
- Open options and flexibility for the future

**Focused Management for Profitability and Growth: Shareholder and stakeholder returns**



# Focused Management for Profitability and Growth

## Group EBITDA

Index: 2008=100



## Group Operating income

Index: 2008=100



## Group Net income (1)

Index: 2008=100



### Strong focus on profitability of capital employed

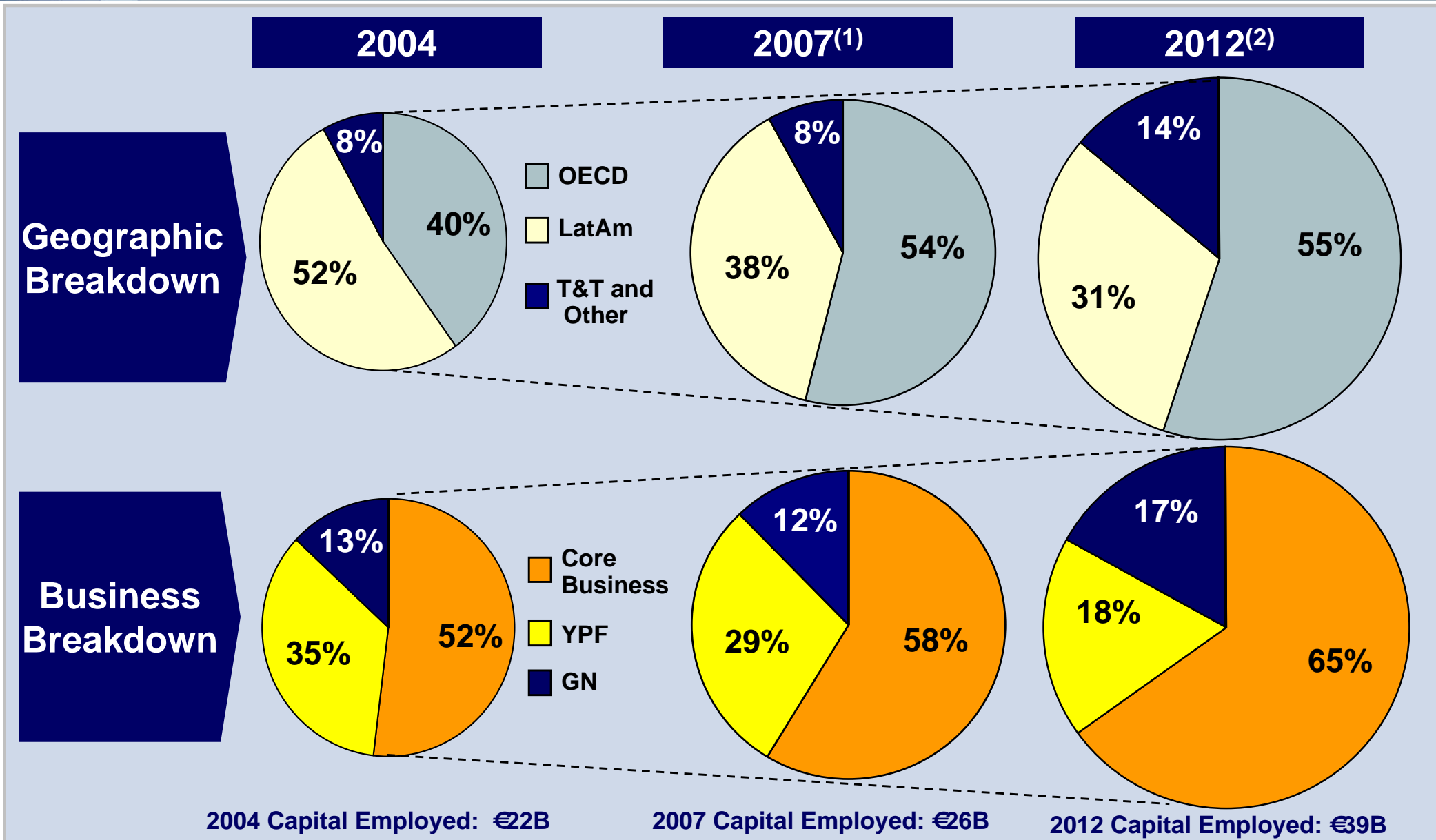
- Increasing ROCE of existing assets: from 11% in 2008 to more than 15% in 2012
- High rate of return of 10 key growth projects: IRR > 15%

**Brent price assumption: 55\$/bbl in 2008 and 60\$/bbl in 2012**

**Note:** Excludes extraordinary results from divestments

(1) Net income after minority interests

# Rebalance Group portfolio towards OECD and core businesses



(1) Calculations assume divestment of 15% of YPF to local partner

(2) Calculations assume divestment of 45% of YPF

*1. Progress to date in the Strategic Plan 2005-09*

*2. Repsol YPF Group Strategic Vision 2008-2012*

**3. Strategic Plan 2008-2012**

# Macroeconomic assumptions in the Strategic Plan

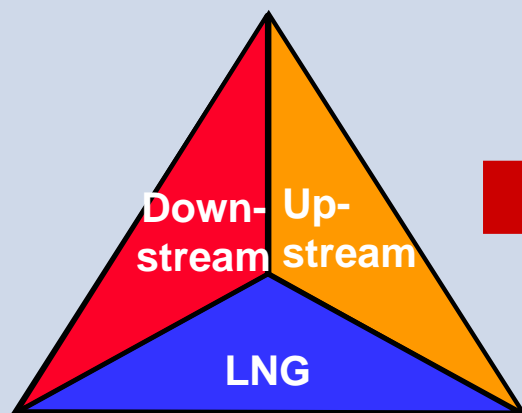


	Avg. 2007	2008	2012
<b>Brent</b> (US\$/bbl)	72.40	55	60
<b>Henry Hub</b> (US\$/MBtu)	6.86	7.00	7.60
<b>Refining Margin <sup>(1)</sup></b> (US\$/bbl)	5.10	4.00	4.70
<b>Argentina Gasoline Price</b> (US\$/l and % of import parity)	0.30 57%	0.34 76%	0.44 88%
<b>Argentina Natural Gas Price</b> (US\$/MBtu)	1.50	1.55	3.75
<b>US\$/€</b>	1.37	1.28	1.22
<b>Average Tax Rate (%)</b>	41.9%	42%	

(1) Brent cracking NWE FOB

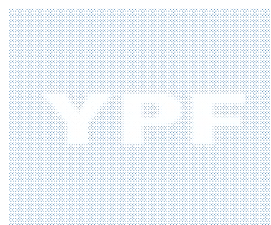
# Our vision and strategic priorities 2008-2012

**Integrated  
core business**



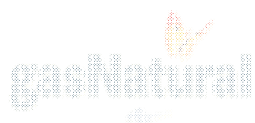
- Optimize profitability of current operations
- Focused growth through 10 key projects
- Divest non-performing assets

**Operated  
Key  
Shareholding**



- Partial divestment to improve and rebalance portfolio
- Local partner and anticipated additional free float critical to increase value. Local focus within the framework of a global company
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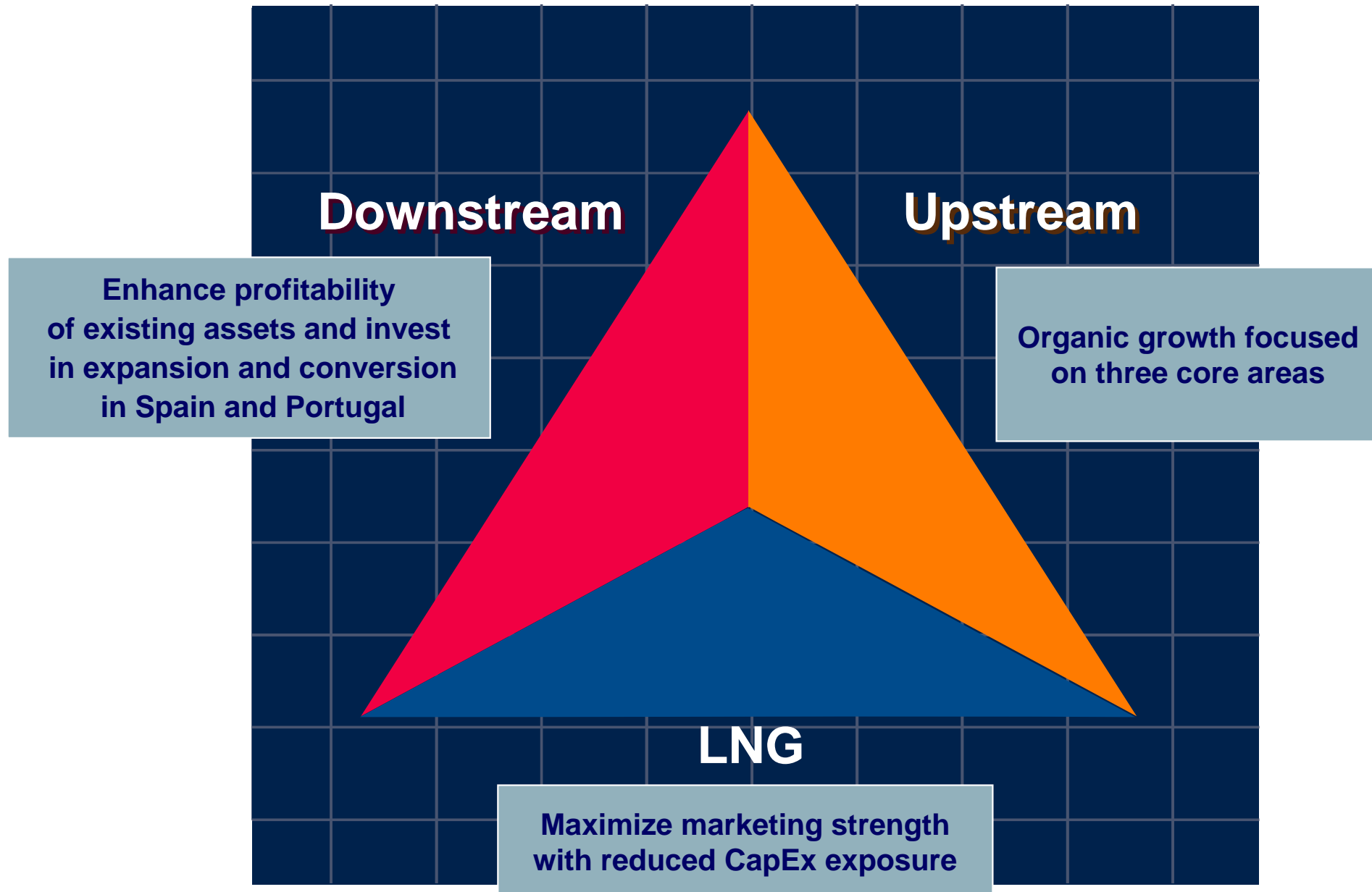
**Non-operated  
Key  
Shareholding**



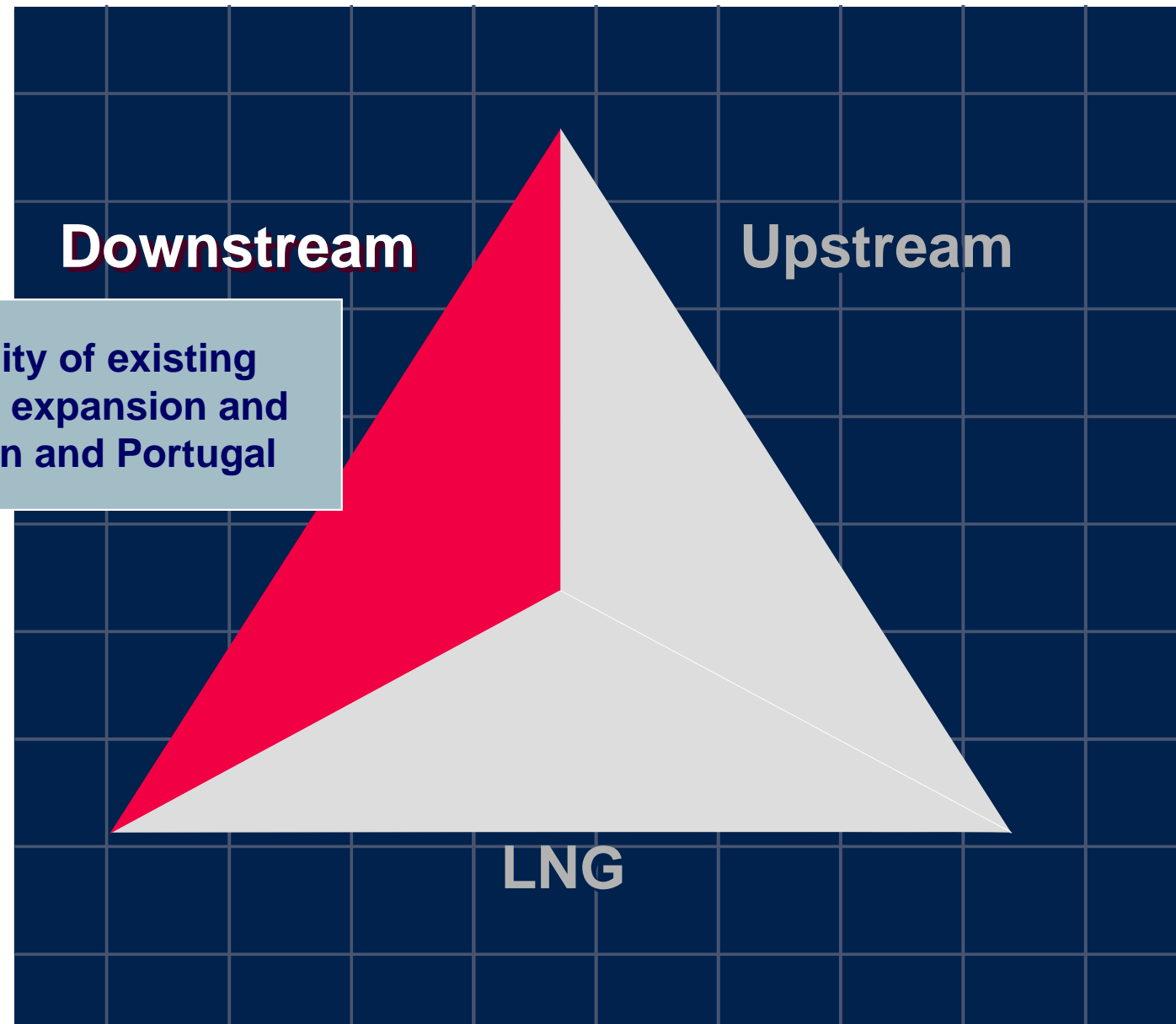
- Growth of operations via Stream JV
- Growth and leverage maximization
- Open options and flexibility for the future

**Focused Management for Profitability and Growth: Shareholder and stakeholder returns**

# Core business: Optimize operations and grow through 10 Key projects

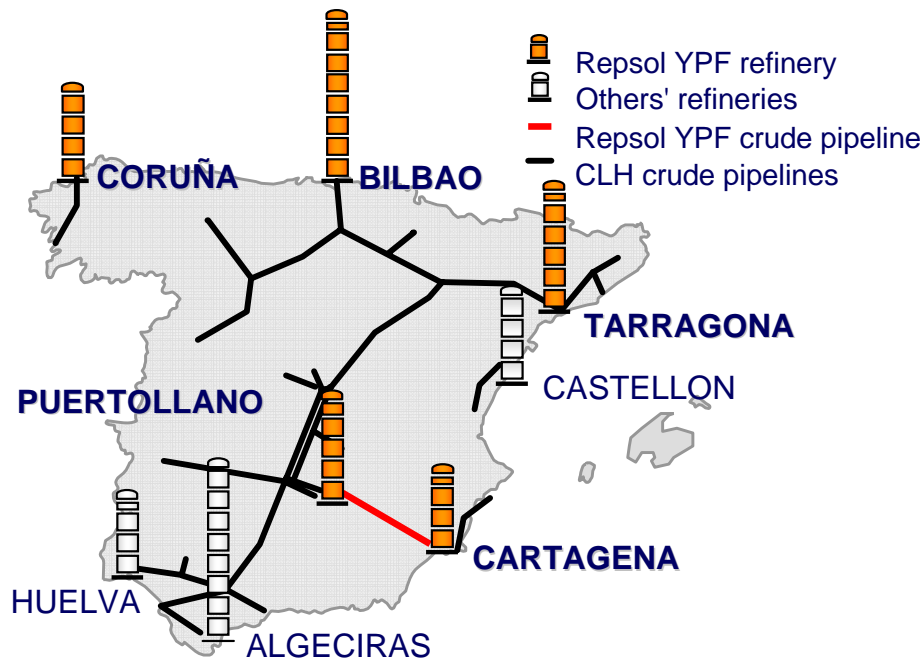


# Core business: Optimize operations and grow through 10 Key projects



# Long history of value creation (I)

## Leadership position in Refining



## Highly integrated regional Petrochemical business



- ✓ #1 Refiner in Spain (#6 in Europe)
- ✓ Integrated system with high conversion ratio in Spain
- ✓ #1 Refiner in Peru
  - Integrated position with marketing

- ✓ #1 producer in Iberian Peninsula
- ✓ Leading market shares
- ✓ Competitive costs and high integration with Refining

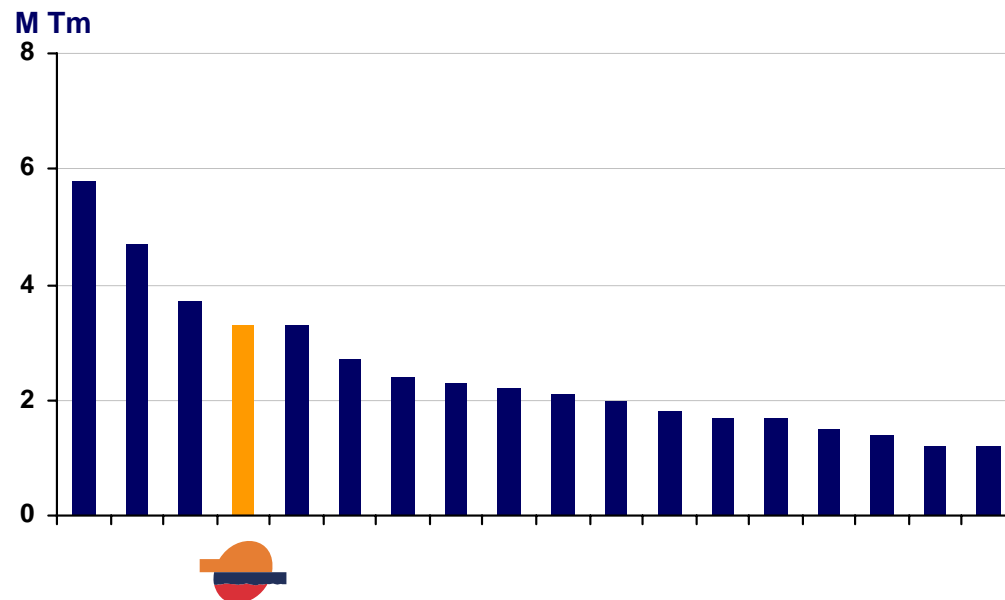


# Long history of value creation (II)

## Highly efficient Marketing with leadership position in Spain & Portugal



## A world leader in LPG



- ✓ 4,840 Service stations
- ✓ 42% share in Spain, 20% in Portugal
- ✓ Efficient network: Throughput/station 108% of Spain average

- ✓ # 4 world LPG company
- ✓ #1 market position in Spain and LatAm
- ✓ A leader in LPG operations productivity: 1,700 t/employee in Spain

