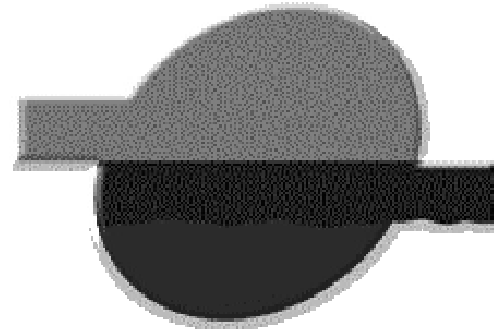
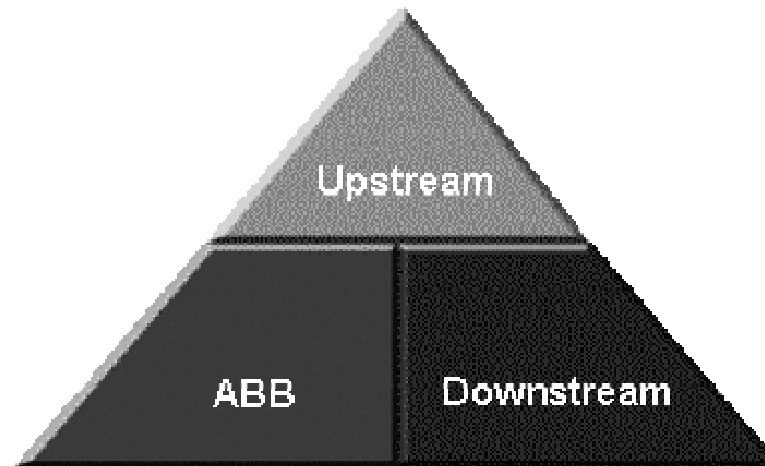


**REPSOL
YPF**



2005-2009 Strategy

(II)



Disclaimer

Safe harbor statement under the Private Securities Litigation Reform Act of 1995:

This document contains statements that Repsol YPF believes constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include statements regarding the intent, belief or current expectations of Repsol YPF and its management, including statements with respect to trends affecting Repsol YPF's financial condition, financial ratios, results of operations, business, strategy, geographic concentration, production volume and reserves, as well as Repsol YPF's plans with respect to capital expenditures, cost savings, investments and dividend payout policies. These statements are not guarantees of future performance 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.

Repsol YPF's future financial condition, financial ratios, results of operations, business, strategy, geographic concentration, production volumes, reserves, capital expenditures, cost savings, investments and dividend payout could differ materially from those expressed or implied in any such forward-looking statements. Such factors include, but are not limited to, currency fluctuations, the price of petroleum products, the ability to realize cost reductions and operating efficiencies without unduly disrupting business operations, environmental and regulatory considerations and general economic and business conditions, as well as those factors described in the filings made by Repsol YPF and its affiliates with the Comisión Nacional del Mercado de Valores in Spain, the Comisión Nacional de Valores in Argentina and the Securities and Exchange Commission in the United States; in particular, those described in Section 1.3 "Key Information about Repsol YPF? Risk Factors" and Section 3 "Operating and Financial Review and Prospects" in Repsol YPF's annual report on Form 20-F for the fiscal year ended December 31, 2003 filed with the Securities and Exchange Commission.

Repsol YPF does not undertake to publicly update or revise these forward looking statements even if experience or future changes make it clear that the projected results or condition expressed or implied therein will not be realized.



Argentina, Brazil & Bolivia (ABB)

One profitable integrated business

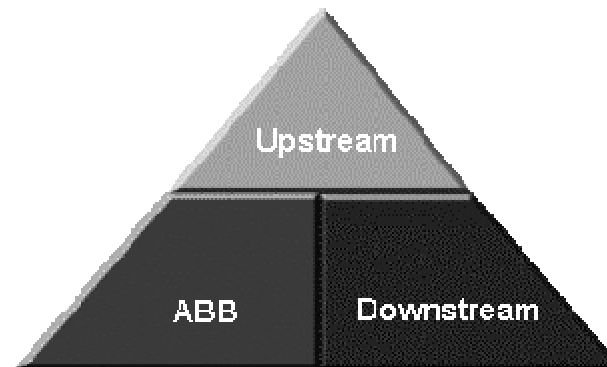
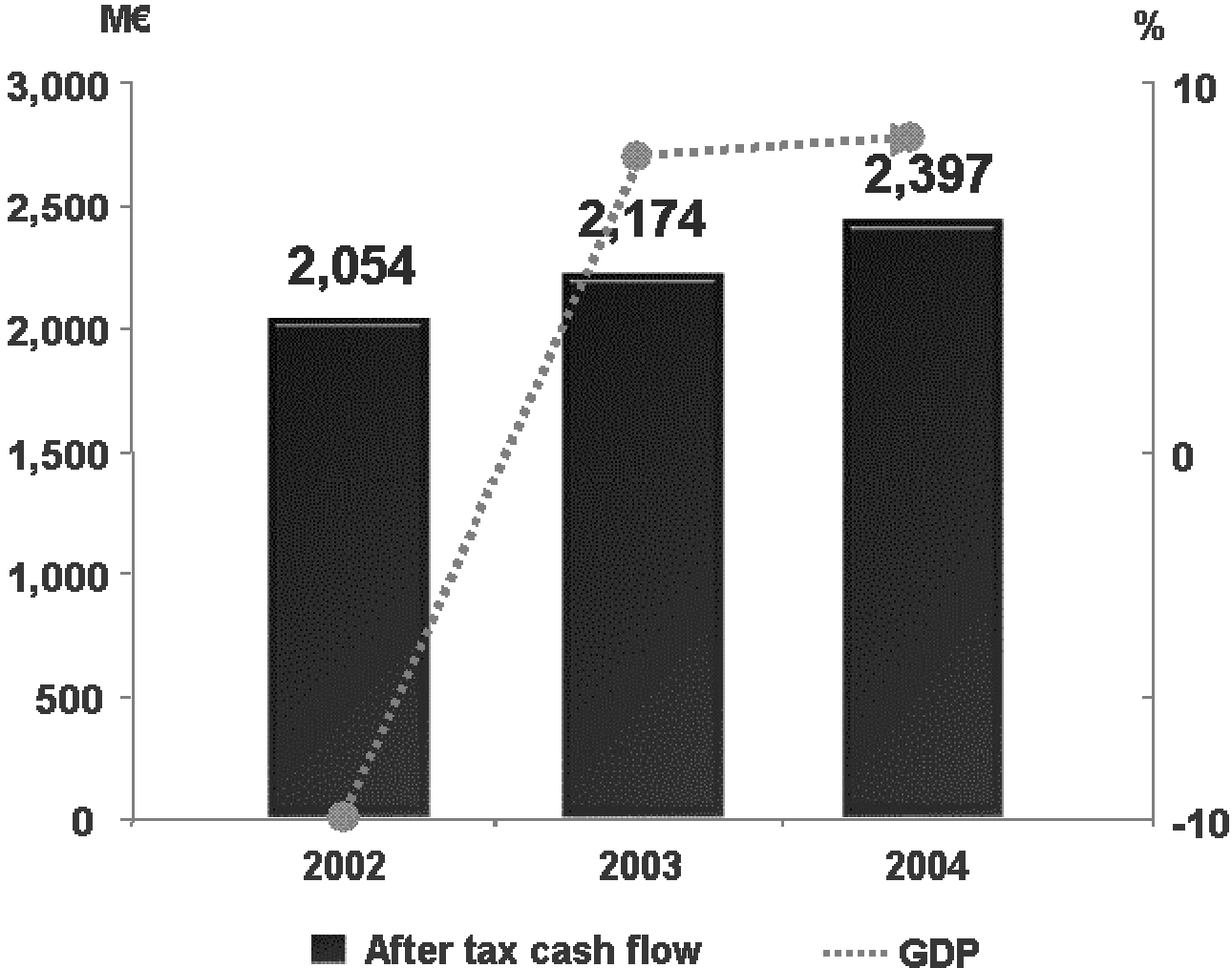


