

REPSOL INTERNATIONAL CAPITAL Ltd.

Management Report– For the half year ended June 2010

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 half year ended 30 June 2010 was EUR 4.4 million compared with a net loss of EUR 1.8 million for the half year ended 30 June 2009. The differential between the interest income that yields on the loan granted to Repsol Netherlands Finance B.V. and the dividends expense for the Preference Shares together with the collars accounts for EUR 1,5 million of the Company's losses increase in the first six months of 2010 compared with the first six months of 2009. The rest is explained by the evolution of the exchange rate between the Euro and the US dollar that had a negative impact of EUR 1.1 million.
- 1.3 The Balance Sheet maintains a similar structure to that it showed at December 31st 2009.
- 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 2010

- Tenants of Preference Share A received a dividend of USD 27.0 million. (EUR 20.4).
- 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 2010 Repsol International Capital Ltd. continue to grant loans to Repsol Netherlands Finance BV. As per June 30, 2010 the amount granted to RNF arrived to EUR 3,596.4 million of which EUR 3,009.0 million were denominated in euros at an interest rate of 3,02% and EUR 587.4 million were denominated in 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 2009 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 2010.