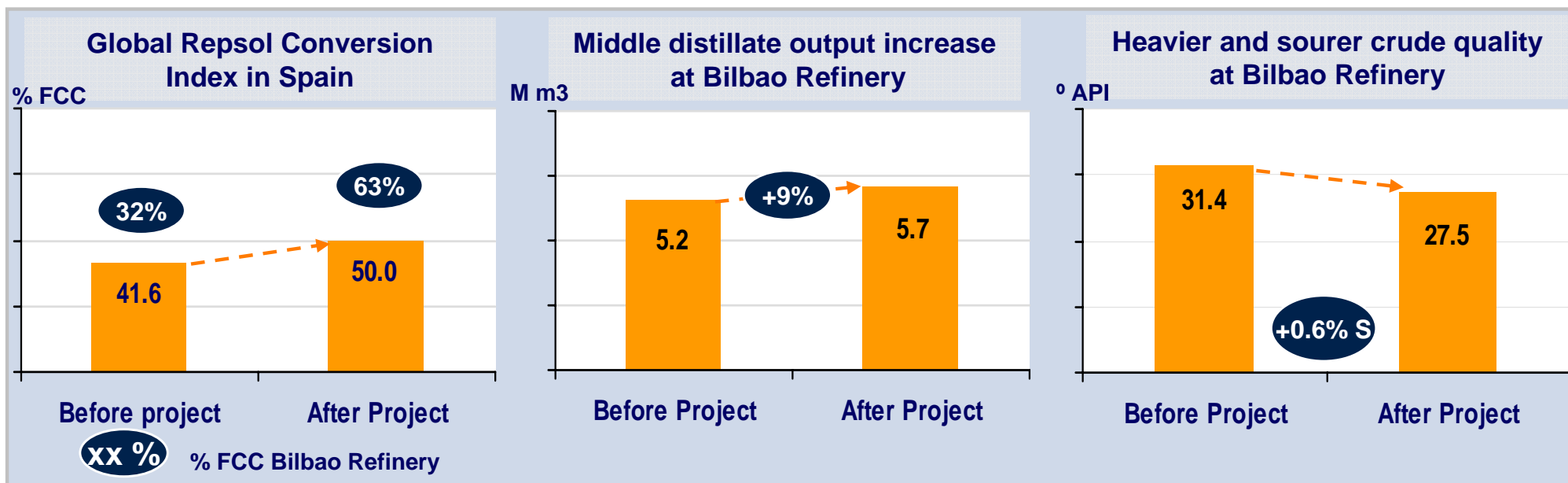
# Downstream strategic lines and investment targets



(1): CapEx is not netted by proceeds from divestments

# Increase conversion at Bilbao refinery

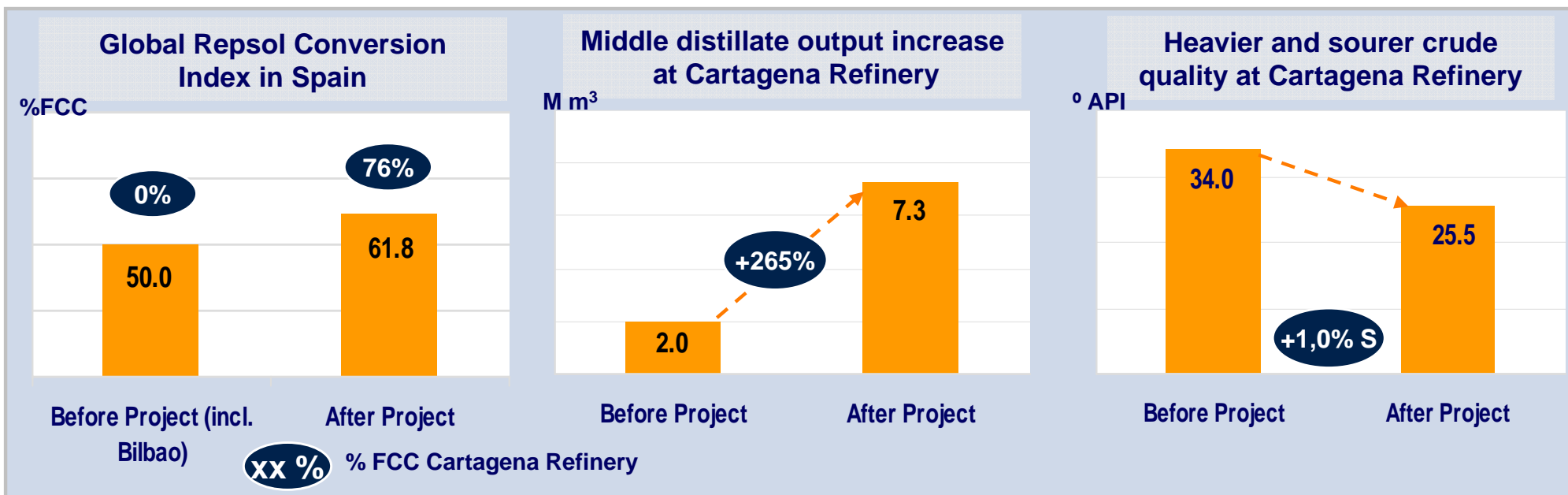
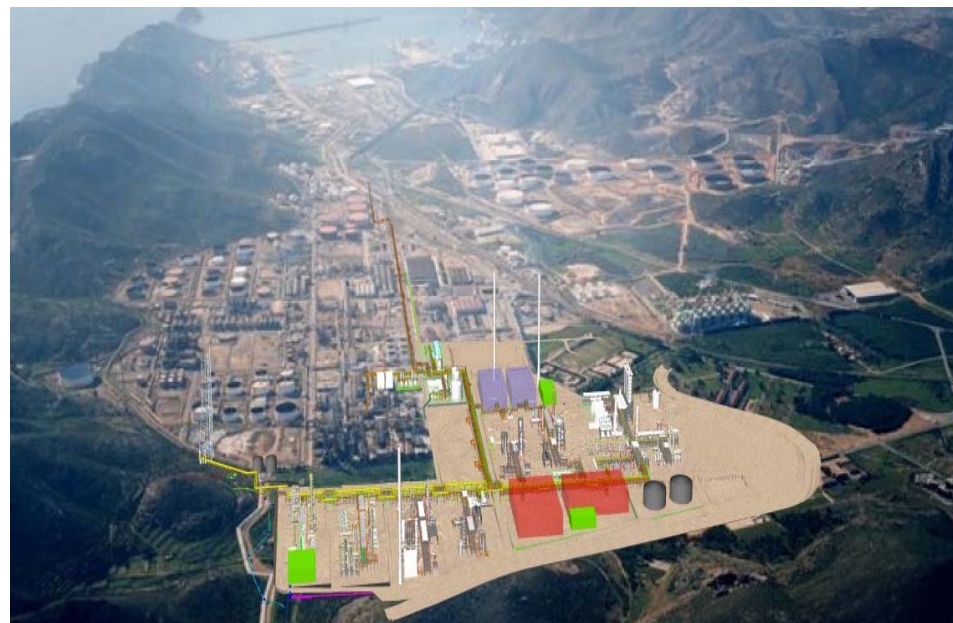
- ✓ Increase conversion from 32% to 63%
- ✓ New Coker: 2 M tpa capacity
- ✓ CapEx 2008-2012: €700 M
- ✓ Start-up 4Q 2010





# Expand Cartagena refinery and increase conversion

- ✓ Increase conversion to 76%
- ✓ Double capacity to 220,000 b/d
- ✓ New Hydrocracker (2.5 M tpa)
- ✓ New Coker (3.0 M tpa)
- ✓ CapEx 2008-2012: €3,200 M
- ✓ Start-up 2Q 2011





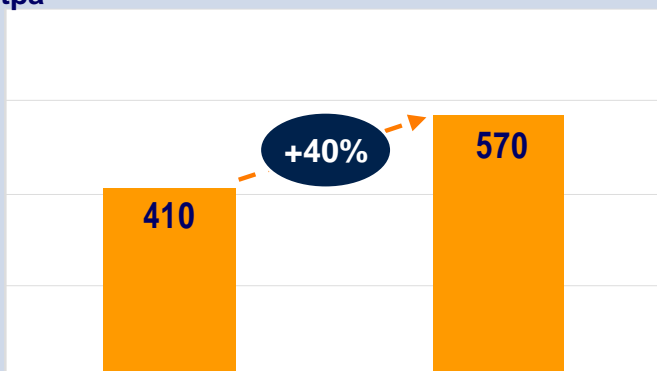
# Expand Sines petrochemical business

- ✓ Cracker expansion: 160,000 tpa (ethylene)
- ✓ New 300,000 tpa polyethylene and 300,000 tpa polypropylene units
- ✓ 40 MW cogeneration plant
- ✓ CapEx 2008-2012: €850 M
- ✓ Start-up 4Q 2010



Sines Cracker capacity

'000 tpa

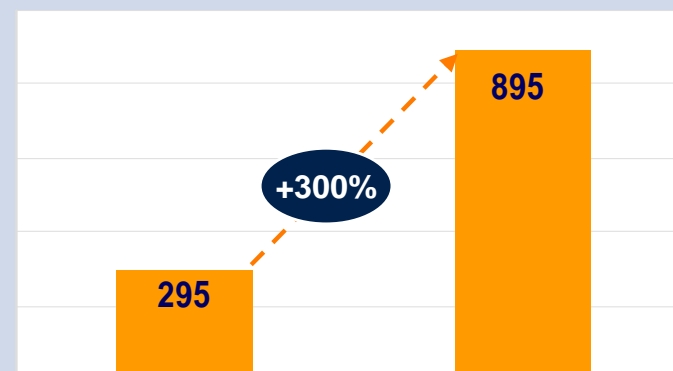


Current

After Project

Sines Polyolefin Capacity

'000 tpa



Current

After Project

# Strategic Targets 2012: Downstream

## Downstream Operating Income (index 2008=100)

- Cost savings
- Contribution of key growth projects
- Existing assets



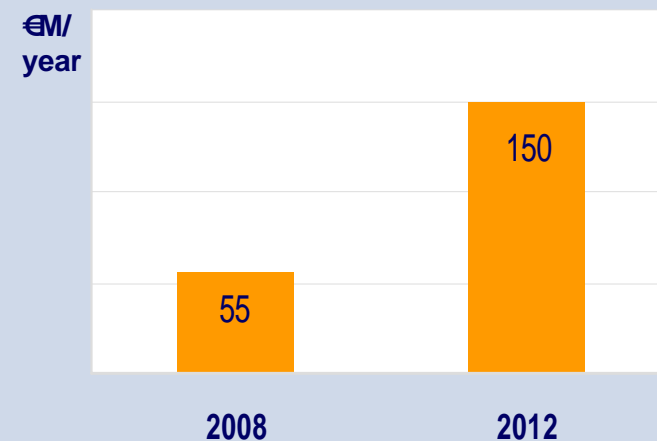
### Topping capacity in Spain



### Conversion Index in Spain



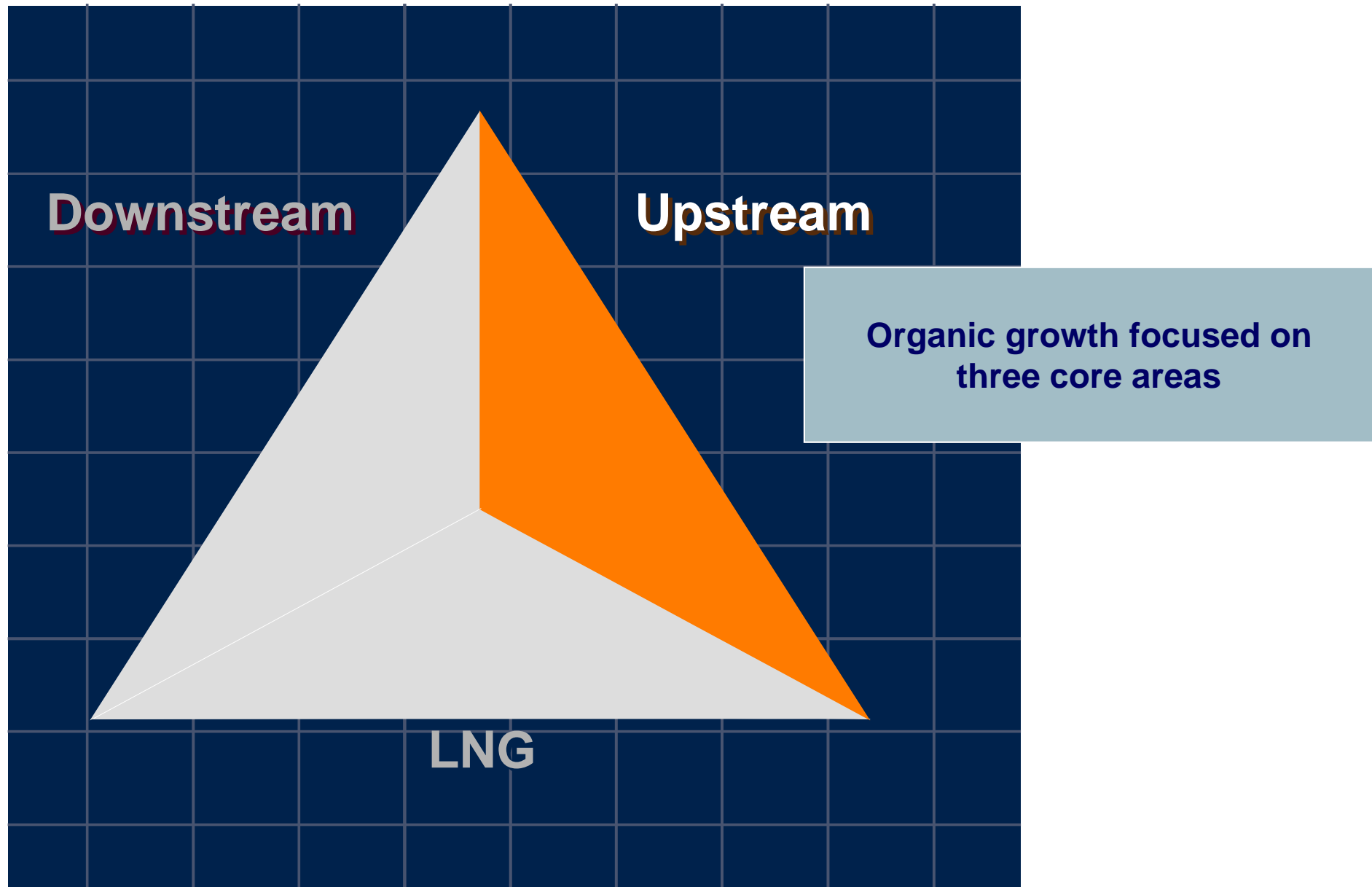
### Recurrent Operational Savings



**Repsol YPF Spain margin differential (vs. NWE Brent Cracking) to grow by 3 USD/bbl due to conversion increase**

Note: Excludes extraordinary results from divestments

# Core business: Optimize operations and grow through 10 Key projects



# Upstream: three core areas

## North of Africa

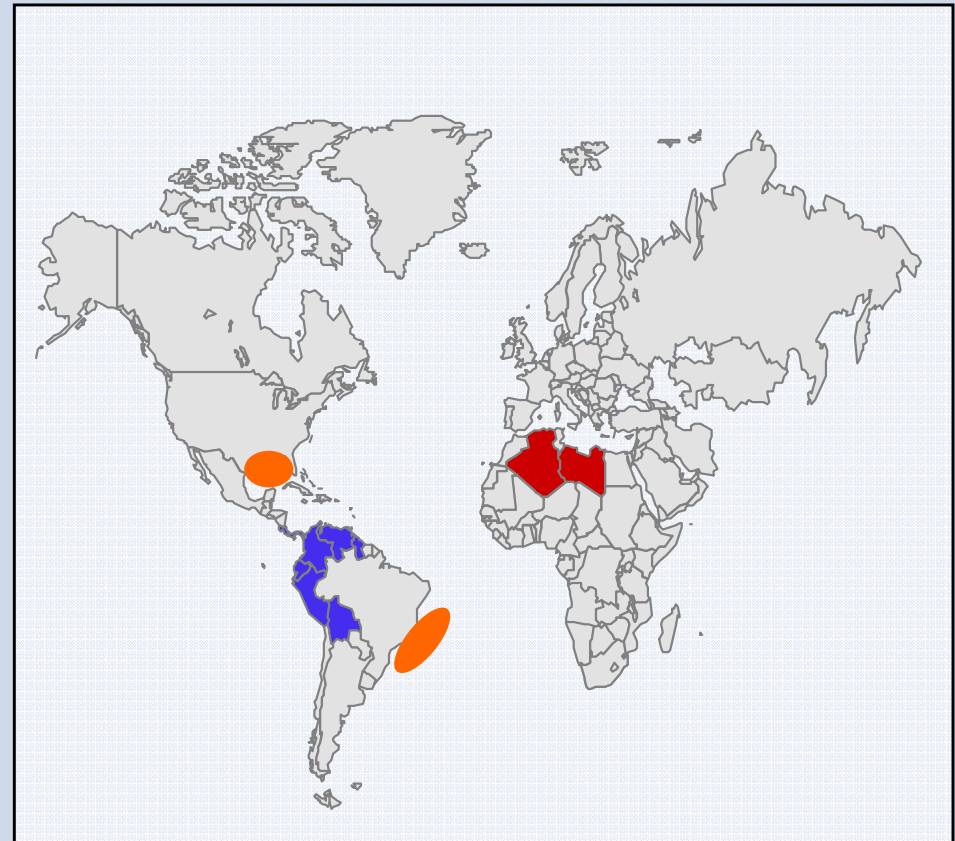
- ✓ Net production 2007: 69,000 bpd
- ✓ #2 company by exploration domain in North Africa (18 blocks<sup>(1)</sup>)
- ✓ Significant ongoing development projects:
  - Reggane, Libya I/R

## Deep water: GoM and Brazil

- ✓ Net production 2007: 16,000 bpd<sup>(2)</sup>
- ✓ Start up: G. Khan (2007) and Shenzi (2009): 31,000 bpd in 2012
- ✓ Exploration success: Carioca (Santos basin)
- ✓ Strong exploration potential: 45 exploration blocks in GoM<sup>(3)</sup> and 24 in DW Brazil<sup>(4)</sup>

## LatAm and T&T(ex-Argentina and DW Brazil)

- ✓ Net production 2007: 300,000 bpd
- ✓ 26 exploration blocks
- ✓ Main ongoing development projects:
  - Trinidad & Tobago, Block 39 (Peru)



(1) Repsol YPF participates in 3 additional development blocks

(2) Including Albacora Leste

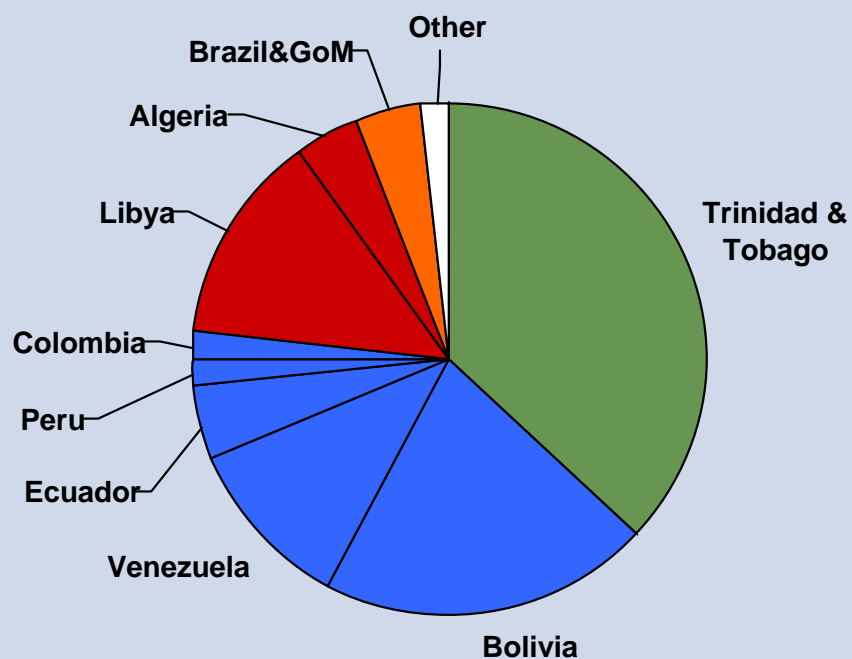
(3) Includes 7 blocks to be incorporated by farm-in and 18 blocks obtained in the last bidding round, 10 of which are still pending final approval by the regulator