ABB highlights

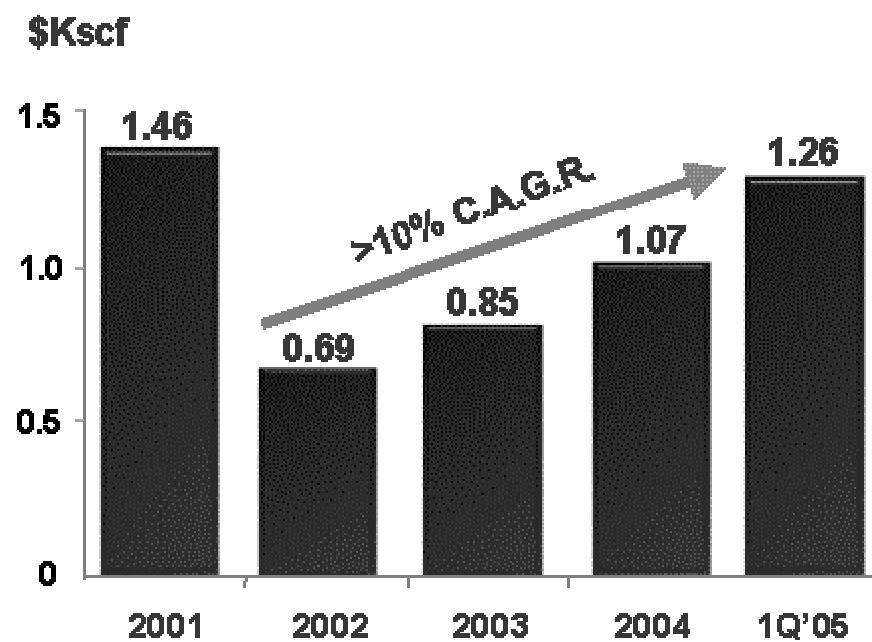
- Argentina is improving:
 - Energy business improving along with the economy, gas prices going up
- Argentine businesses generate stable cash flow:
 - Upstream: managing mature assets
 - New opportunities in offshore Argentina
 - Downstream: superior integration and efficiency
 - Repsol YPF operations with high market share
- Bolivia - huge gas reserves and export potential, but severe political difficulties
- Unique relationship with Petrobras generates potential upstream opportunities

Argentina cash flow proves stable

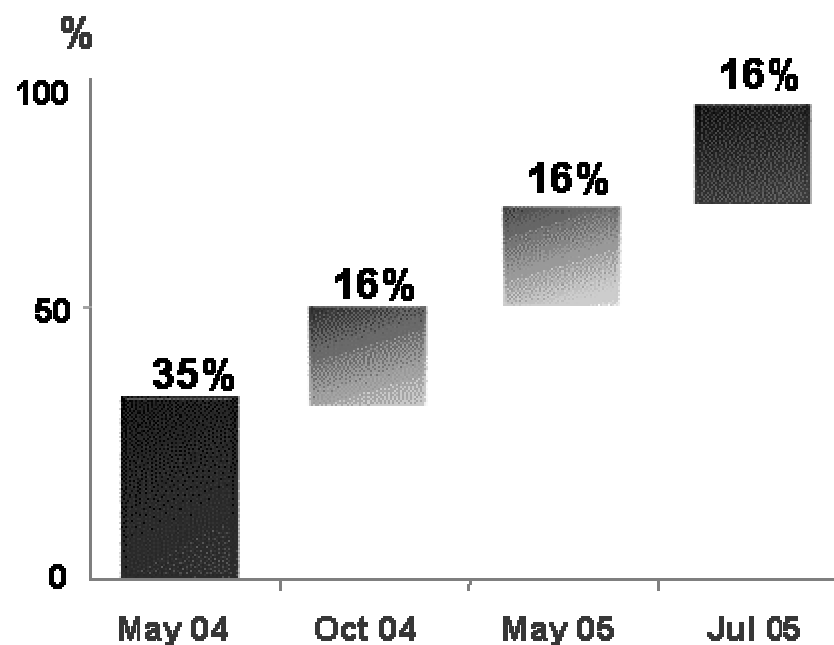


Argentina positive price evolution

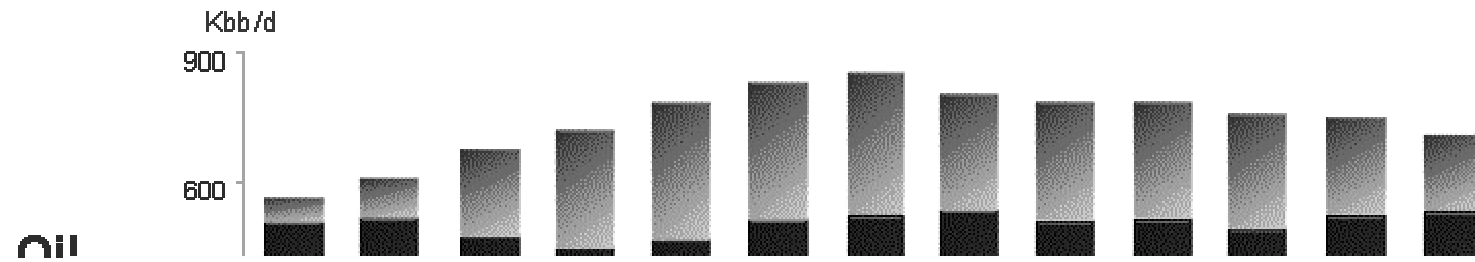
Argentine gas price



Argentine industrial gas price increases



Argentina market trends

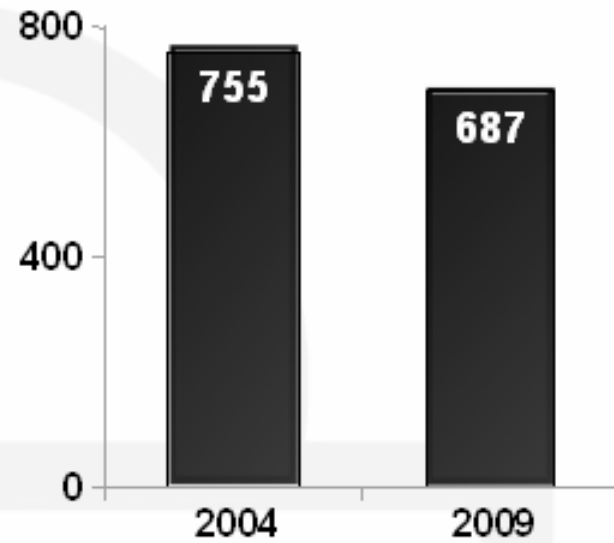


Argentina Exploration & Production business



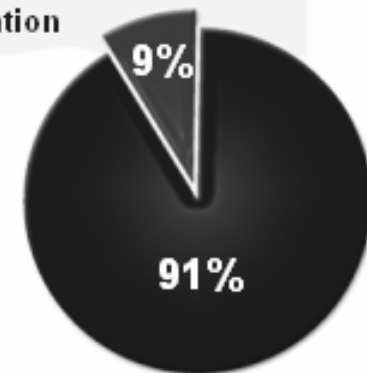
- Exploration
- Production
- Enarsa Blocks

Net Repsol YPF production (Kboed)