(4) 23 exploration blocks plus one development (Albacora Leste)

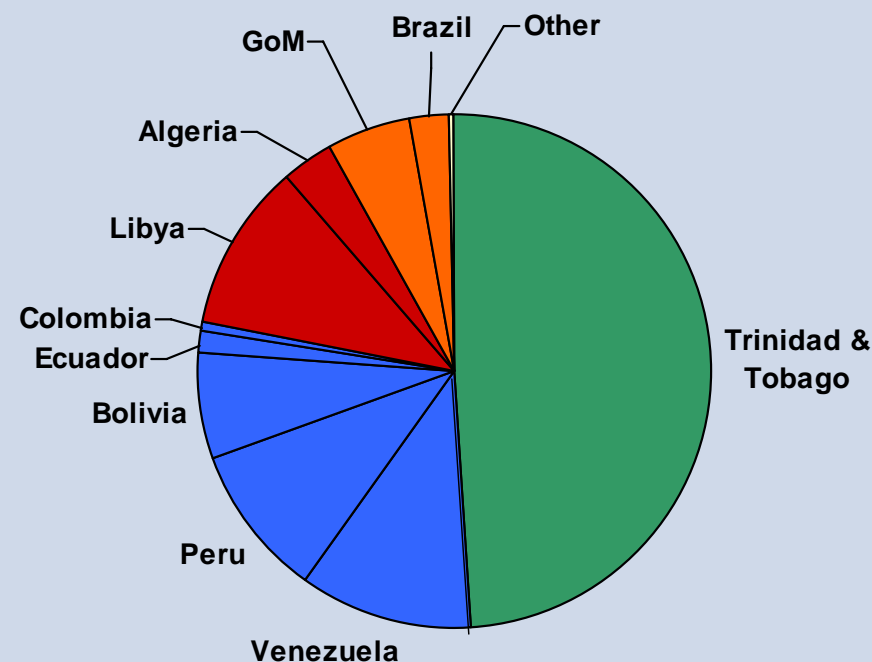


# Production and reserves geographical breakdown

## Upstream Net production 2007



## Upstream Net proved reserves 2007



■ Trinidad & Tobago 
 ■ LatAm (ex Argentina and Brazil) 
 ■ North Africa 
 ■ US GoM and Brazil 
 ■ Other regions

**Total Upstream production 2007:  
390,000 Boepd**

**Total Upstream proved reserves  
2007: 1,117 MBoe**

Note: All figures exclude Argentina

# Improved Upstream performance

## ✓ Substantial enhancement of exploration performance

- Activity increase: 27 wells/yr on average vs. 17 in 2002<sup>(1)</sup>
- Reduced Discovery cost<sup>(2)</sup> in core areas<sup>(3)</sup> from \$2.90/boe (02-03) to \$1.60/boe (04-06)

## ✓ Improved geographical diversification

- 19% increase in production from sources outside Latin America.

## ✓ Development of new core areas (Gulf of Mexico and deep water Brazil)

## ✓ Acquisition of new high value assets (TSP, Camisea)

(1) Excluding Brazil and Bolivia

(2) Discovery cost in core areas calculated as exploration and appraisal outlays divided by contingent resources found. Core areas: North Africa and North Latin America

(3) Includes core areas 2002-2006 (North Africa and LatAm- ex Argentina & Brazil)

## SIGNIFICANT DISCOVERIES

2005- 1Q2008

### Libya

- NC 115 – NC186 : I/R
- NC 186: J, K, L, Q
- NC-200: E, G, H
- NC-210: A, B, C

### Algeria

- Reggane-5
- Kahlouche
- Reggane-6

### North LatAm

- Rondon (Colombia)
- Buenavista (Peru)
- Raya (Peru)
- Kinteroni X-1 (Peru)

### Trinidad Tobago

- Coconut

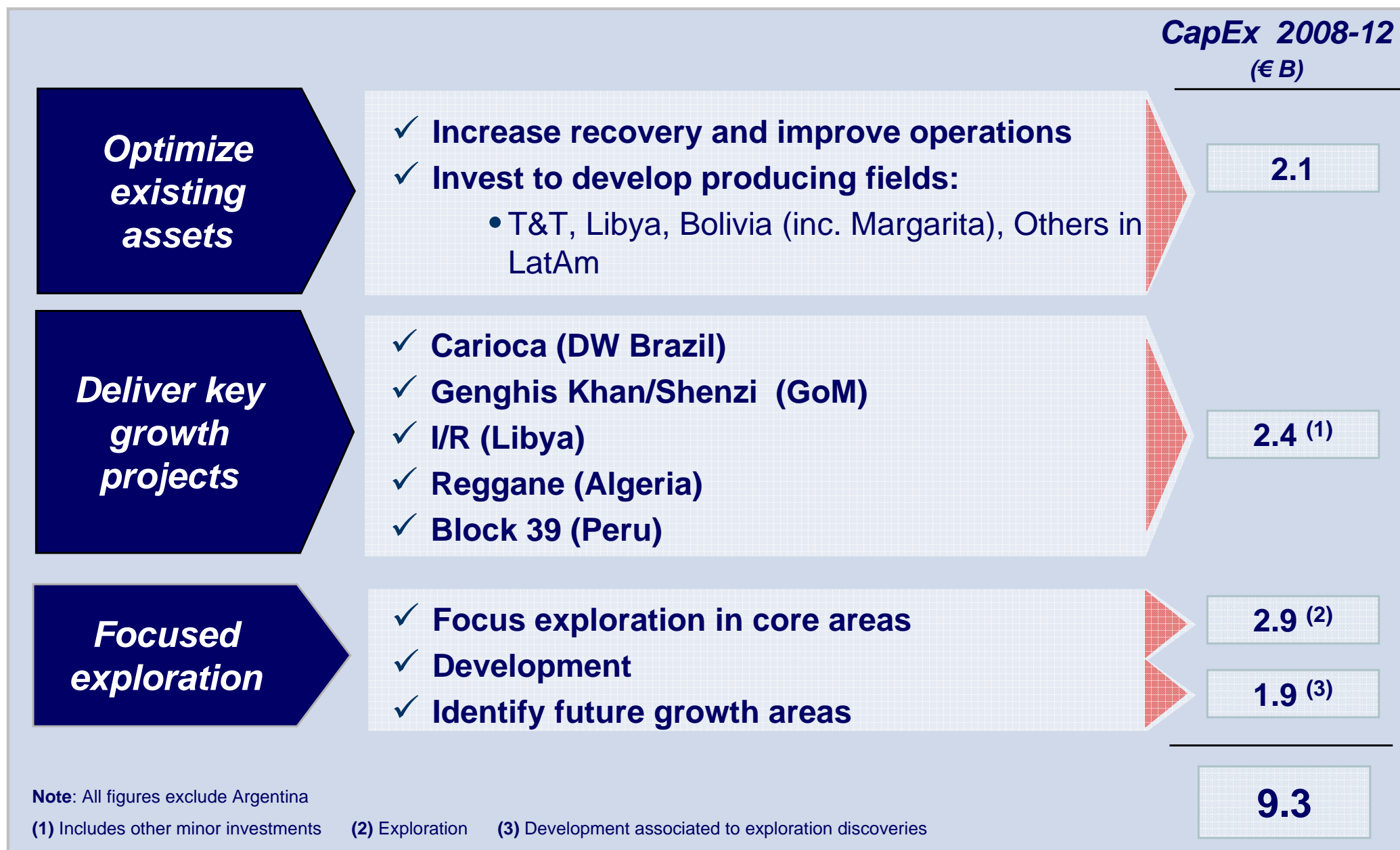
### Brazil

- Carioca

### Bolivia

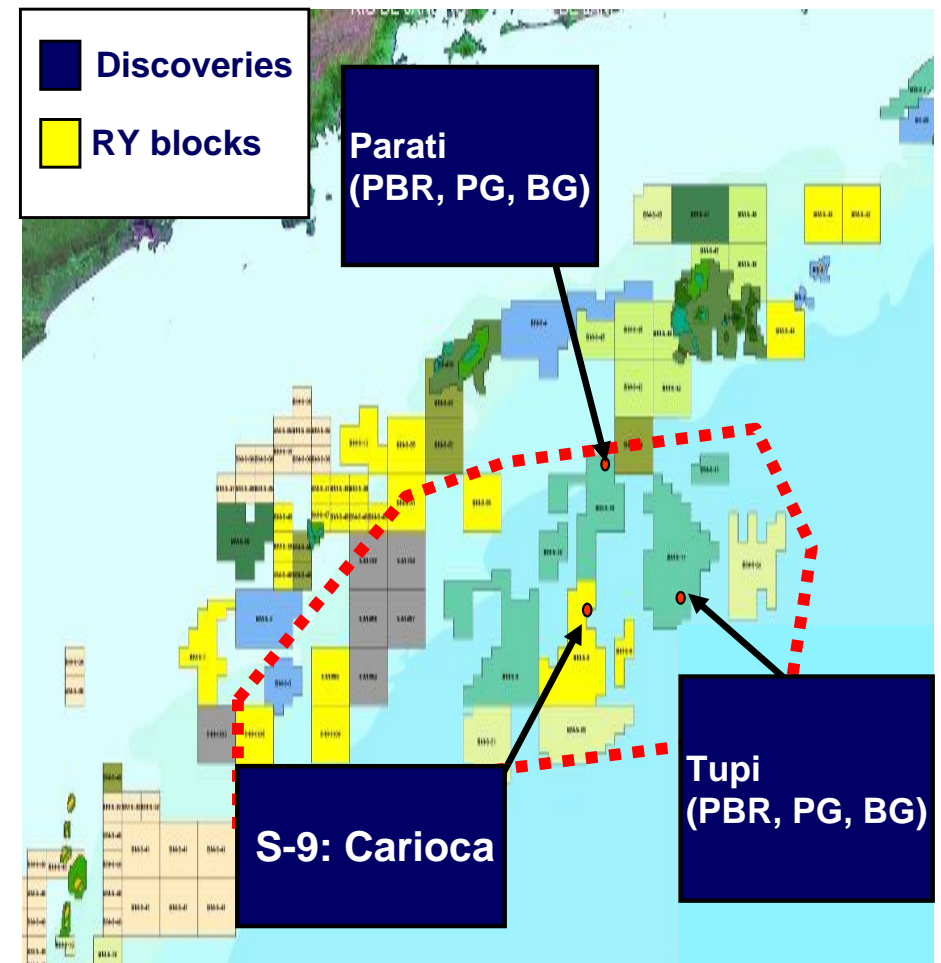
- Huacaya X-1

# Upstream strategic lines and investment targets



# Carioca pre-salt discovery (DW Brazil)

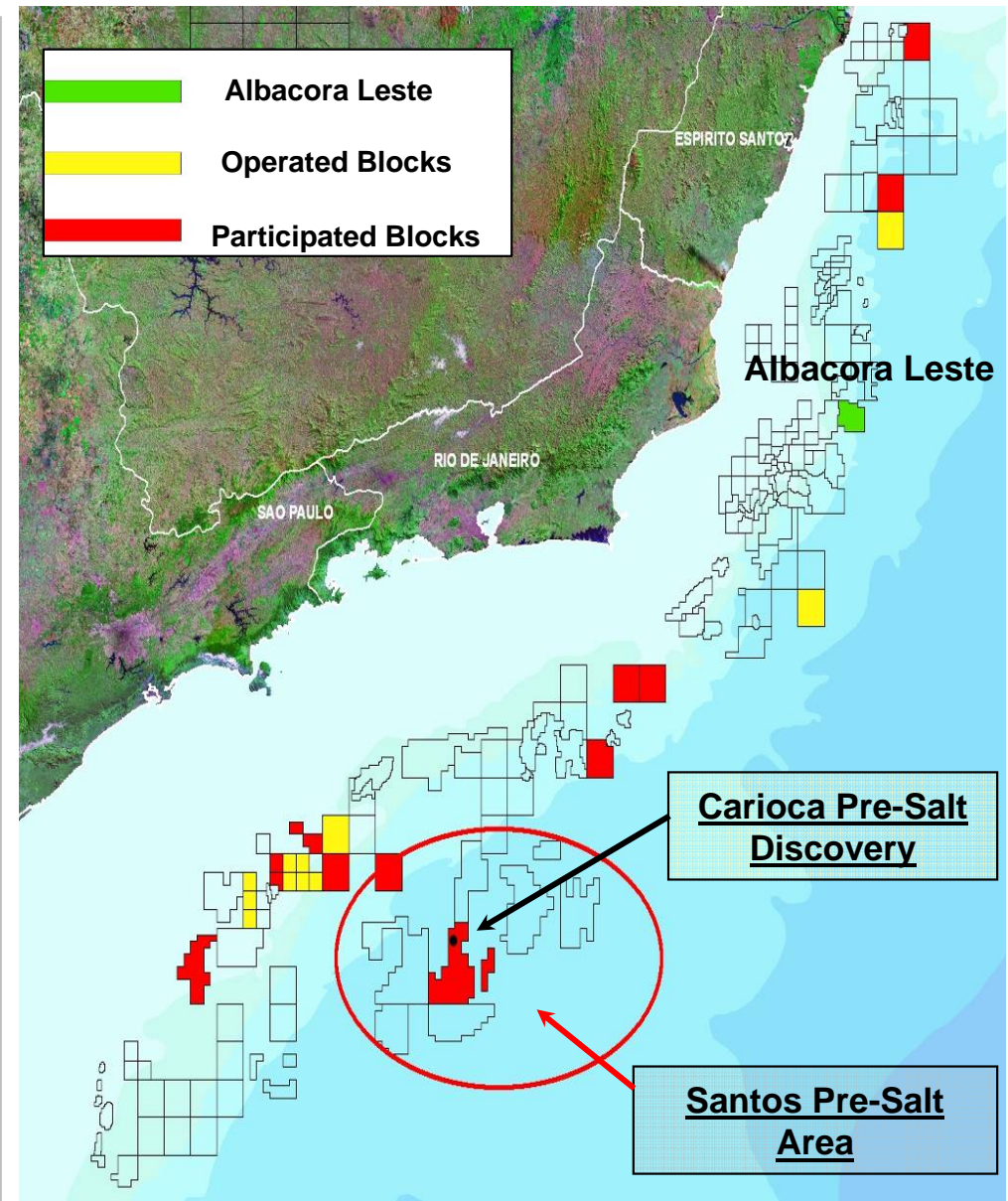
- ✓ 2008 intensive exploration programme in BMS-9
  - Pending appraisal campaign
  - 6 additional prospects (Guará to be drilled in 1Q08)
- ✓ 2012 net production: 23,000 boe/d
- ✓ Reserves: 80-90 M boe
- ✓ CapEx 2008-2012: €500 M
- ✓ Start-up: 2012
- ✓ Partners: Repsol YPF 25%, Petrobras 45% (operator), BG 30%





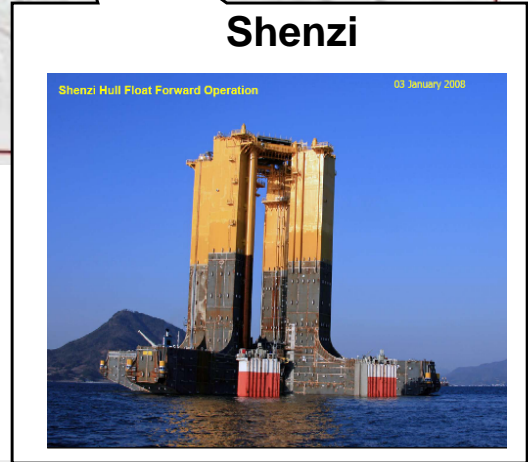
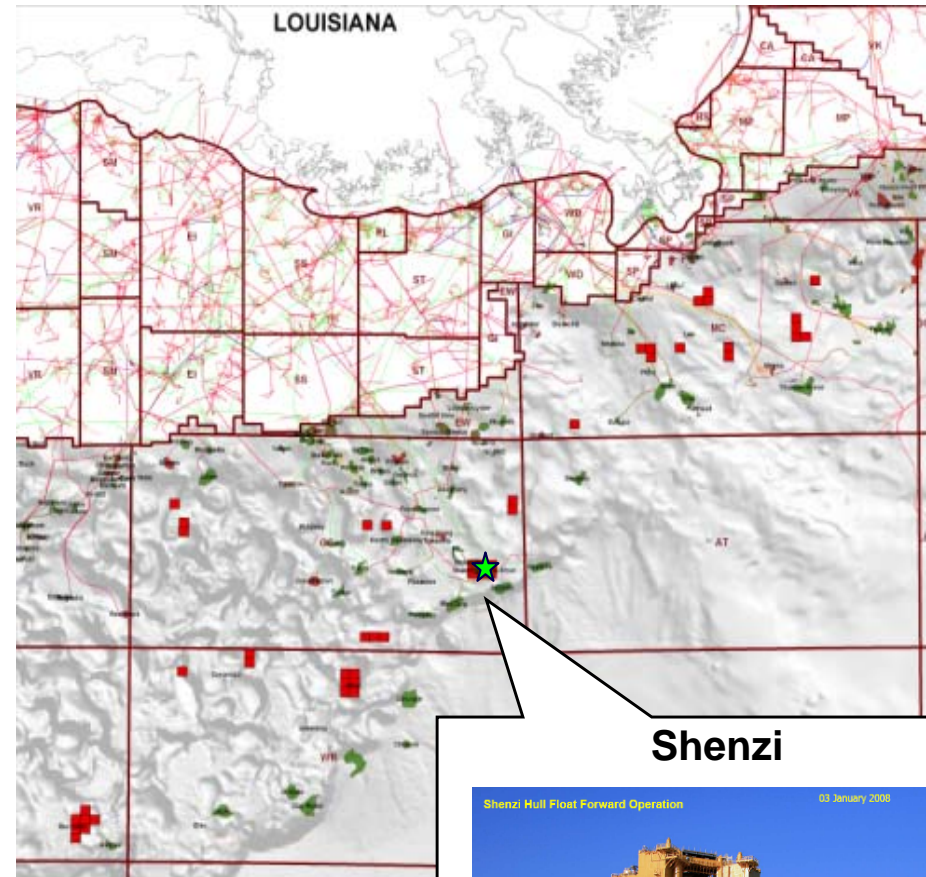
# Offshore Brazil : Albacora Leste & Exploration Acreage

- ✓ **10% Albacora Leste. On stream since 2006. 3P Reserves (100%) >475 Mboe**
- ✓ **Exploration acreage: 24 active blocks**
  - 2nd only to Petrobras
- ✓ **Average working interest 40%**
  - Designated operator for 11 blocks
- ✓ **Significant exposure to the new Santos pre-salt Petroleum Province**
  - One large discovery in 2007(Carioca)
  - Additional opportunities still to be drilled
- ✓ **Intense 2008-09 exploration campaign more than 10 wells**
  - Including several pre-salt tests in Santos and Campos



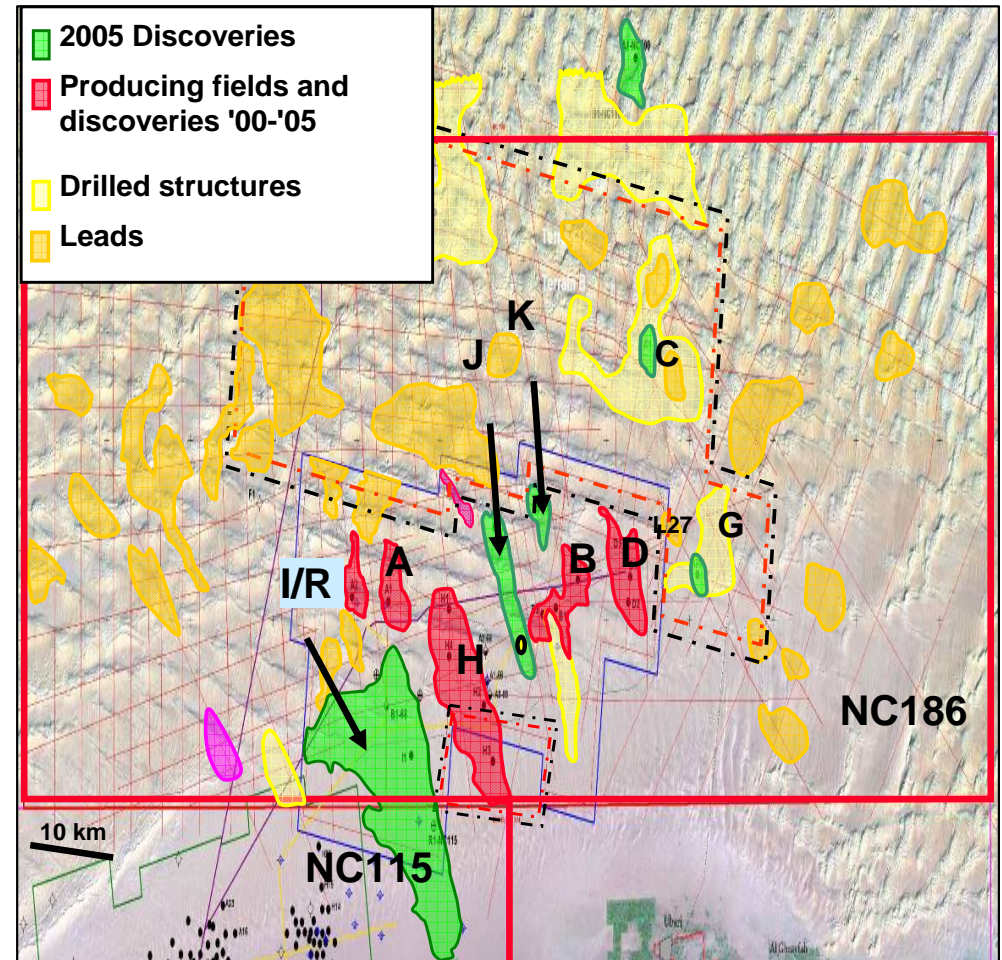
# Shenzi/Ghengis Khan (GoM)

- ✓ 2012 net production: 31,000 boe/d
- ✓ Net reserves 170-190 M boe
- ✓ CapEx 2008-2012: €700 M
- ✓ Ghengis Khan start-up: 2007
- ✓ Shenzi start-up: 2009
- ✓ Partners: Repsol YPF 28%, BHP 44% (operator), Hess 28%
- ✓ North flank and M7 potential not included



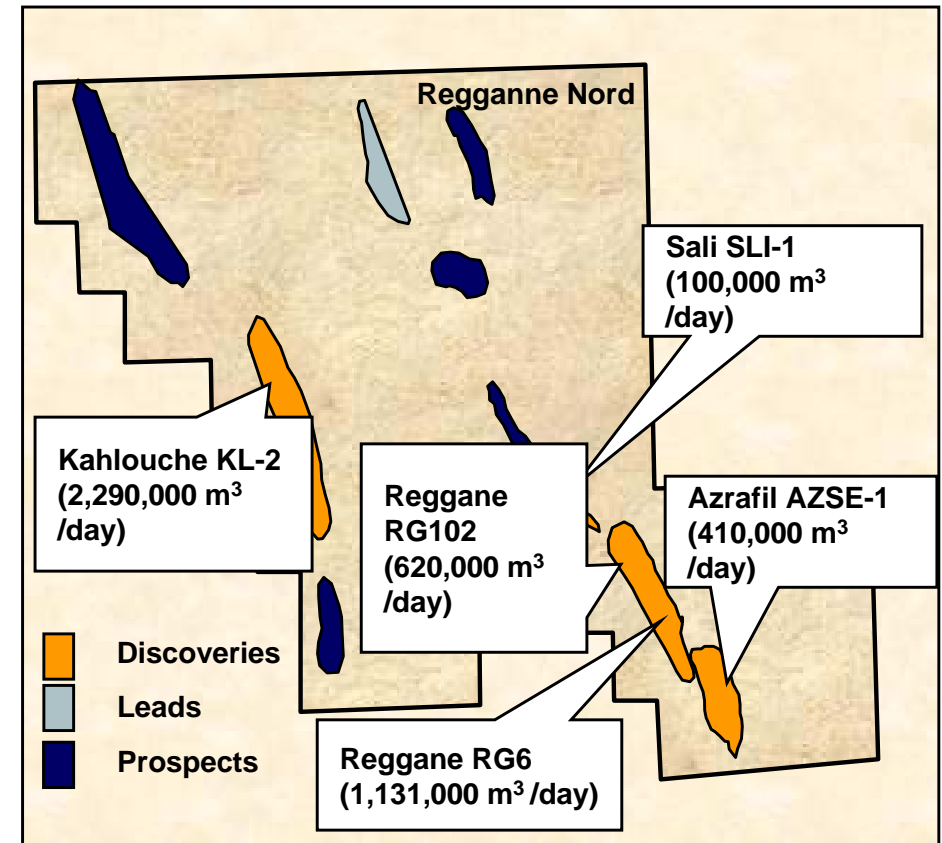


- ✓ Past years exploratory success improves future organic growth
- ✓ 2012 net production 7,500 boe/d
- ✓ Net reserves 30-40 M boe
- ✓ CapEx 2008-2012: €100 M
- ✓ Start-up: 2008
- ✓ Partners in NC115: Repsol YPF 20% (operator), OMV 15%, Total 15% and NOC 50%
- ✓ Partners in NC186 as second party: Repsol YPF 32% (operator), OMV 24%, Total 24% and Statoil-Hydro 20%
- ✓ Additional fields to be developed in NC186 (J and K) and NC200



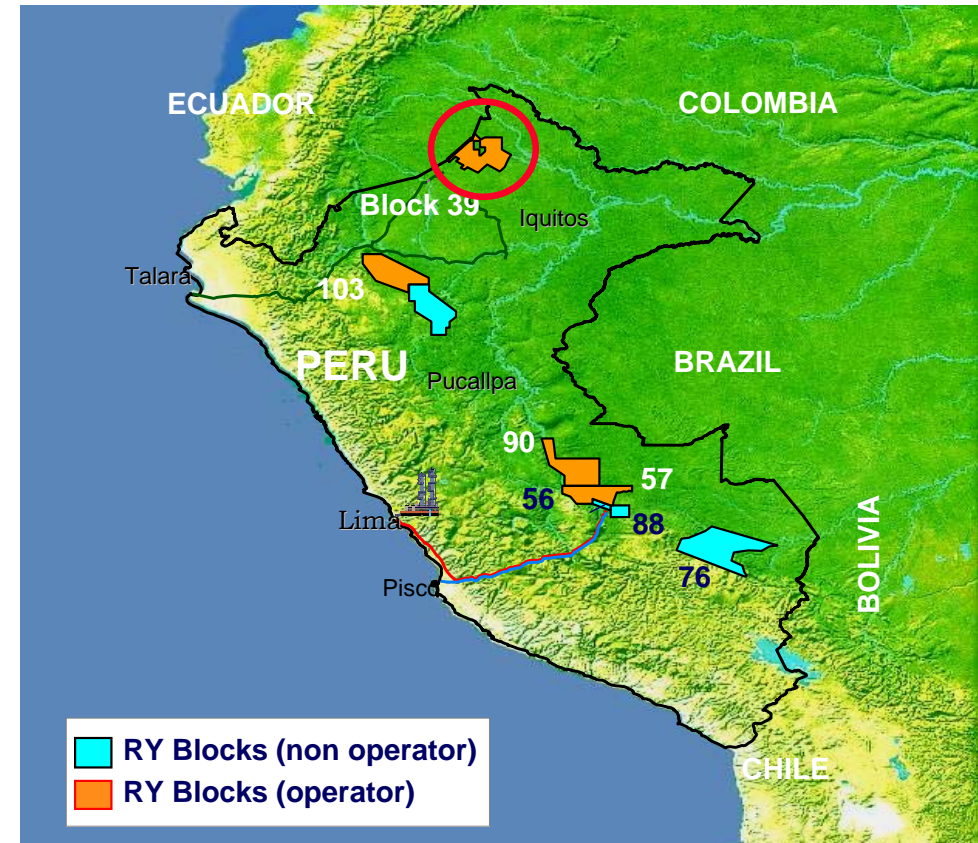
# Reggane gas field (Algeria)

- ✓ 2012 net gas production: 9,400 boe/d
- ✓ Net reserves: 130-145 M boe
- ✓ CapEx 2008-2012: €450 M
- ✓ Start-up: 2012
- ✓ Partners: Repsol YPF 33.75% (operator), Sonatrach 25%, RWE 22.5%, Edison 18.75%





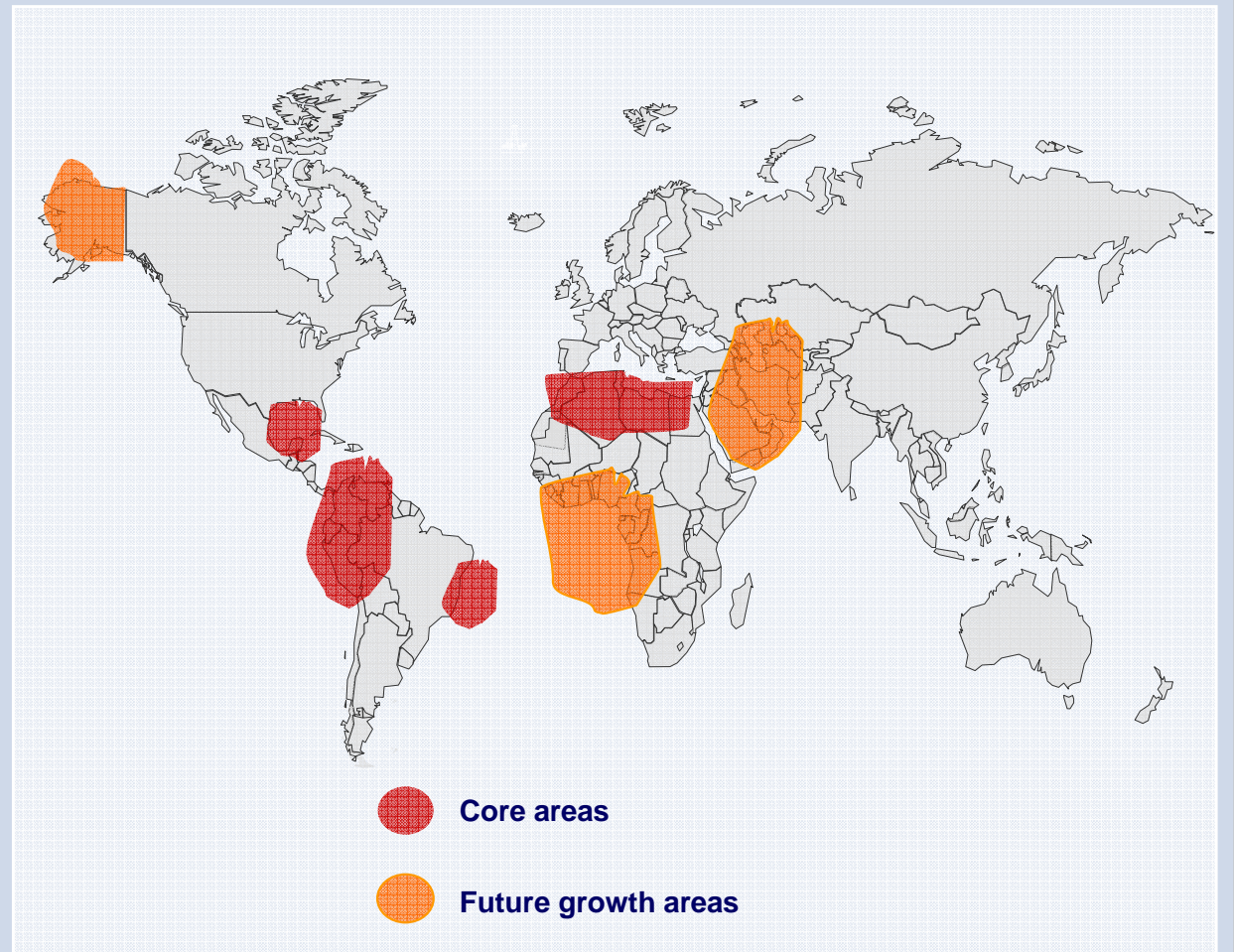
- ✓ **2012 net production: 21,000 boe/d**
  - Heavy crude oil 15°API
  - Exploratory period to finish in 2010
- ✓ **Net reserves: 100-120 M boe**
- ✓ **CapEx 2008-2012: €350 M**
- ✓ **Start-up: end 2011**
- ✓ **Partners: Repsol YPF 55% (operator), Burlington 45%**



# Focused Exploration: Add 400 M boe of reserves

- ✓ **€575 M p.a. exploration spending:**
  - Investment of 5.18 \$/boe produced 2008-2012
- ✓ **70% of investment focused on three core exploration areas:**
  - North Africa, North LatAm and Deepwater (GOM and Brazil)
- ✓ **Identify new future growth areas**
- ✓ **Reduce geological risk profile of exploration portfolio**

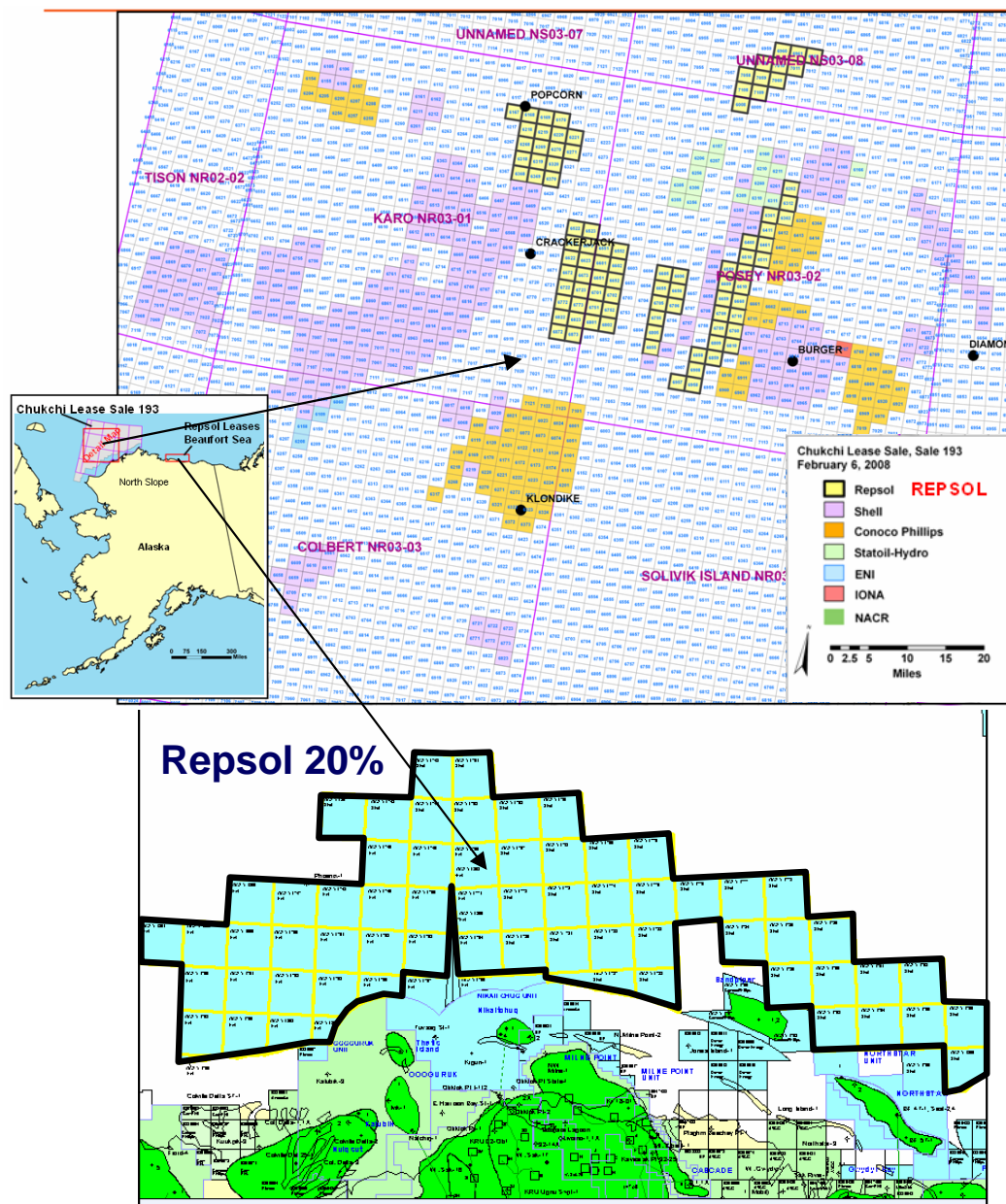
Note: Excludes Argentina



**The exploration program builds on important recent discoveries**

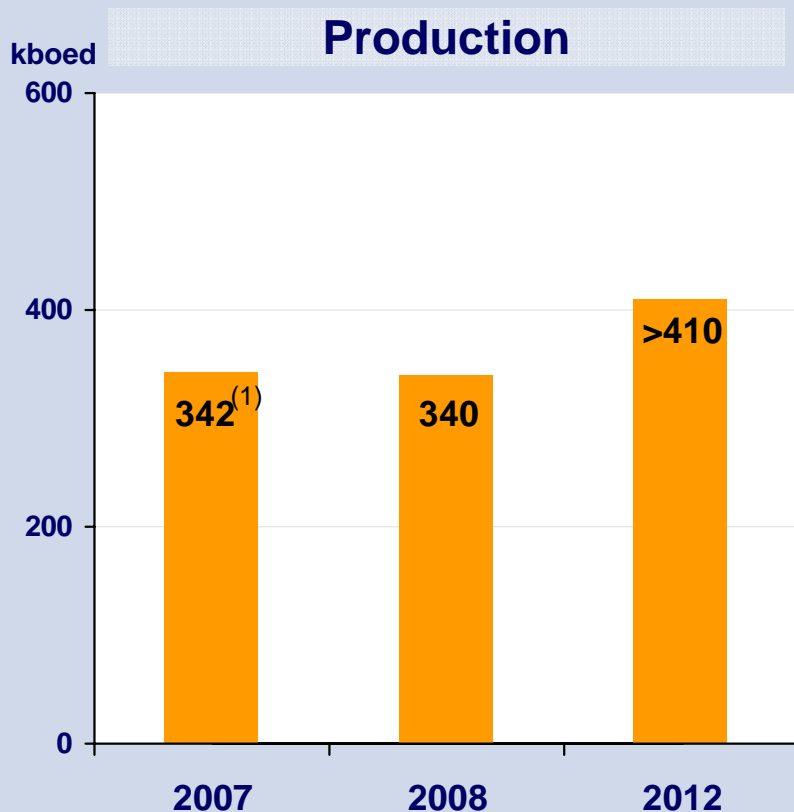
# Exploration Portfolio in Alaska

- ✓ Potential core area in the mid to long term
- ✓ Strategic entry in OCS Alaska Chukchi Sea, through Lease Sale 193
- ✓ Opportunity to grow in an under-explored frontier basin with large undiscovered resources
- ✓ Partnership with Shell and ENI to explore 71 contiguous OCS blocks in the Beaufort Sea just north of the prolific Prudhoe Bay and Kuparuk oil fields