CAPEX 05-09: \$ 4,100 M

Exploration

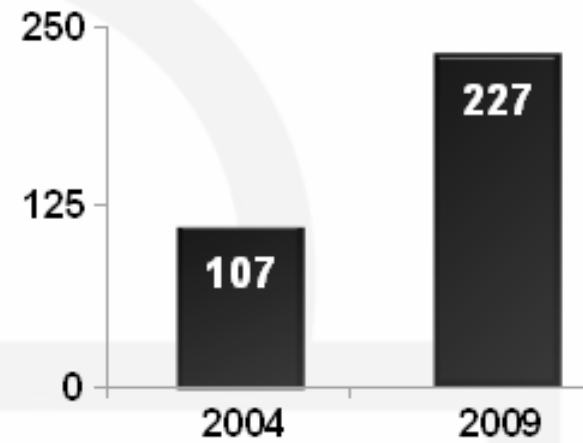


Development

Bolivia

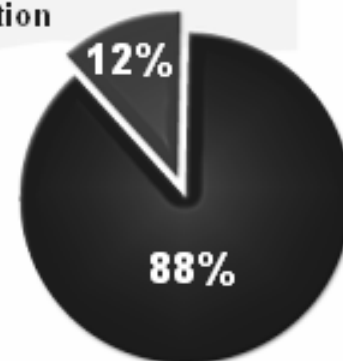


Net Repsol YPF production (Kboed)



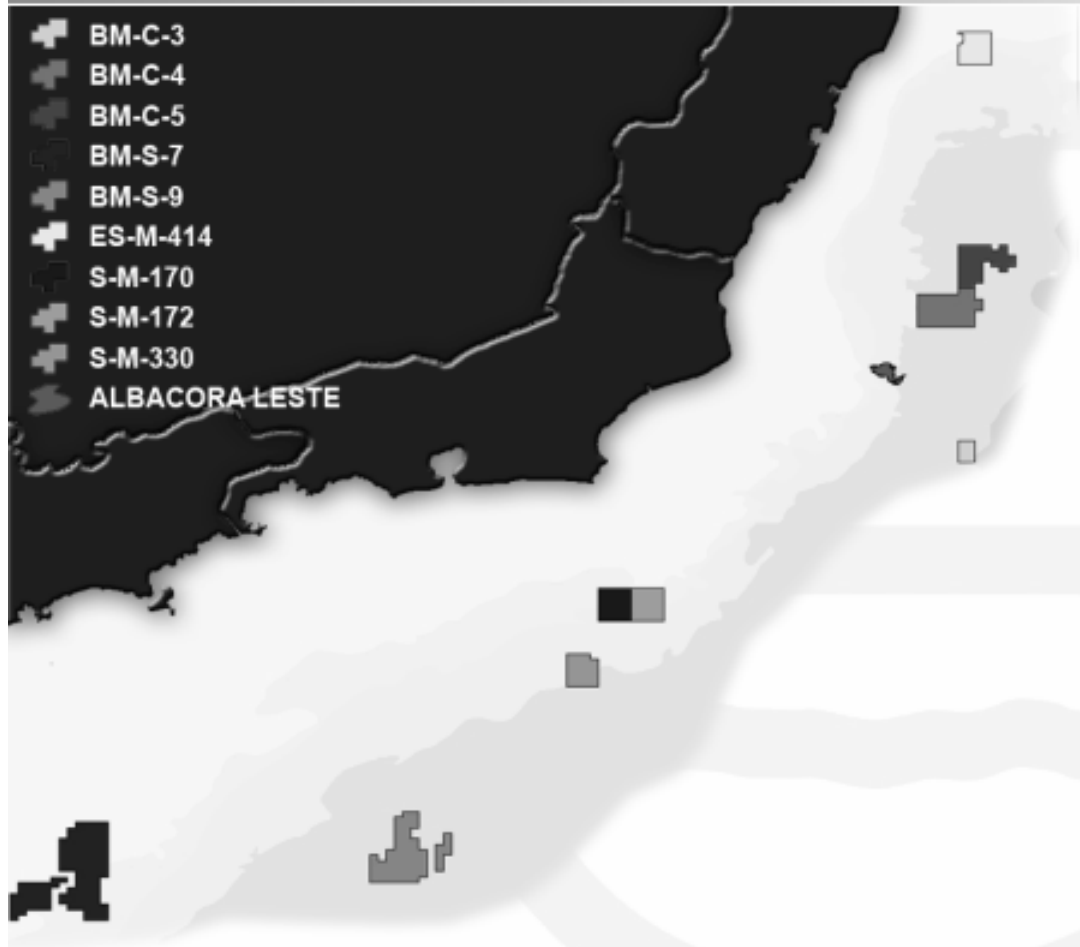
CAPEX 05-09: \$ 850 M

Exploration

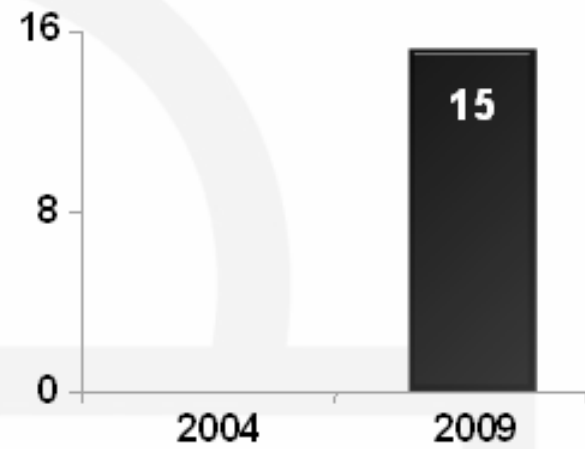


Development

Brazil



Net Repsol YPF production (Kboed)