# Strategic targets 2012: Upstream

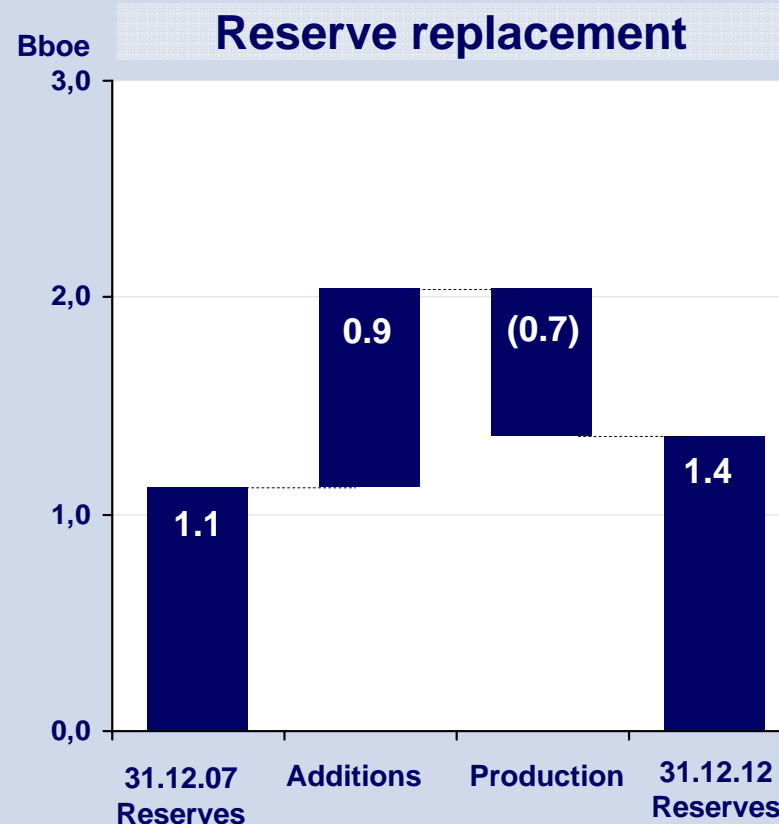
**Production Growth 2008-12:  
>5% p.a.**



(1) Adjusted for new contracts in Bolivia

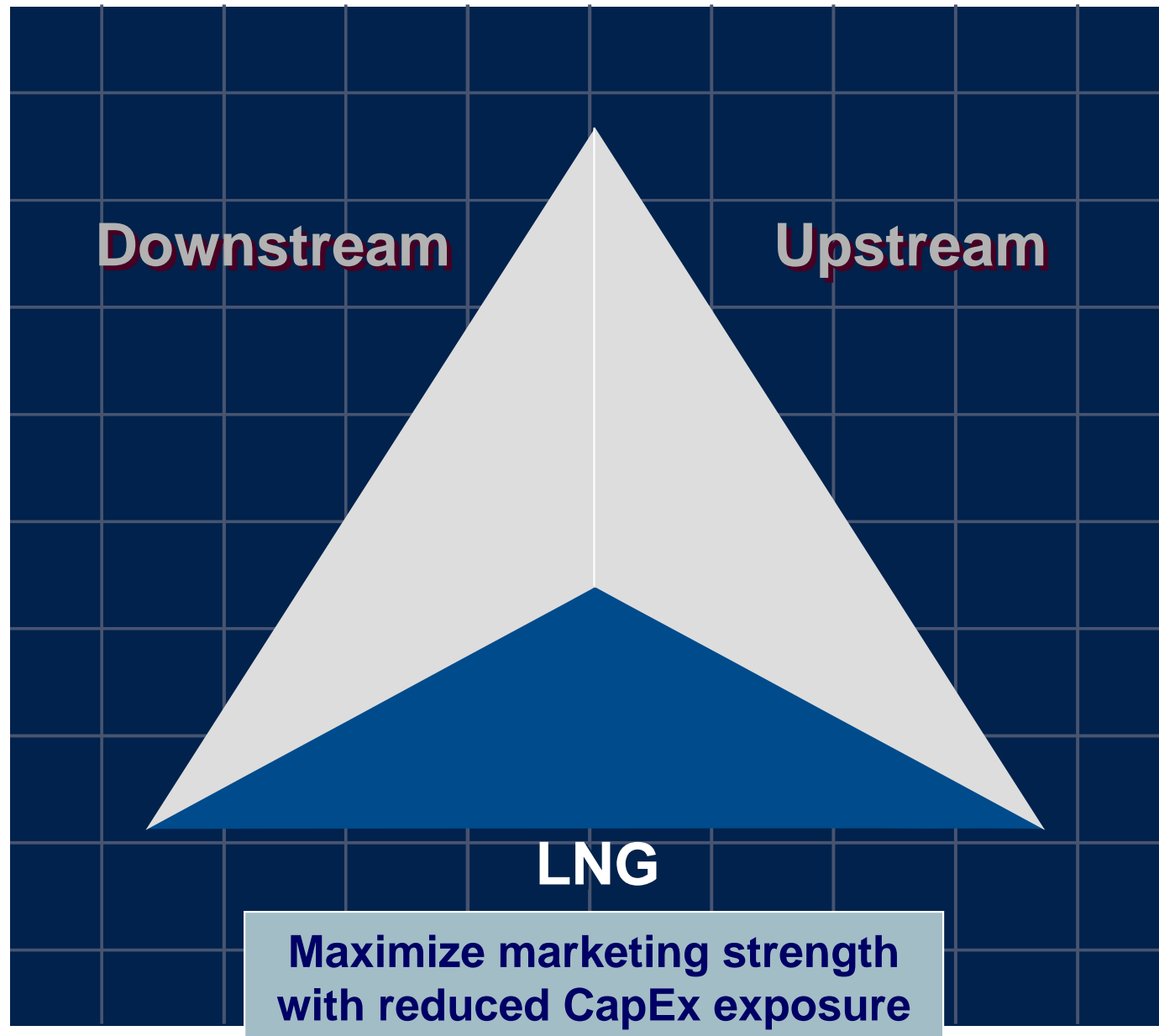
Note: All figures exclude Argentina

**RRR: > 125%**





# Core business: Optimize operations and grow through 10 Key projects



# Build on LNG marketing and trading strengths

## LNG attractive growth opportunity for Repsol YPF

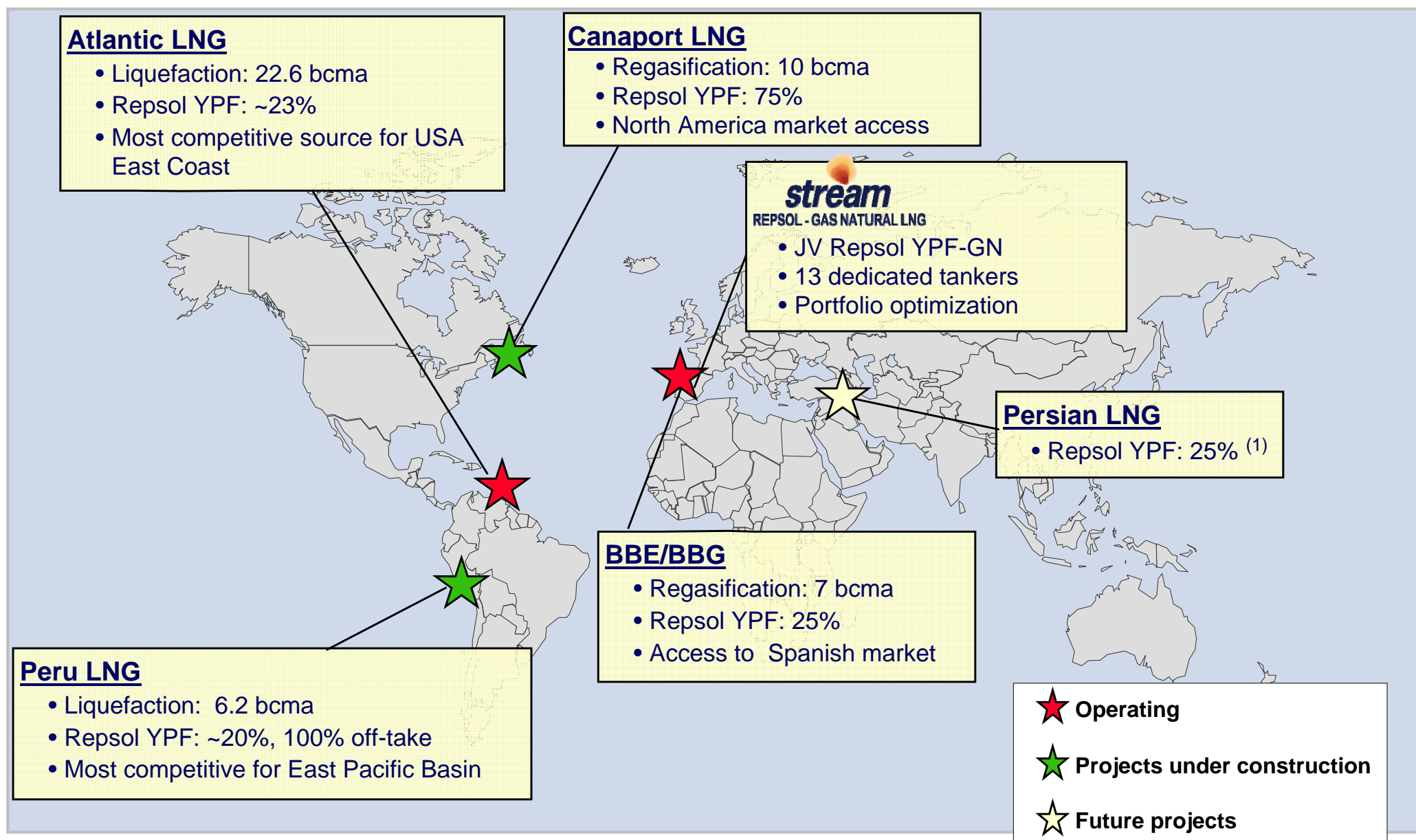
- Mainly marketing and trading

- ✓ LNG business growth rates close to 10% p.a.
- ✓ High LNG prices to be sustained
- ✓ LNG marketing and trading increasingly attractive value step
  - Limited capital requirements
  - High trading premiums
  - More manageable risks

## Repsol YPF maintains competitive advantage in LNG marketing and trading

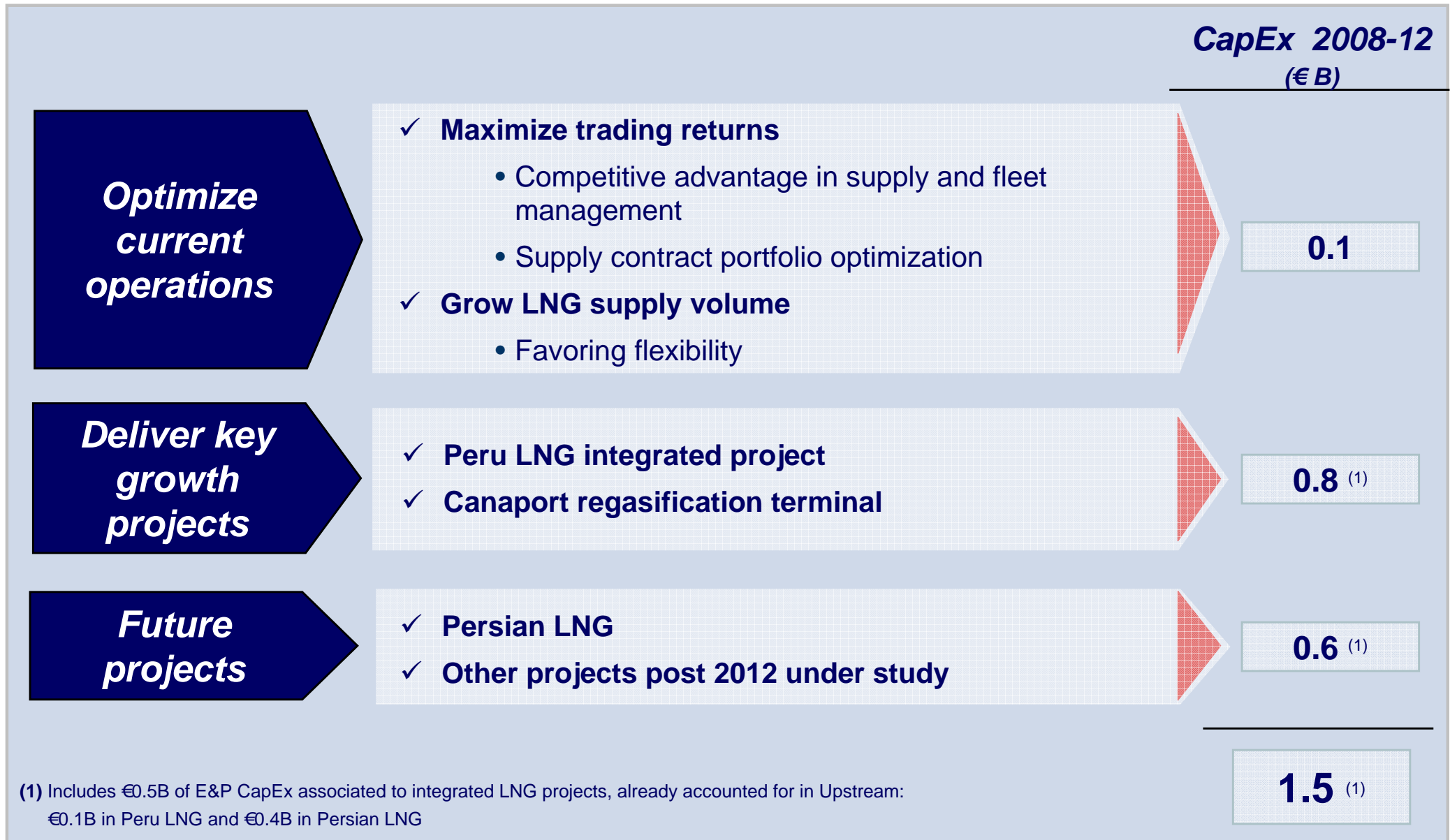
- ✓ Strong marketing positions in both sides of Atlantic basin
- ✓ Competitive gas for US East and West coasts
- ✓ Stream JV with Gas Natural: High capacity for contract portfolio optimization and arbitrage
  - Repsol YPF+ GN: #3 world player in LNG sourcing
  - Flexible contract portfolio
  - Dedicated fleet of 13 tankers

# Attractive LNG assets and projects



(1) NIOC holds 50% interest in Persian LNG. Shell 25%.

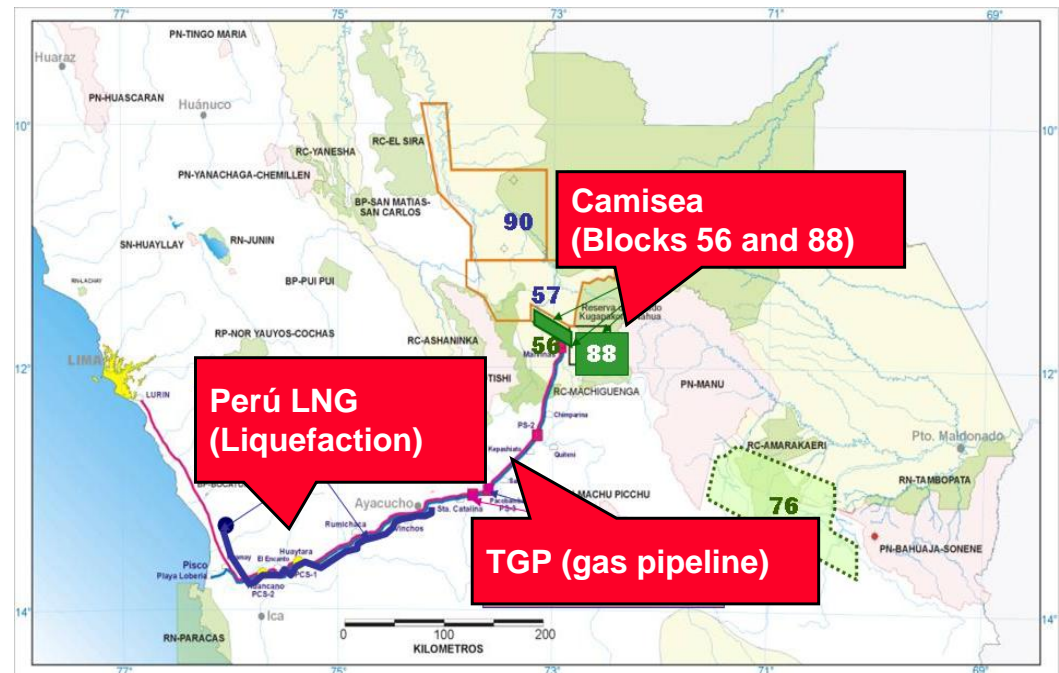
# LNG strategic lines and investment targets



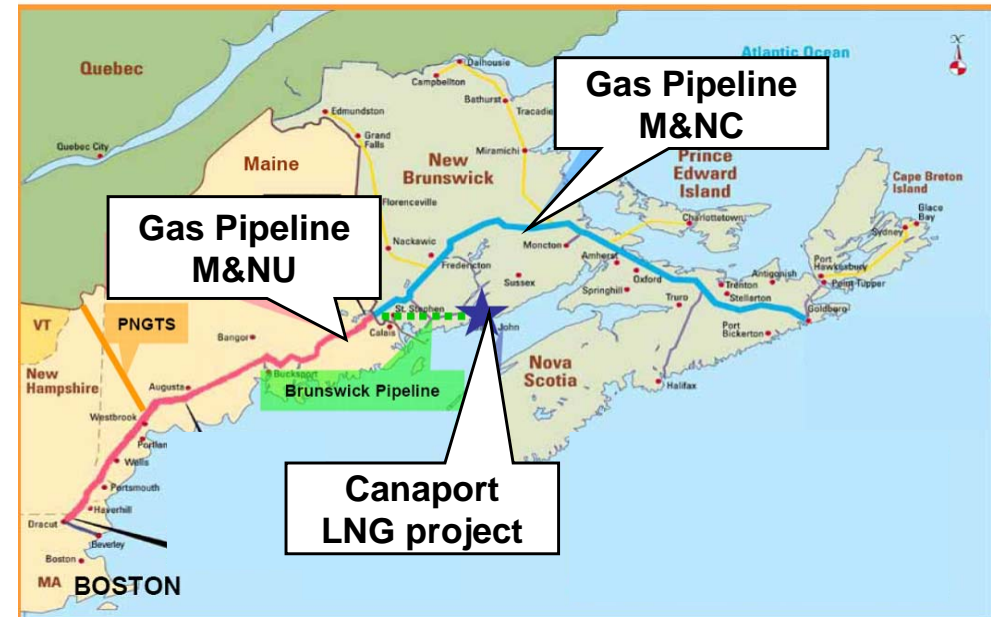


- ✓ **Integrated LNG project in Peru**
  - Most competitive location for access to East coast of Pacific Basin
- ✓ **Liquefaction: 6.2 bcm/year**
- ✓ **CapEx 2008-2012: € 400 M <sup>(1)</sup>**
- ✓ **Start-up: 2010**
- ✓ **Operator of LNG plant: Hunt Oil**
- ✓ **Repsol YPF share: 10% E&P, 20% liquefaction, 100% off-take**
- ✓ **Signed contract in 2007 to sell part of off-take to Manzanillo (Mexico)**