CAPEX 05-09: \$ 480 M

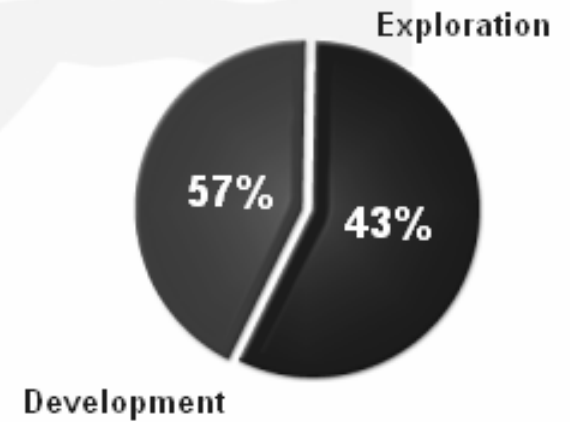


ABB: Production growth under status quo scenario

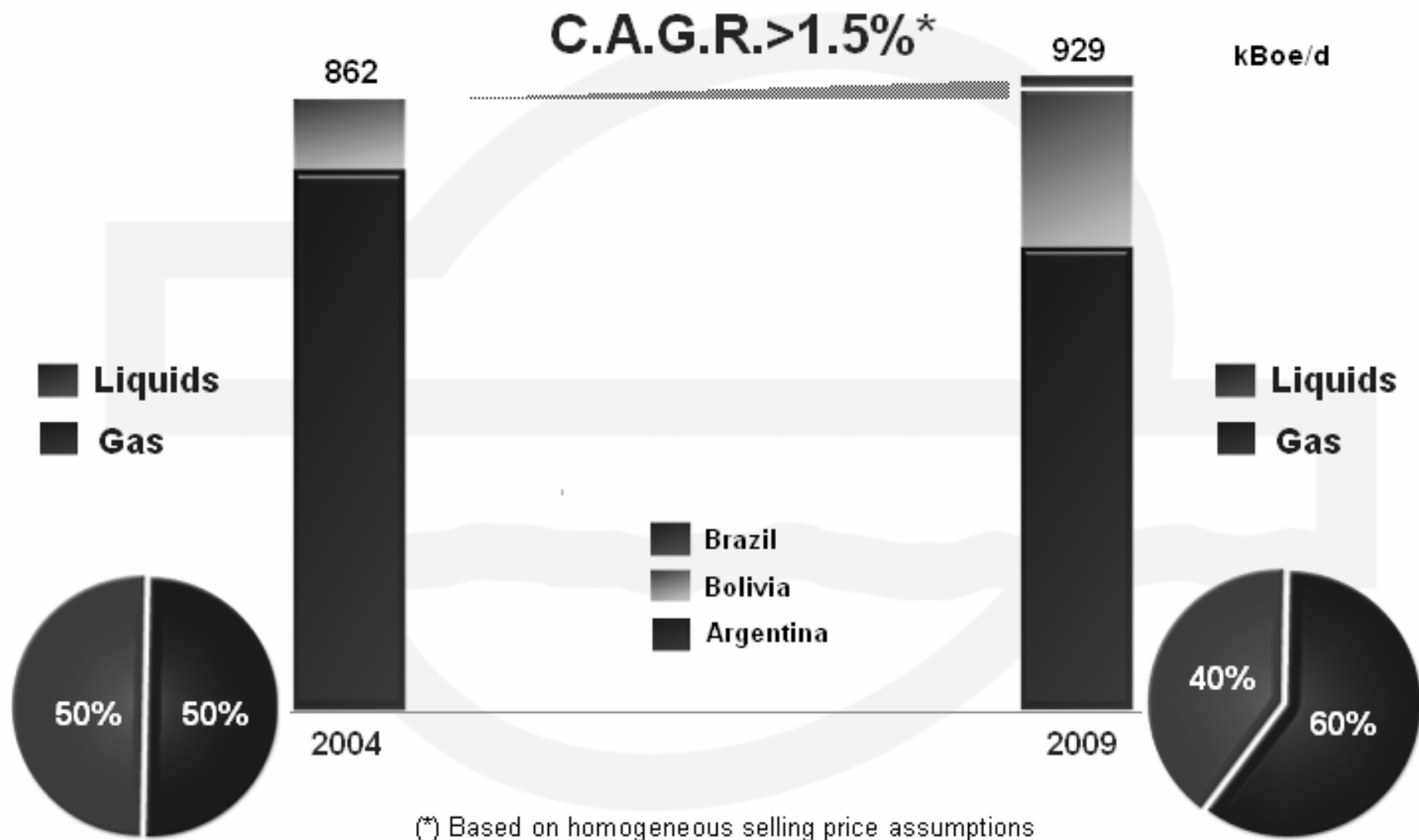
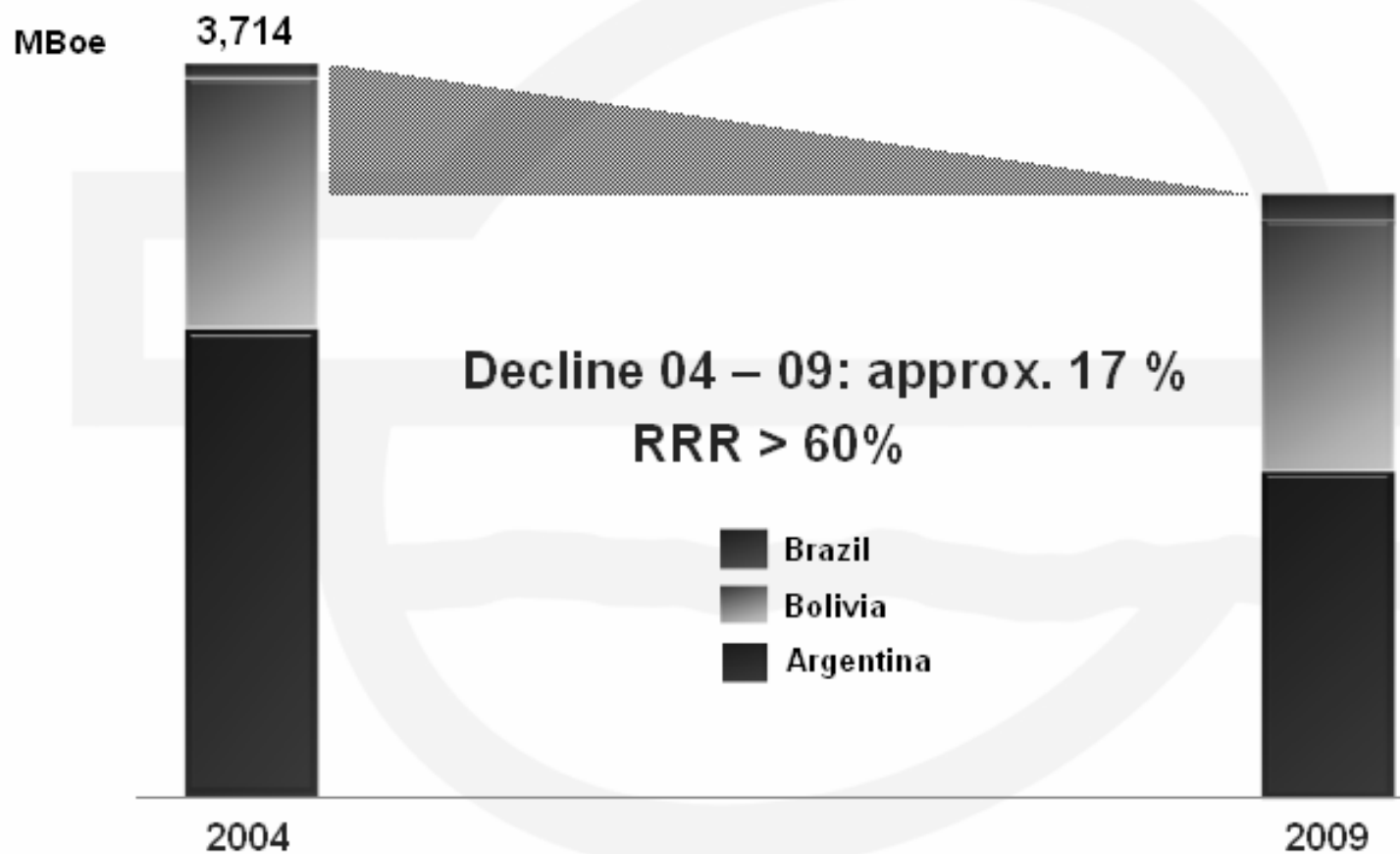


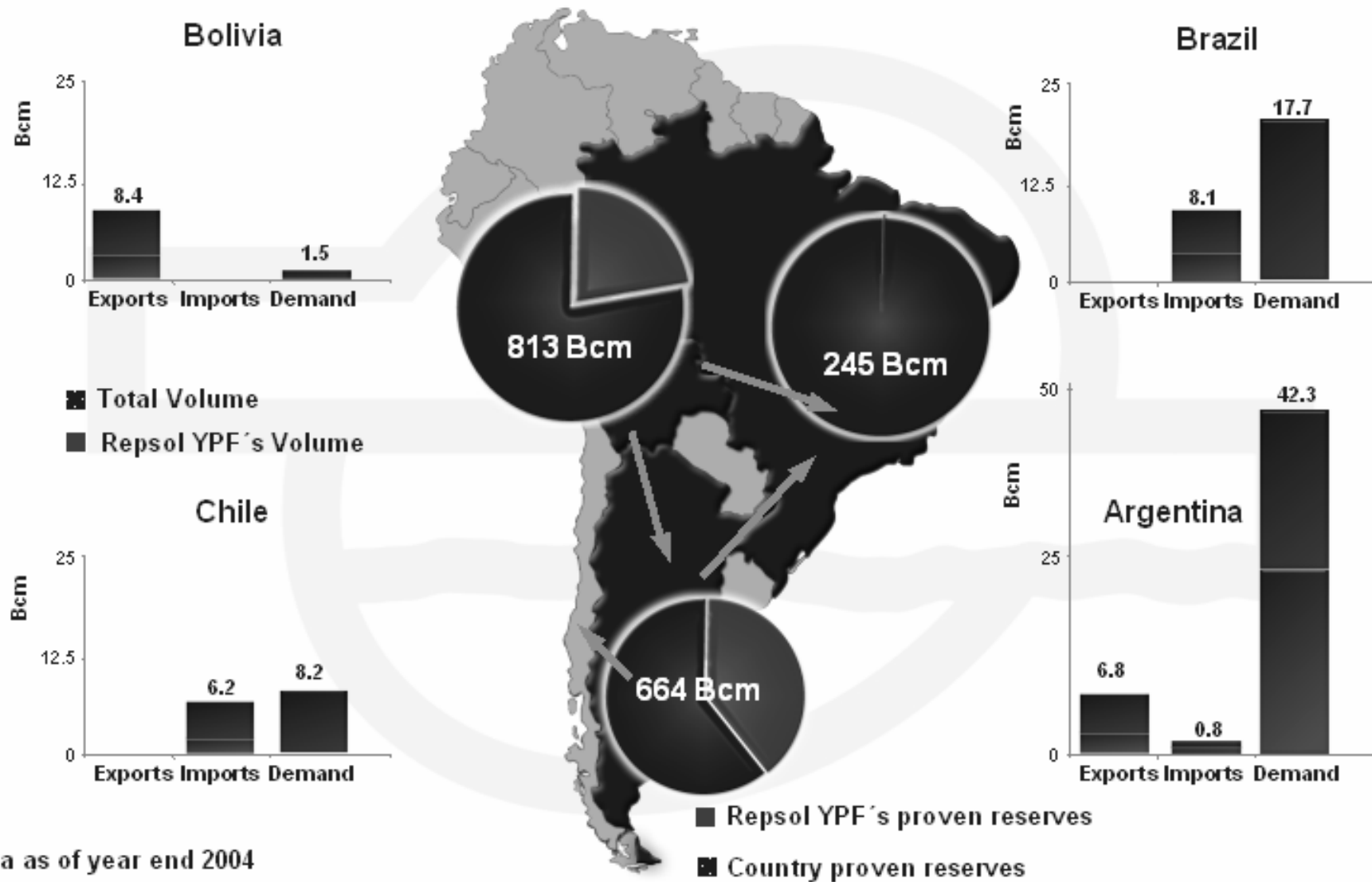
ABB: Proved reserves evolution under status quo scenario