(1) Does not include €0.1B associated with E&P



- ✓ Regasification terminal in Canada
  - Access to the US market
- ✓ Capacity: 10 bcm/year
- ✓ CapEx 2008-2012: €300 M
- ✓ Start-up: 2009
- ✓ Partners: Repsol YPF 75% (operator), Irving Oil 25%

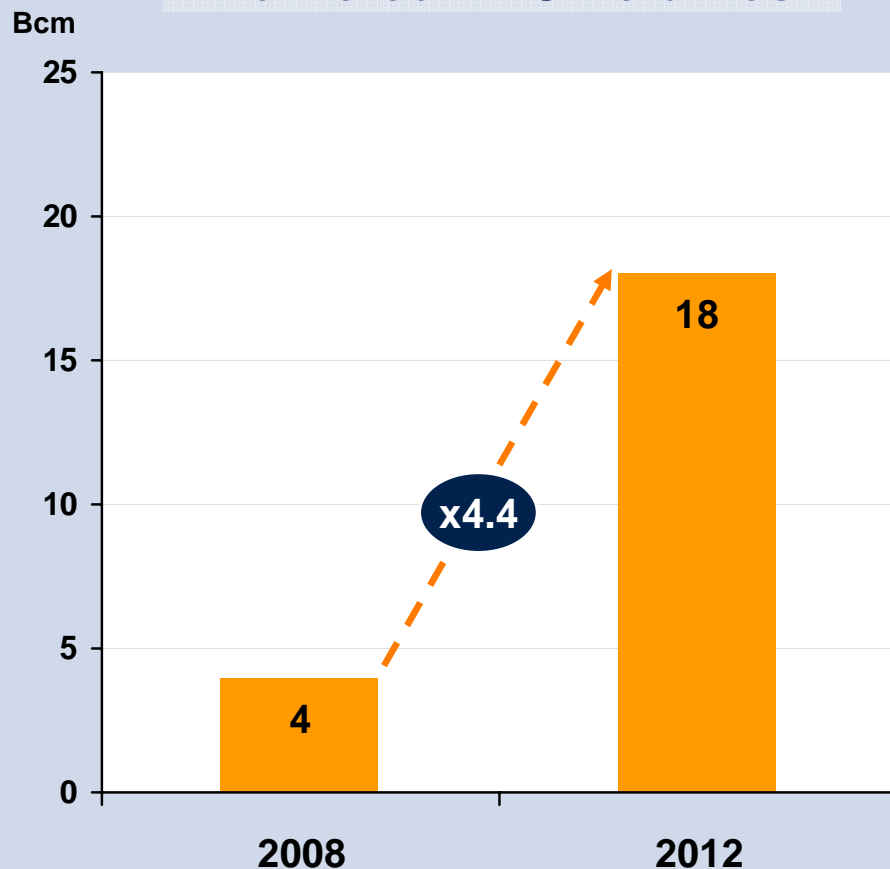


# Strategic targets 2012: LNG

Increase LNG marketing:  
+ 14 Bcm/yr

Start-up two new projects

Marketed LNG volumes



Start-up dates



2009

Canaport



2010

Peru LNG



# Ten key growth projects plus exploration drive organic growth of Core businesses

## Downstream



Bilbao (Spain)

700 M€



Cartagena (Spain)

3,200 M€



Sines (Portugal)

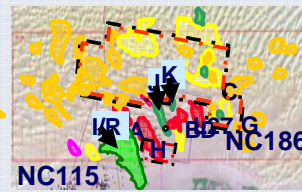
850 M€

## Upstream



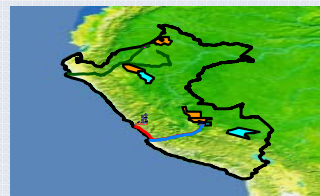
GK/Shenzi (GoM)

700 M€



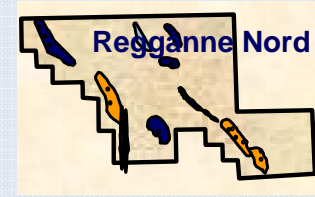
Libya I/R

100 M€



Block 39 (Peru)

350 M€



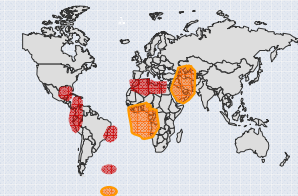
Regganne (Algeria)

450 M€



Carioca (Brazil)

500 M€



Exploration

575 <sup>(1)</sup> M€pa

## LNG



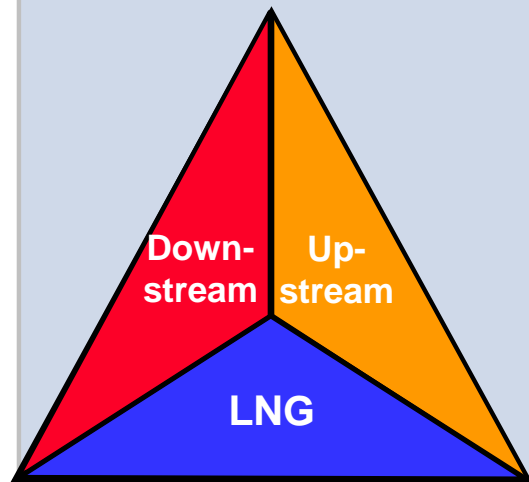
Peru LNG

400 M€



Canaport (Canada)

300 M€



**Combined CapEx for key growth projects + exploration: €12.3 B**  
**High rate of return of 10 key growth projects: IRR > 15%**

x CapEx 2008-2012

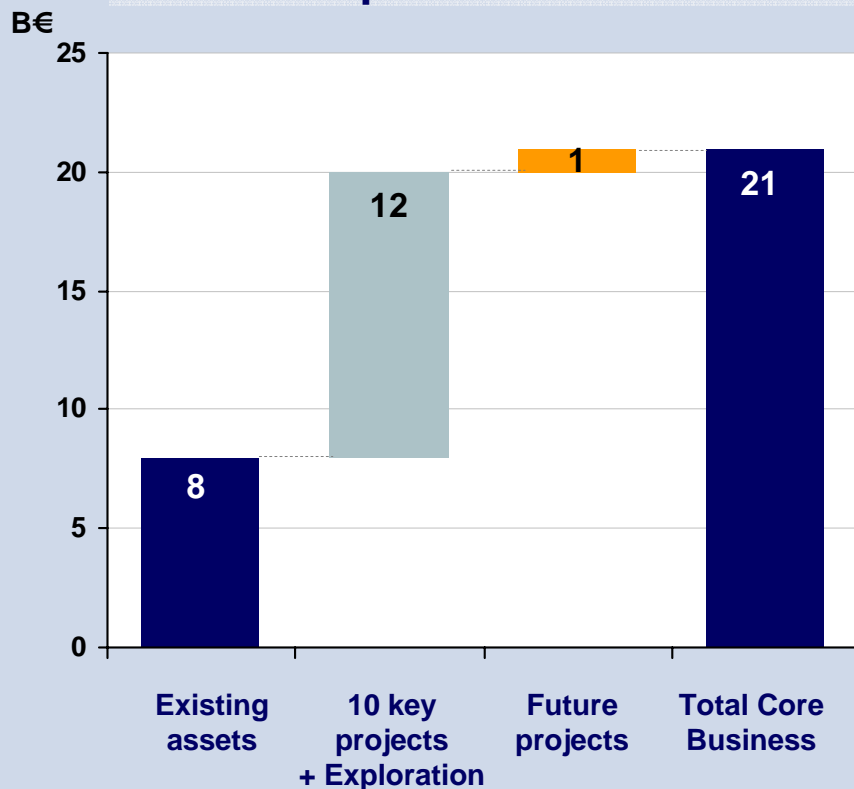
(1) Does not include €1.9B development investment associated to exploration discoveries

# Key Growth projects plus Exploration: Significant contribution to growth in 2008-2012

**Key growth projects represent  
~60% of CapEx...**

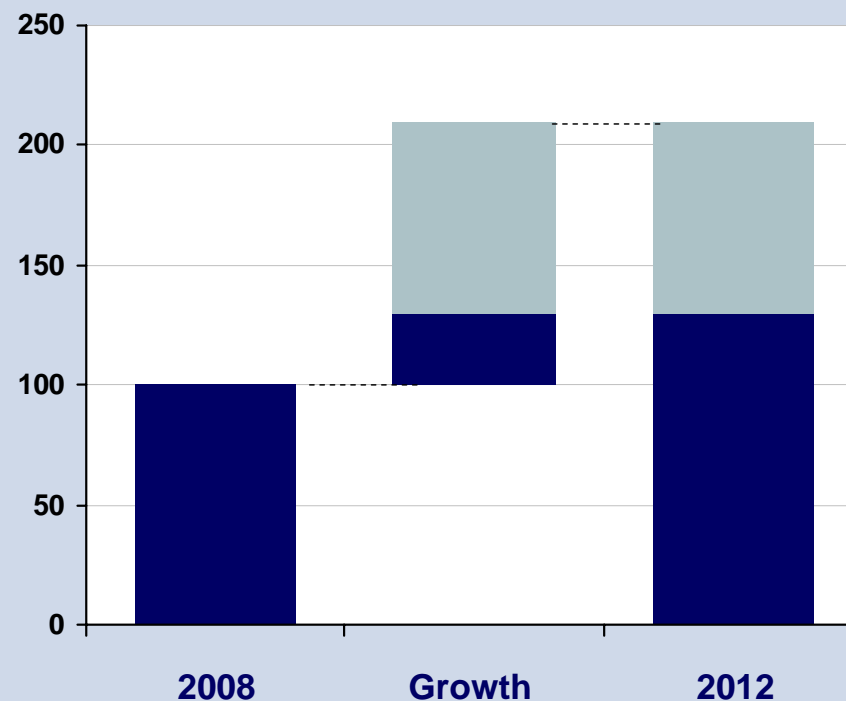
**...and provide ~75% of operating  
income growth**

**CapEx 2008-2012**



**Index  
(2008=100)**

**Operating Income 2008-2012**

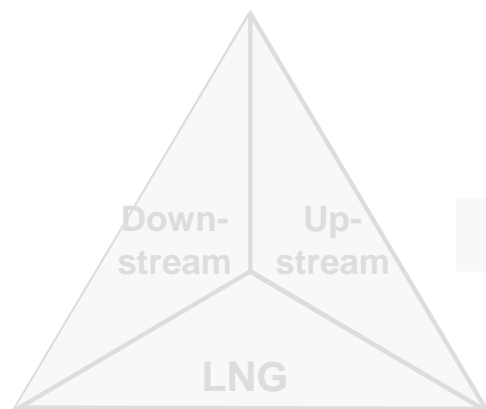


10 key projects + exploration  
 Existing assets

**Note:** Assumes \$55 oil price. All figures exclude Gas Natural and YPF. CapEx in existing assets includes investments done by the Corporation

# Our vision and strategic priorities 2008-2012

Integrated core business



- Optimize profitability of current operations
- Focused growth through 10 key projects
- Divest non-performing assets

Operated Key Shareholding



- Partial divestment to improve and rebalance portfolio
- Local partner and anticipated additional free float critical to increase value. Local focus within the framework of a global company
- Improve performance by capturing opportunities in an expanding energy market

Non-operated Key Shareholding



- Growth of operations via Stream JV
- Growth and leverage maximization
- Open options and flexibility for the future

Focused Management for Profitability and Growth: Shareholder and stakeholder returns



## Exploration & Production

- ✓ **Leading producer in Argentina (~42%)**
  - 2007 Production: 636,000 boepd (~38% crude oil production share)
  - 2007 Proven Reserves: 1,276 M boe



## Refining and Logistics

- ✓ **Leading refiner in Argentina**
  - Total refining capacity: 333,000 bpd (53% share)
- ✓ **High conversion and complexity**
- ✓ **1,801 km pipeline network**



## Marketing

- ✓ **Leading marketer in Argentina (56% market share in diesel and 51% in gasoline)**
  - 1,700 service stations

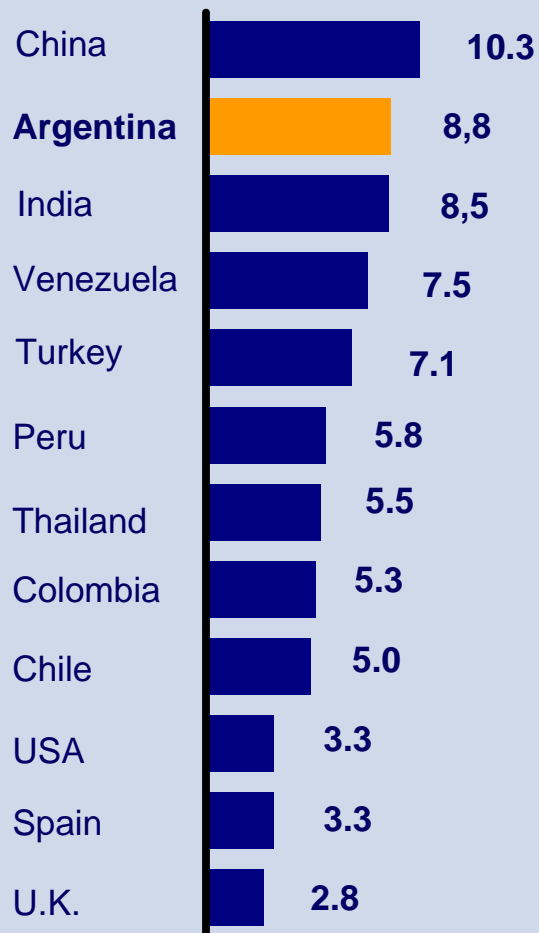


## Petrochemicals

- ✓ **Petrochemical business fully integrated with refining and E&P (natural gas)**
- ✓ **Production of 2.1 M tpa (>55% exports)**

## Argentina growth among the highest worldwide ...

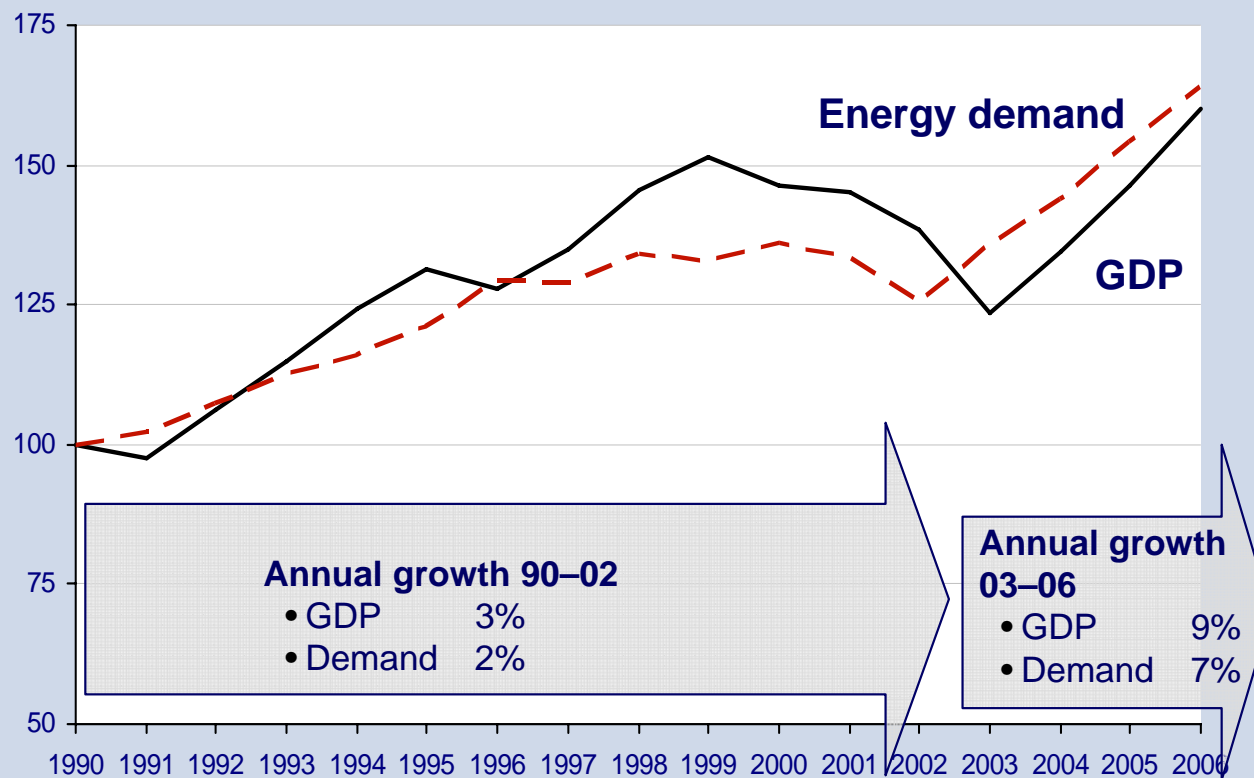
Real GDP Growth (2003-06). % per annum



## ... with high expectations for energy demand increase

### Argentina Real GDP and Energy Demand growth (1990-2006)

Index (base 100 = 1990)