Bolivian natural gas potential

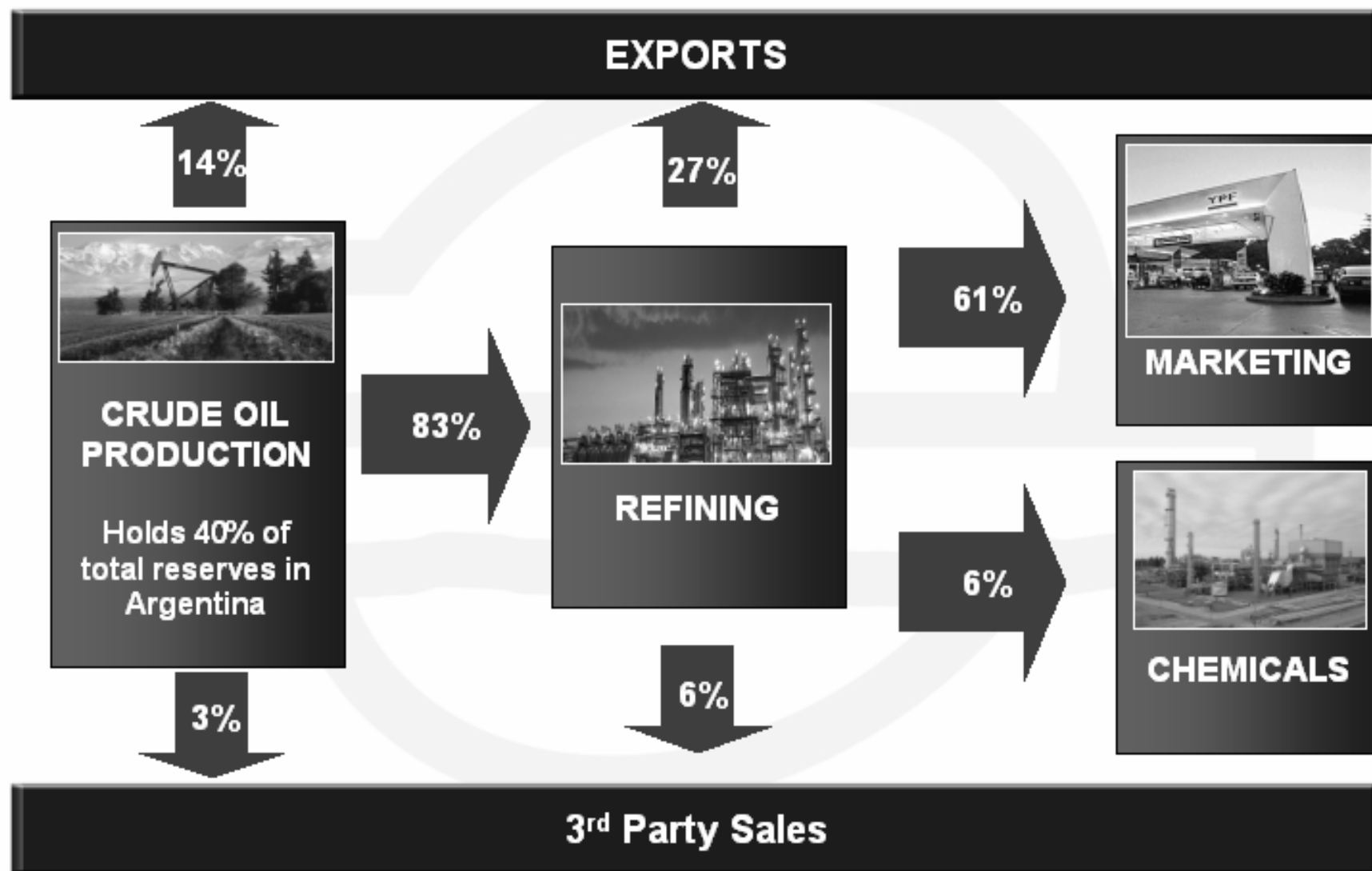
- Southern Cone markets need Bolivian gas
- Argentina - liberalization of gas market together with tight domestic supplies
- Brazil - market growing in double-digits; Low penetration and proximity to Bolivia
- Bolivia - massive gas reserves and export potential, but political challenges; Solution requires multilateral cooperation
- Huge potential upside for Repsol YPF when resolved

ABB gas integration



Data as of year end 2004

Repsol YPF liquids chain in Argentina



Argentina downstream: Superior integration and efficiency

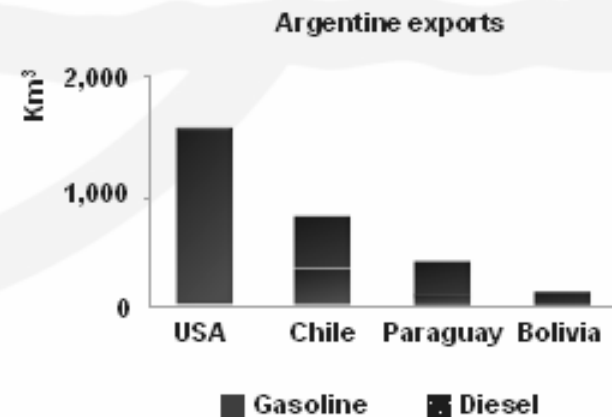
- Repsol YPF competitive advantage in refining & marketing
- Product taxes and prices should normalize by 2007
- Shifting to net crude & product importer – will create higher prices due to import parity by 2009
- Repsol YPF conversion level is the highest in Latam
- High retail market share, strong brand
- Profitable, integrated chemicals operation

Argentina downstream: Strong structural position for ABB

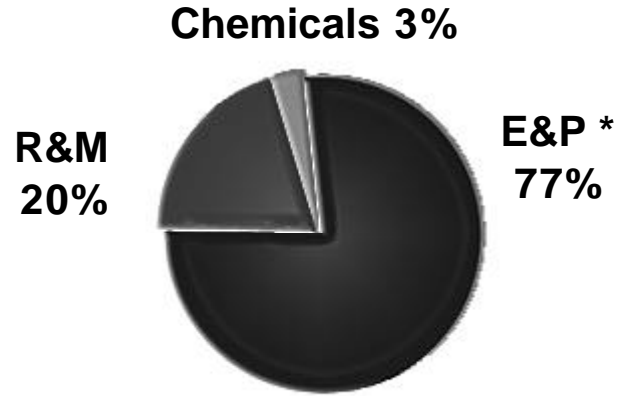
Benefit from position to develop activities in neighboring countries