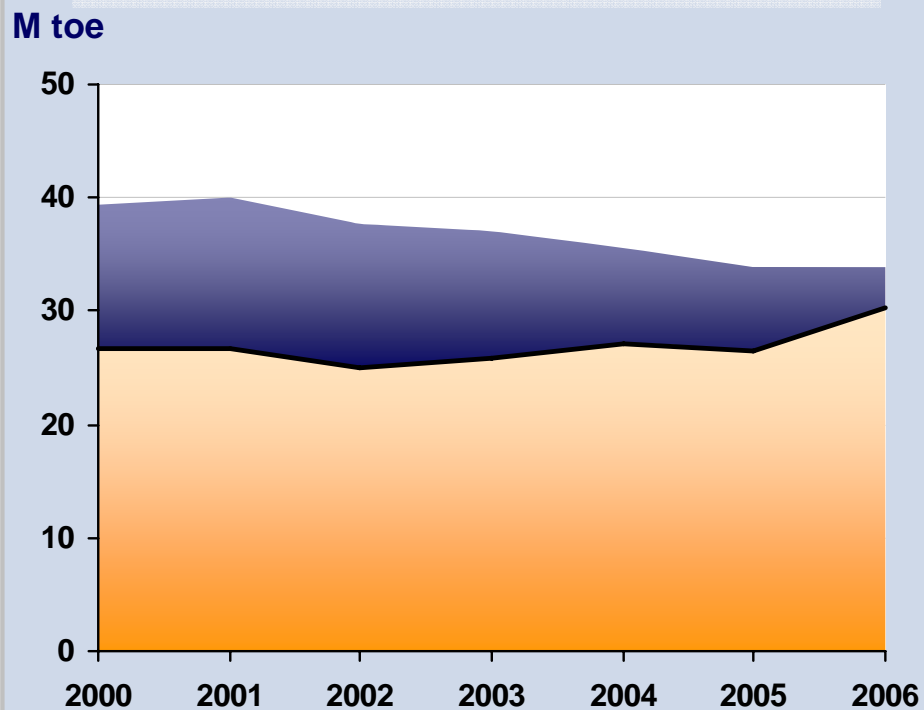


Source: INDEC. BP Review of World Energy, World Bank

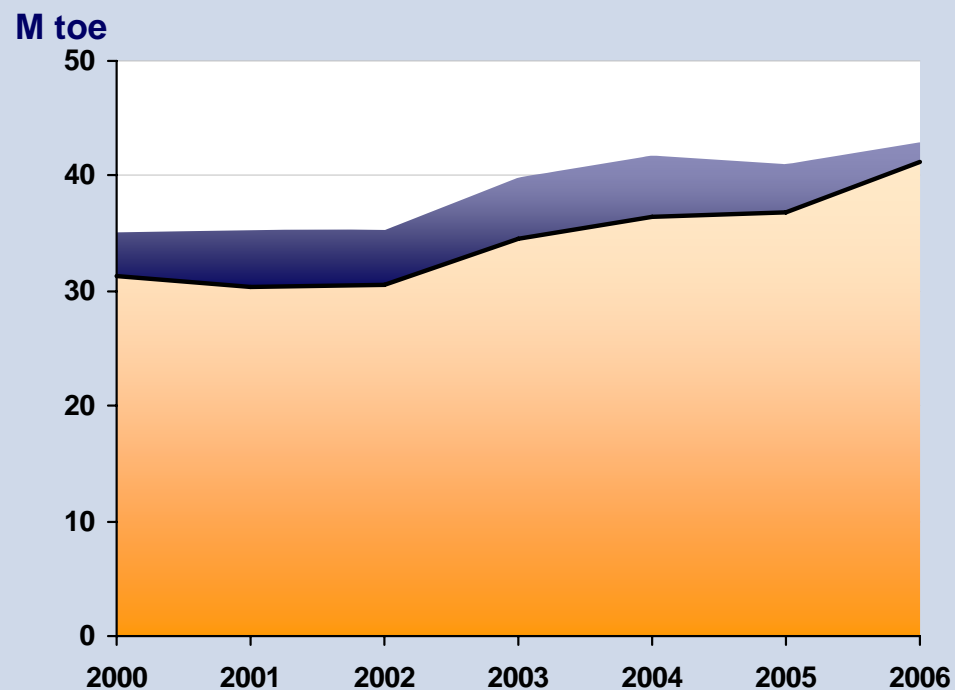


# Argentina to become energy import dependent

## Crude oil supply - demand balance



## Gas supply - demand balance



■ Demand 
 ■ Net exports<sup>(1)</sup>
— Production

### Analysts forecast Argentina to become a net importer of

- Crude by 2010-2014
- Gas by 2010-2012

(1) Net exports = Exports - Imports

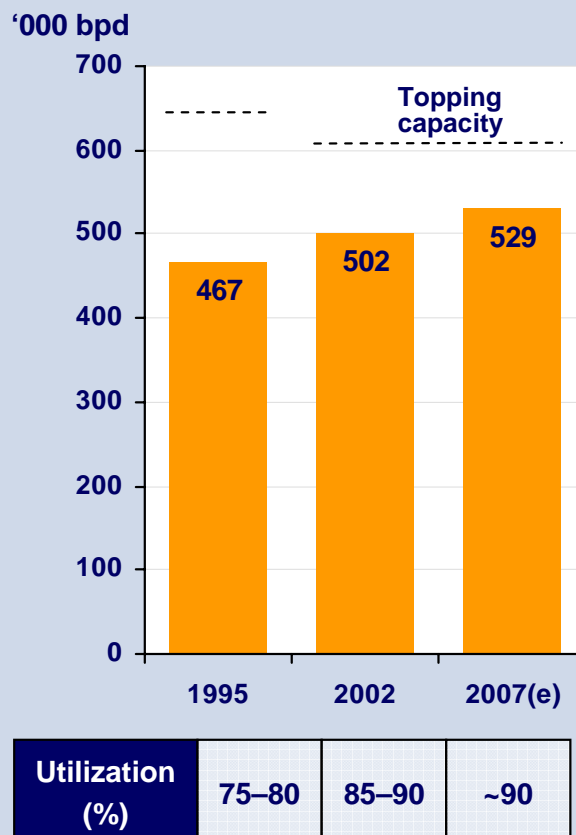
Source: Secretaría de Energía; 2006 Gas import data from SESCO, and Gas export data from ENARGAS; analysts reports

# Energy prices expected to adjust to attract investment

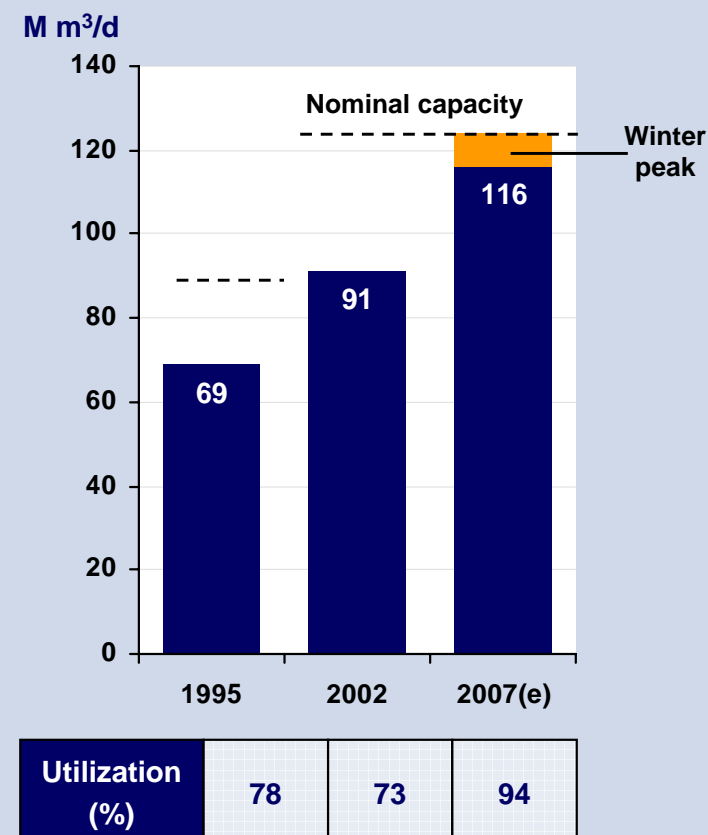
## Gas and oil proved reserves



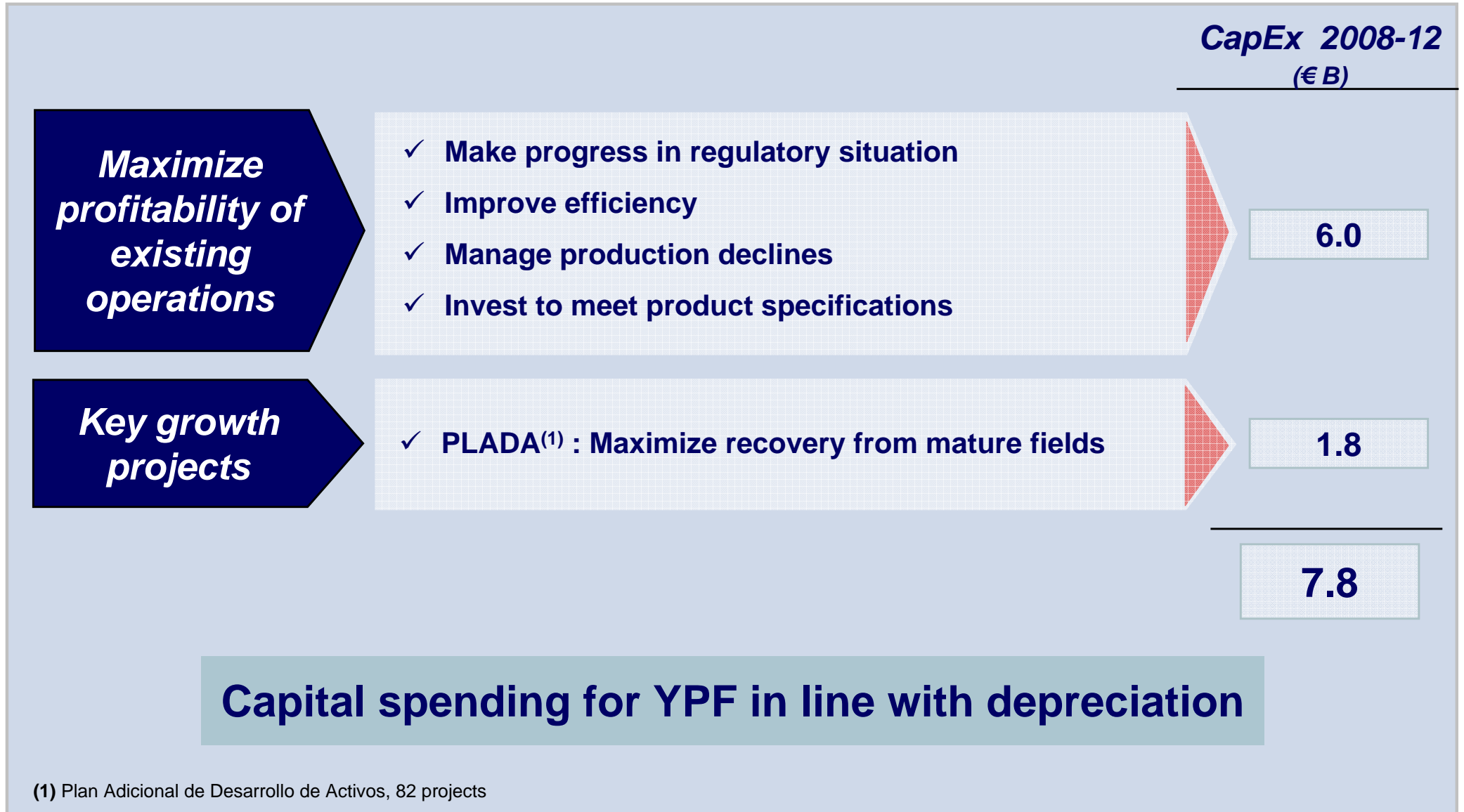
## Crude refined



## Gas transportation injection average



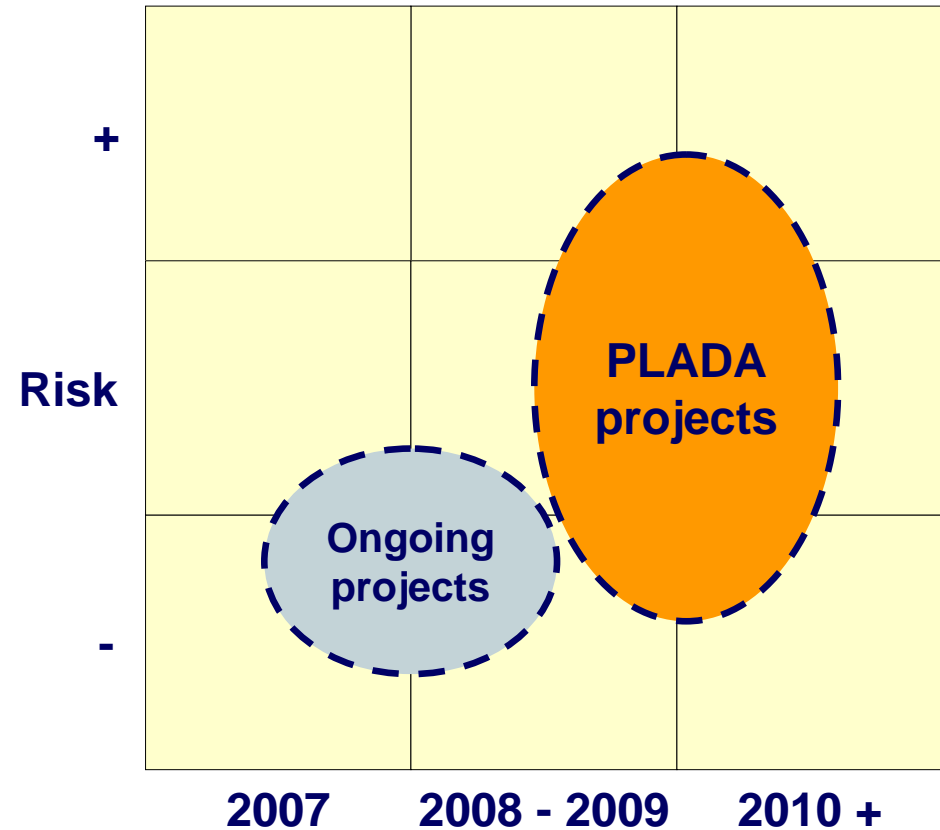
Source: CAMMESA, BP Statistical review; Secretaria de energia; ENRE; I.A.E "General Mosconi"



- ✓ **Use technology to increase production and recovery in mature fields**
- ✓ **Different technologies and risk levels:**
  - Lower risk: infill drilling, workover, secondary recovery
  - Medium risk: heavy oils
  - Higher risk: tight gas, tertiary recovery
- ✓ **Significant increase in production and reserve additions in the period**
- ✓ **CapEx 2008-2012: €1.8 B**

**Note:** Net Production and Reserves  
 (1) Plan Adicional de Desarrollo de Activos

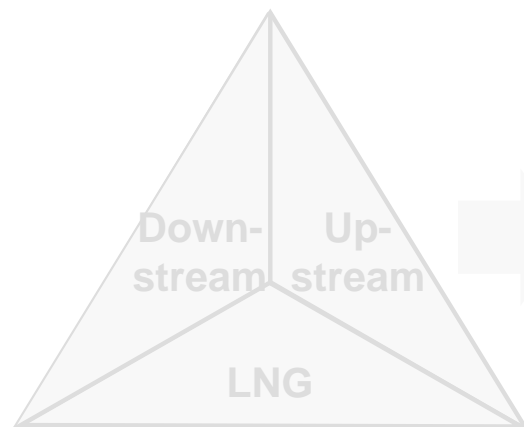
**Project portfolio**



- ✓ **Significant increase in YPF operating and net income in 2008-2012**
  - Oil product prices increase approaching import parity
  - Gas prices getting closer to levels prevailing in the Region
  - Cost reductions and operational improvement
  - Incremental investments in downstream
  
- ✓ **Proactive management of fields to minimize production decline**
  
- ✓ **Acceleration in reserve additions above recent historical trend**
  - PLADA: Mature field development and non conventional resources
  - On-shore and off-shore exploration

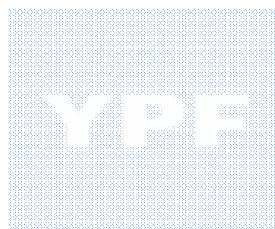
# Our vision and strategic priorities 2008-2012

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Key  
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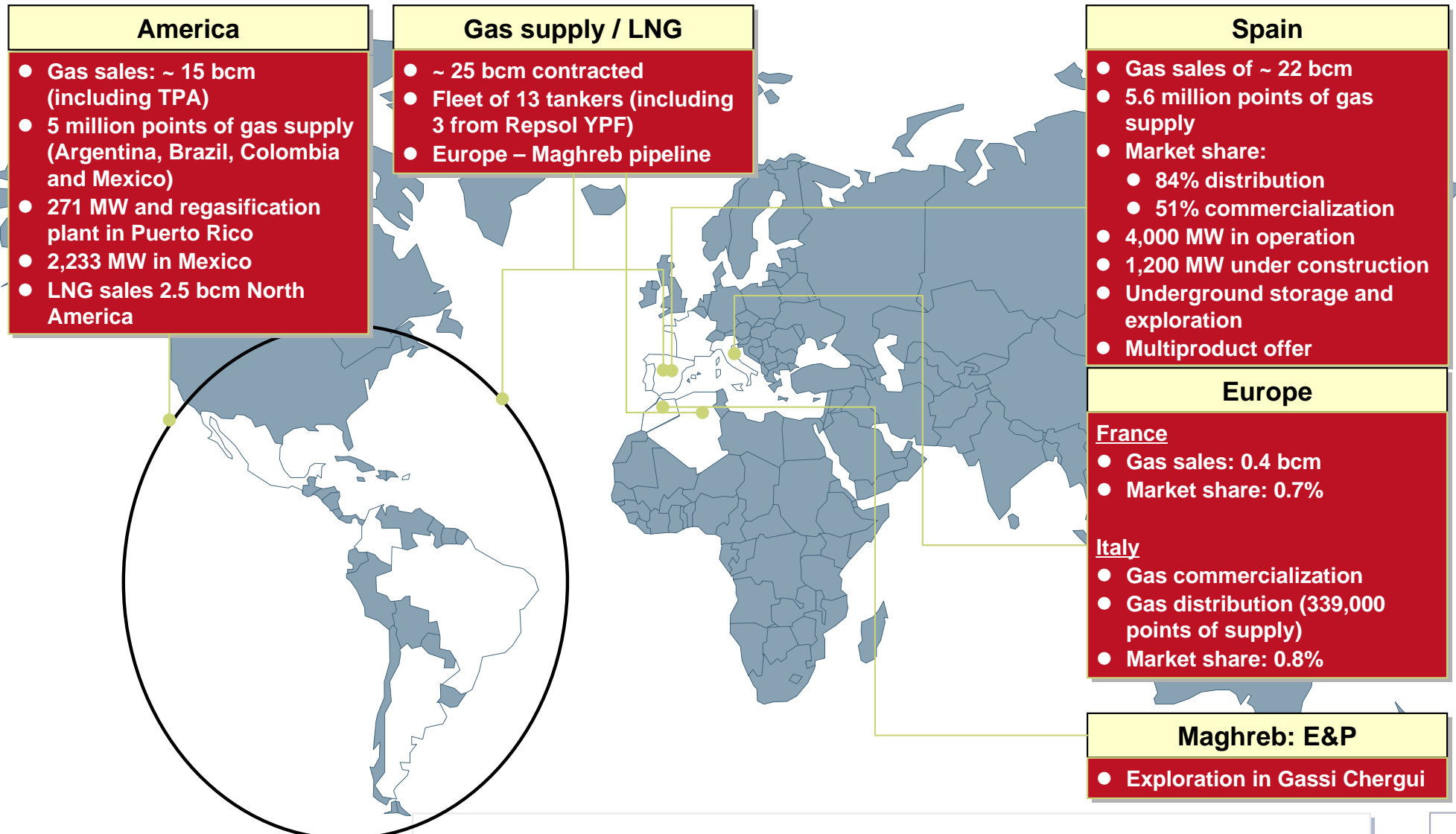
**Non-operated  
Key  
Shareholding**

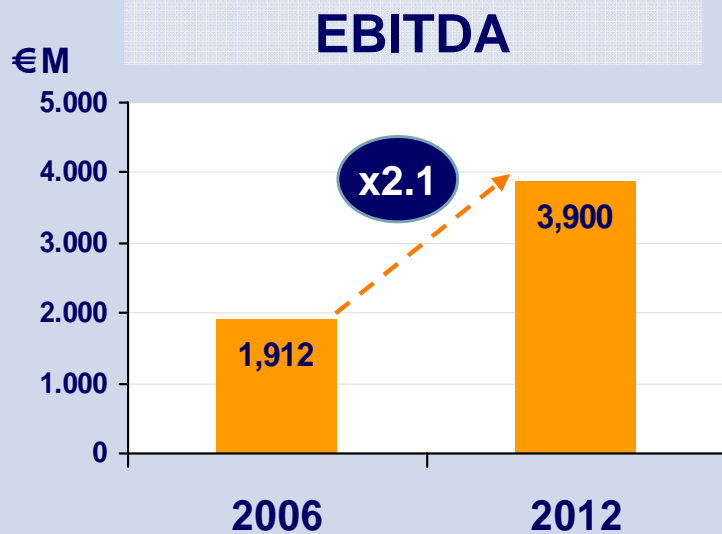


- Growth of operations via Stream JV
- Growth and leverage maximization
- Open options and flexibility for the future