- Refining capacity: 330 kboe/d
- Superior refining assets
- High degree of integration with crude sources
- Well-positioned logistically
 - major demand centers
 - western regions
 - export markets



CAPEX 05 - 09: \$8,000 M

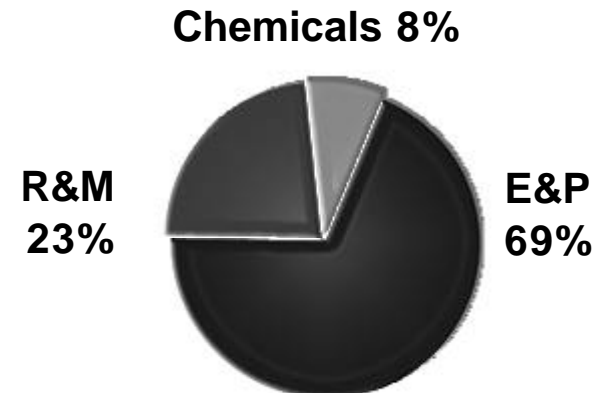
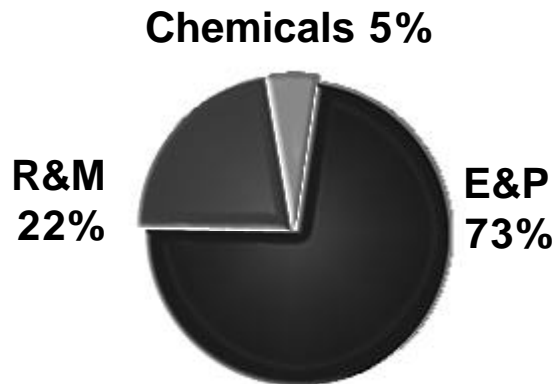


* It includes \$1.3 B of investment in gas pipelines

2005 : \$12,500 M

Capital Employed

2009 : \$14,350 M

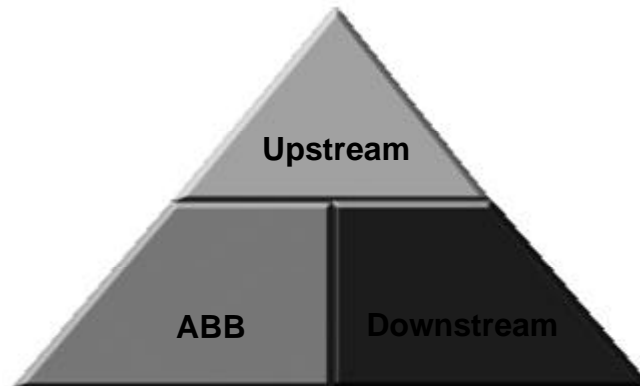




Downstream*

Leading Positions in Growth Markets

Create Quality Earnings

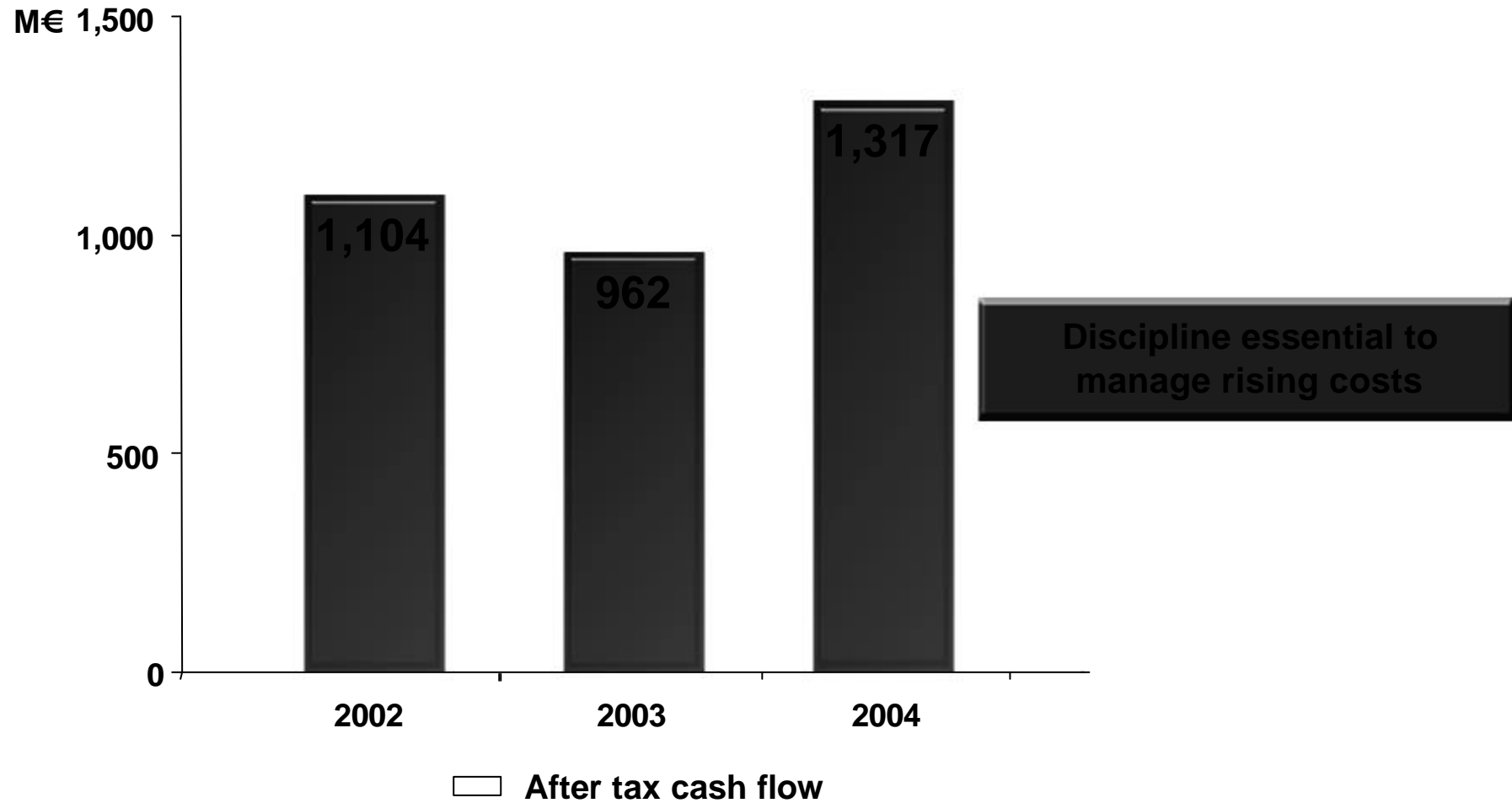


* Excluding ABB

Downstream highlights

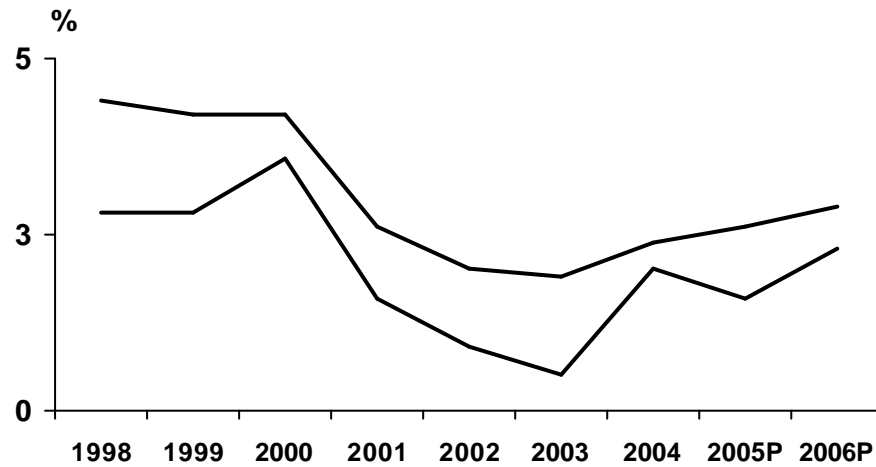
- Positive margins outlook, improved business environment
- High margins and cash flow generation
 - Deeper conversion capacity
 - Located in growing markets
 - Rising diesel imports advantage Repsol YPF margins
- Superior assets and logistics
 - 5 refineries into one optimized system
 - Retail network with high market share
- Profitable, integrated chemical operation
- Unique LPG position

Provides strong cash generation



Growing Iberian market

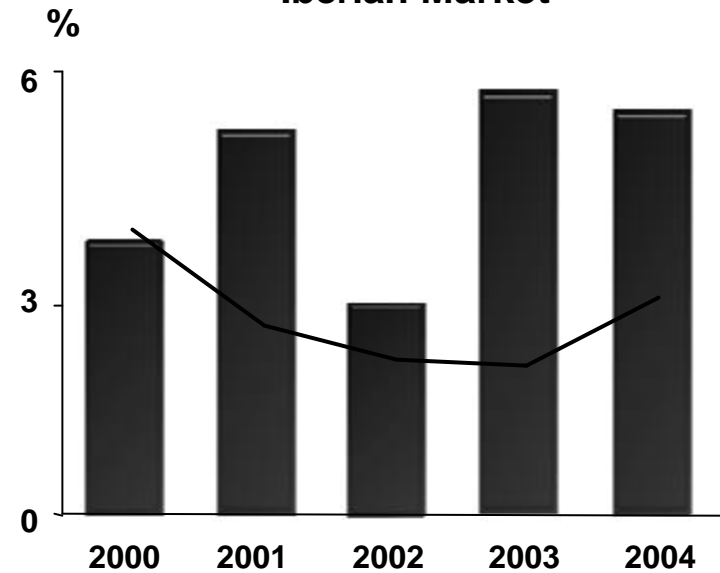
GDP



— Spain & Portugal
 — European Union

Source: IMF. WEO April 2005
 Gross domestic product, constant prices, annual percent change

Iberian Market

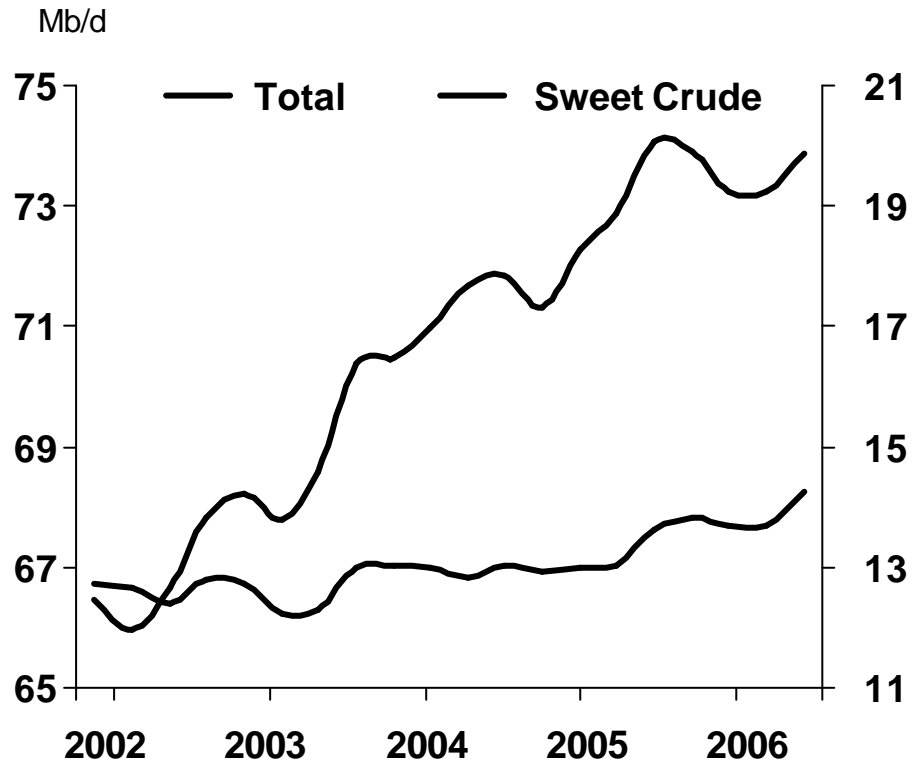


□ Diesel and gasoline annual percent change
 — GDP annual percent change

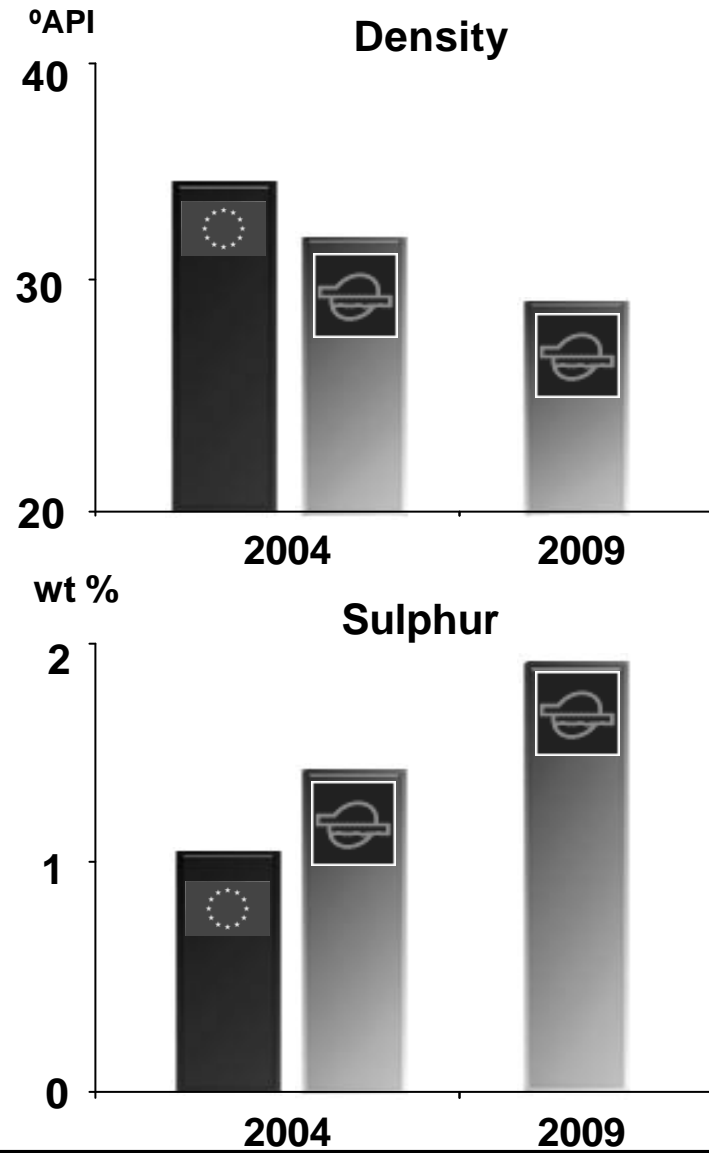
Source: PFC Energy (demand) and IMF WEO April 2005 (GDP)