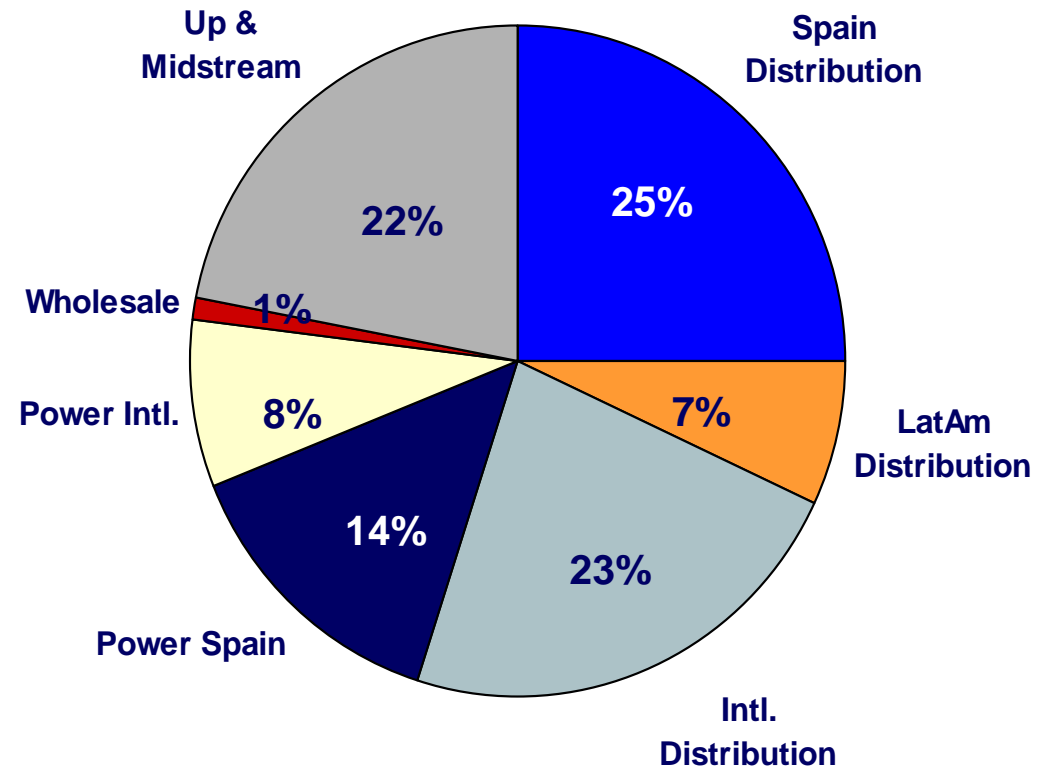
**Focused Management for Profitability and Growth: Shareholder and stakeholder returns**

## GAS NATURAL today: Present in 11 countries, leader in LNG and in gas-power convergence





## CapEx 2008-12: €12.5 B

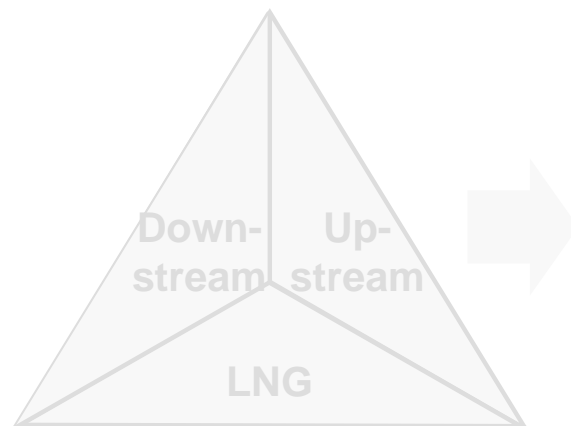


Source: Gas Natural, SDG strategy presentation



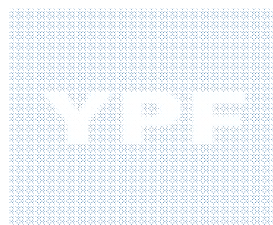
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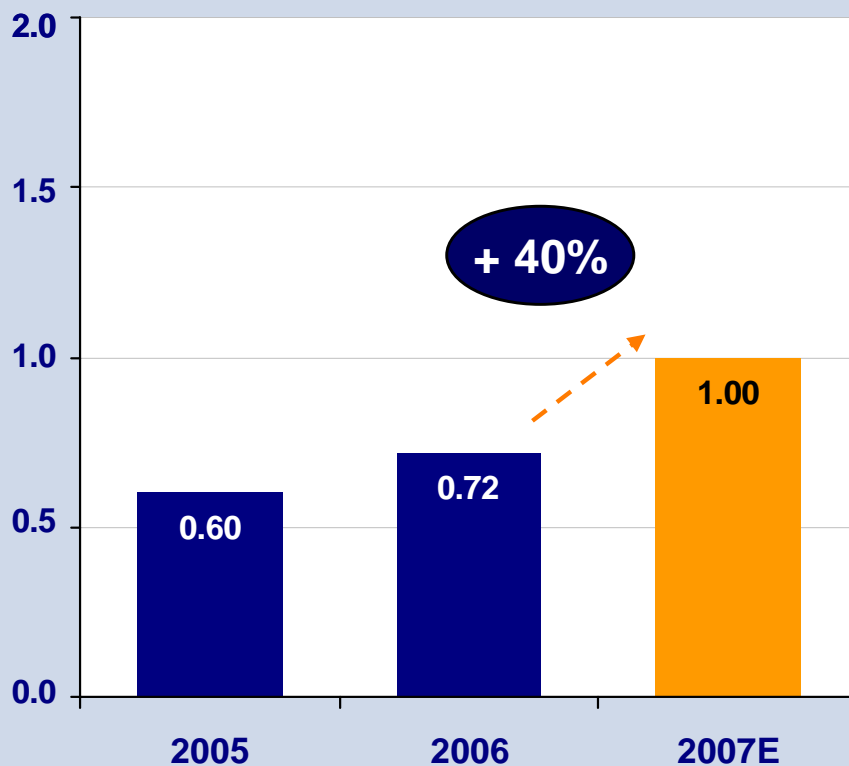
# Total Group CapEx

	Down	Upstream + LNG	Corp	Total Core	YPF	gasNatural	TOTAL
<b>Existing activities</b>	5.1	2.2	0.5	7.8	6.0	3.7	17.5
<b>Key growth projects</b>	4.8	7.5		12.3	1.8		14.1
<b>Future projects</b>	0.6	0.6		1.2			1.2
<b>Total 2008-2012</b> €	10.5	10.3	0.5	21.3	7.8	3.7	32.8

# Dividend growth and financial discipline

## Dividends per share

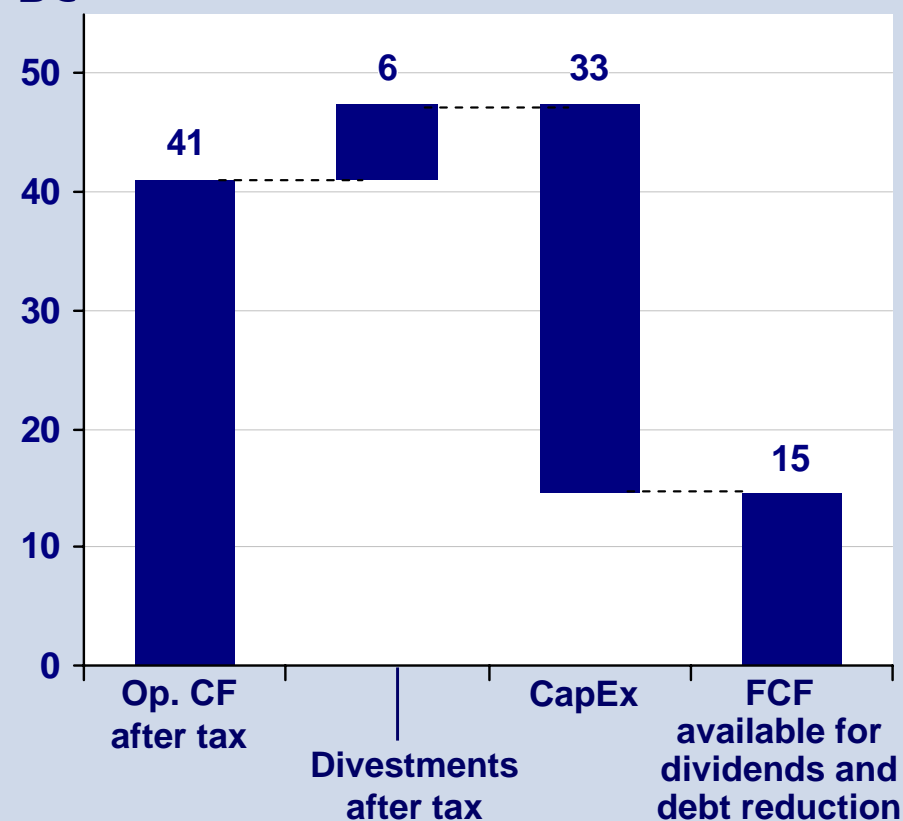
€/share



- Increasing returns to shareholders via dividends:
  - based on growth of net income

## Cash Movements in 2008-2012 period

B€



- Financial discipline
- Divestment proceeds used for debt reduction
- Debt reduction will increase financial flexibility

# Continue focus on safety, environment and corporate social responsibility

## Safety

- Reinforce ongoing Safety and Accident Reduction Program
  - Accident Frequency Index reduced by 83% since 1999
  - 2006: 32% of employees have attended safety training, for a total of 210,000 hours

## Environment

- Biofuels leadership
  - European leader in use of bioethanol in gasoline (140,000 tpa)
  - Four biodiesel plants on construction in Spain (900,000 tpa)
  - Active biofuels research program
- Energy efficiency, GHG reduction and Biodiversity protection Programs
- 2006 environmental spending: 360 M€million (OpEx + CapEx)

## Corporate Social Responsibility

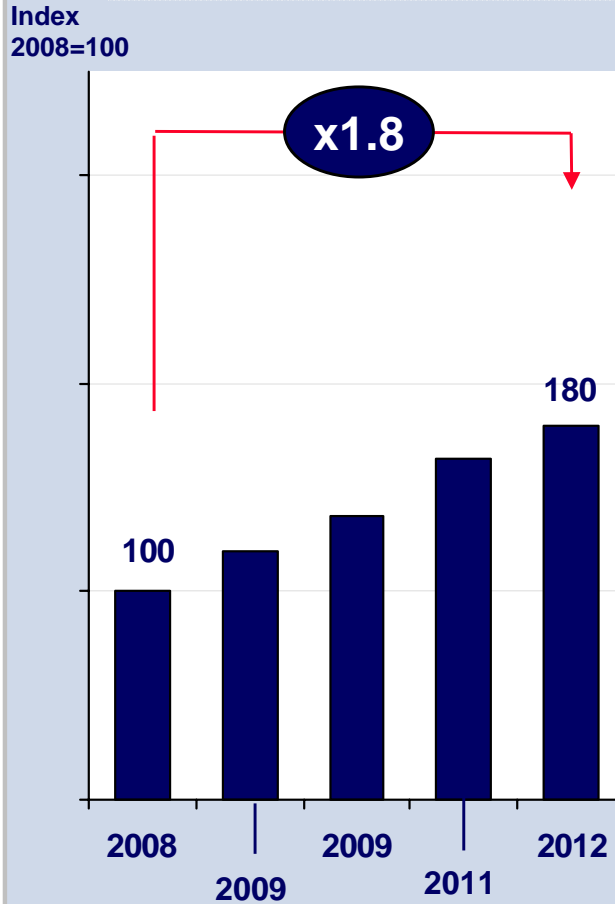
- Internationally recognized for transparency and social responsibility
  - Member of Dow Jones Sustainability Indexes and FTSE4Good
  - Ranked “best petroleum company” for CSR by Good Company Ranking 2007
  - Ranked “highest level of transparency and information on corporate social responsibility”, by Global Reporting Initiative 2007



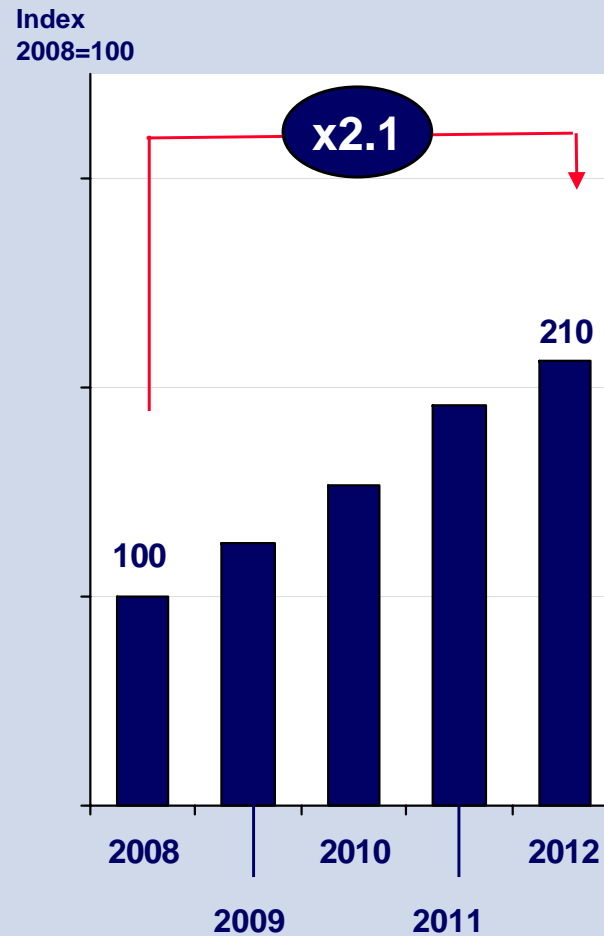
# Repsol YPF 2008-12: Focused Management for profitability and growth



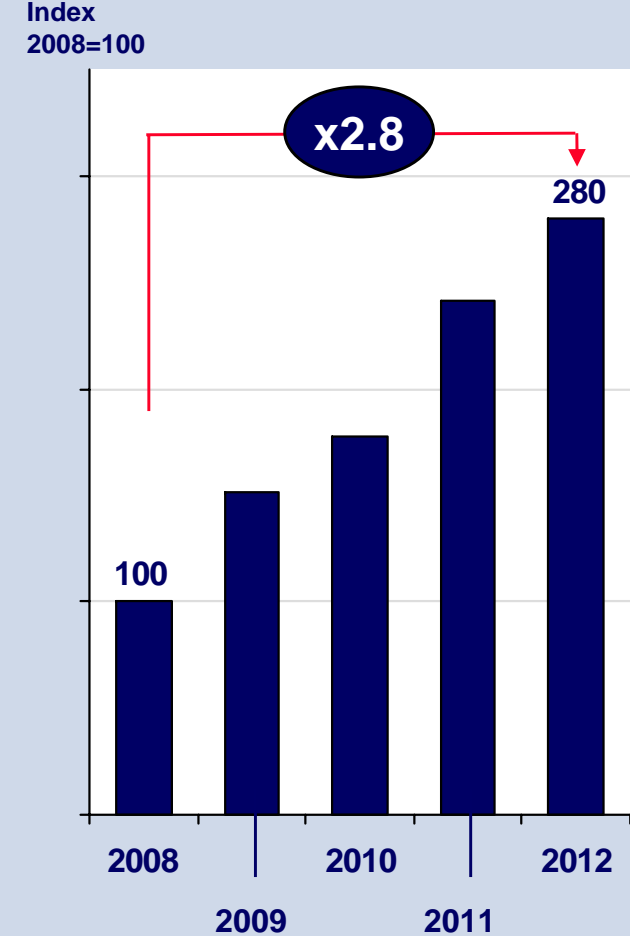
## Group EBITDA



## Group Operating income



## Group Net income (1)



Note: Excludes extraordinary results from divestments  
 (1) Net Income after minorities

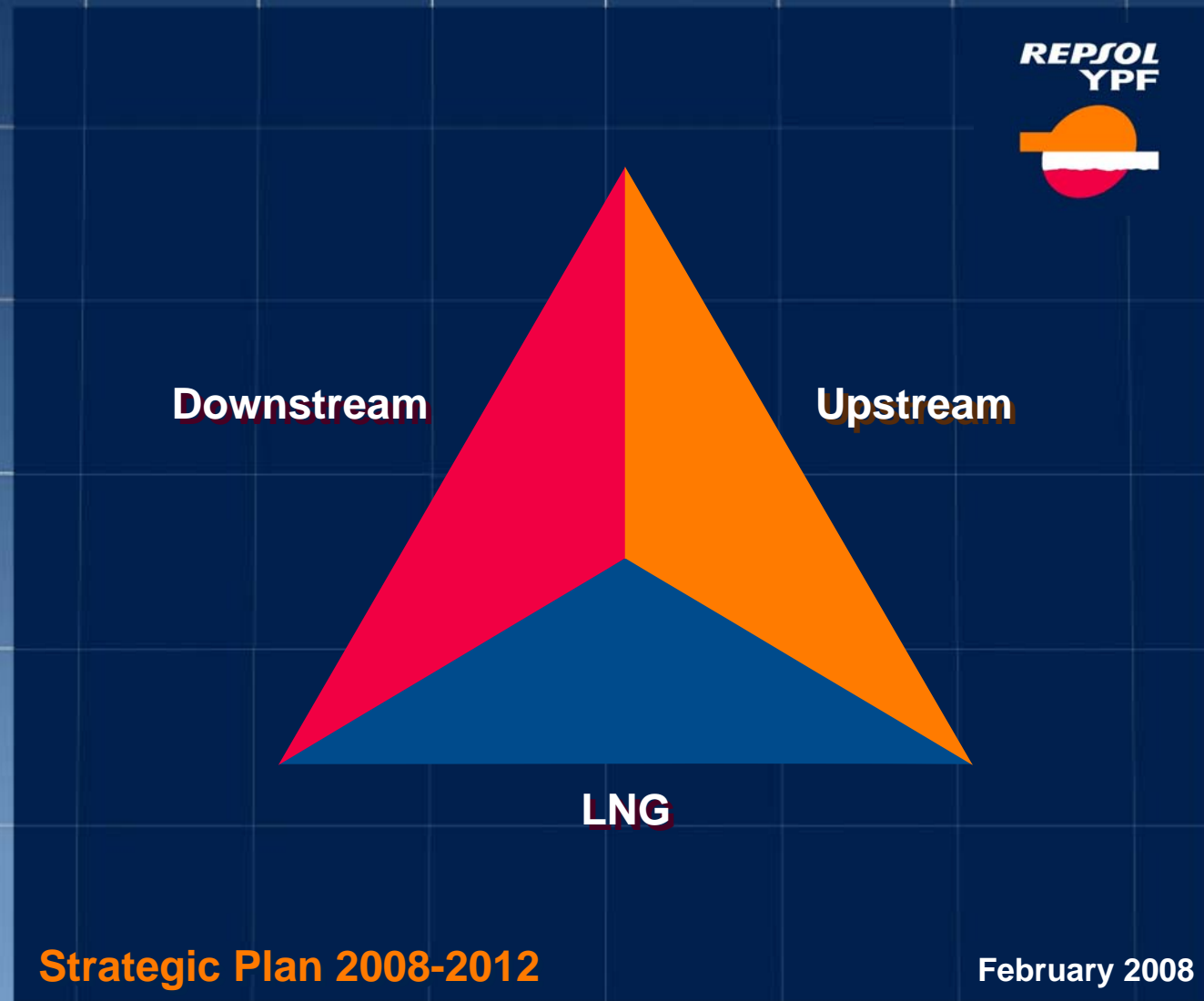
## Repsol YPF strategy 2008-12 highlights

- ✓ **Significant organic growth**
  - Operating income 2008-12: x2.1; Net income 2008-12: x2.8
  - 10 key growth projects in core businesses
- ✓ **New group structure and balanced portfolio**
  - Core businesses and key shareholdings
  - c. 55% OECD
- ✓ **Strong financial position and shareholder returns**
  - Debt ratio significantly below current level (27%)
  - Funds from divestments used for debt reduction
  - Dividend increase
- ✓ **Organization accountable and ready**
- ✓ **Leader in transparency and social responsibility**

Well defined path to strengthen performance and competitive position

Reduced risk exposure through a more balanced portfolio

# Focused Management for Profitability & Growth



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[www.repsolypf.com](http://www.repsolypf.com)