Heavier crude slate creates opportunity for Repsol YPF

Global Crude Slate Getting Heavier

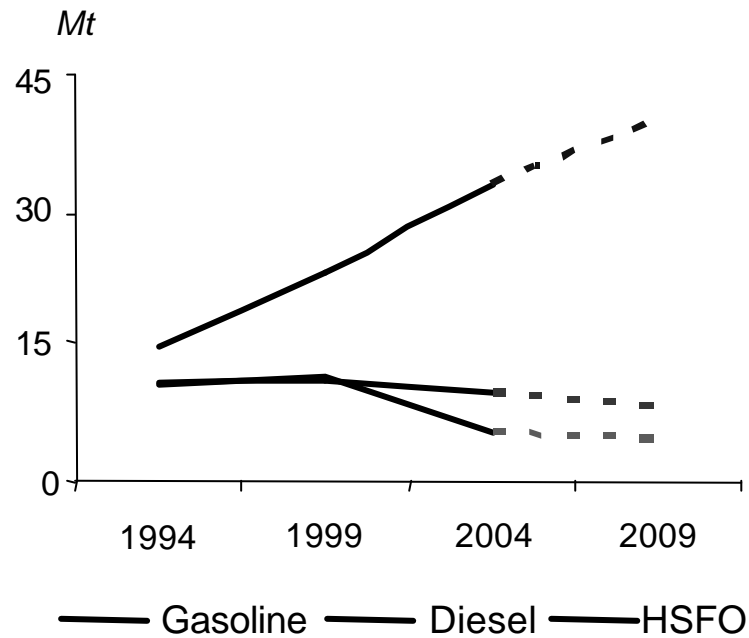


Source: PFC Energy



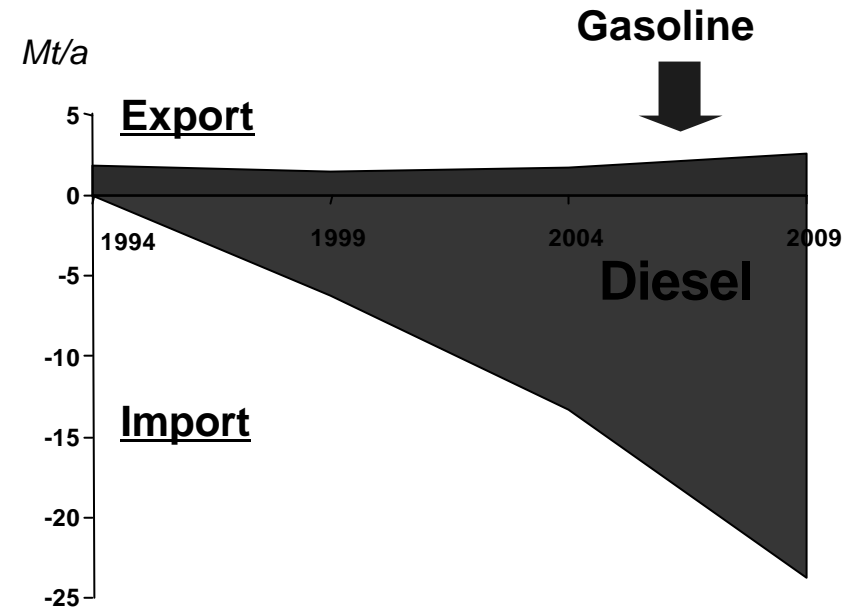
Rising diesel imports benefit Repsol YPF margins

Oil Product Demand - Iberia



Source: PFC Energy

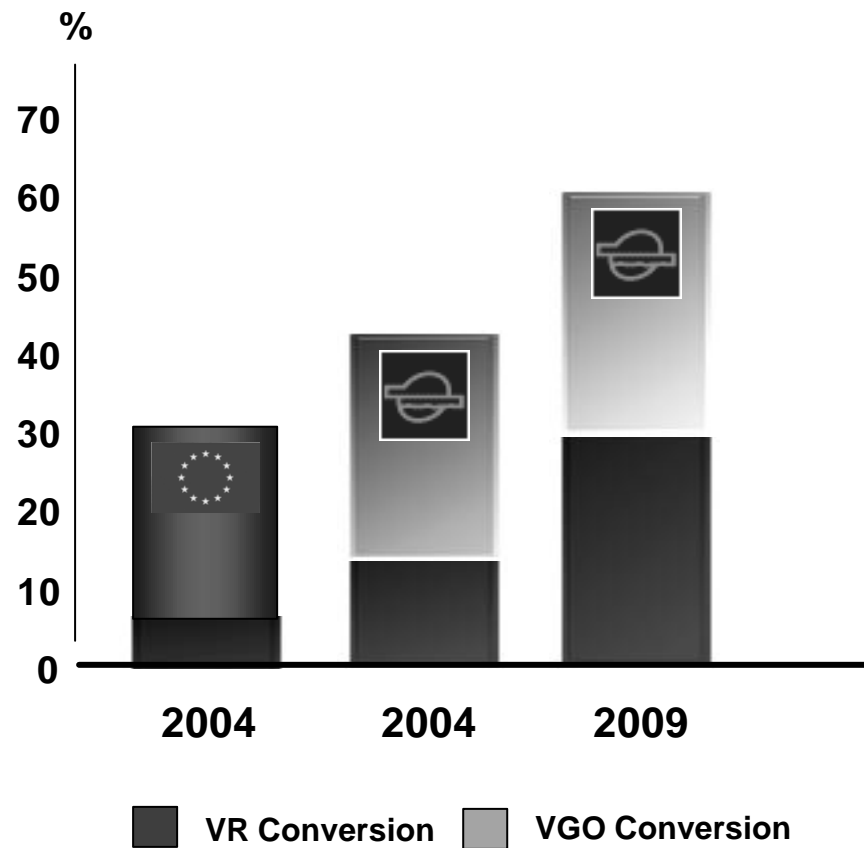
Iberian Market



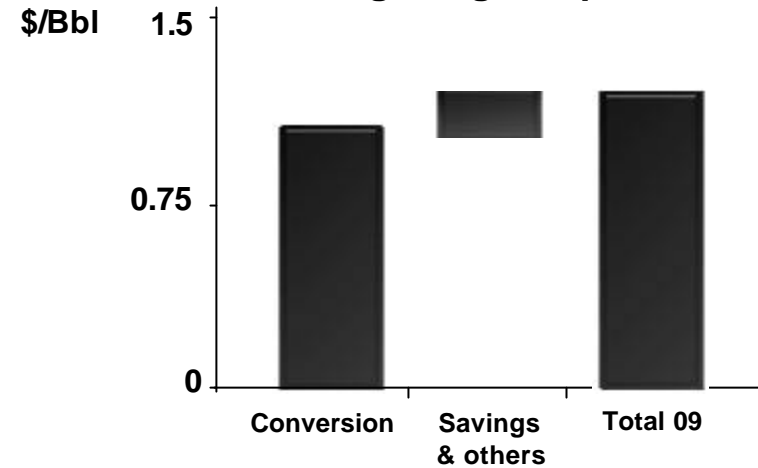
Source: IEA

Improved conversion capacity

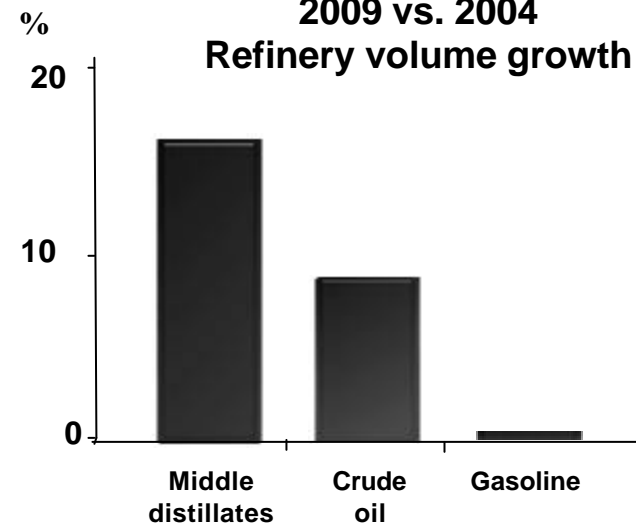
Conversion Index
equivalent FCC capacity / topping



2009 vs. 2004
Refining margin improvement

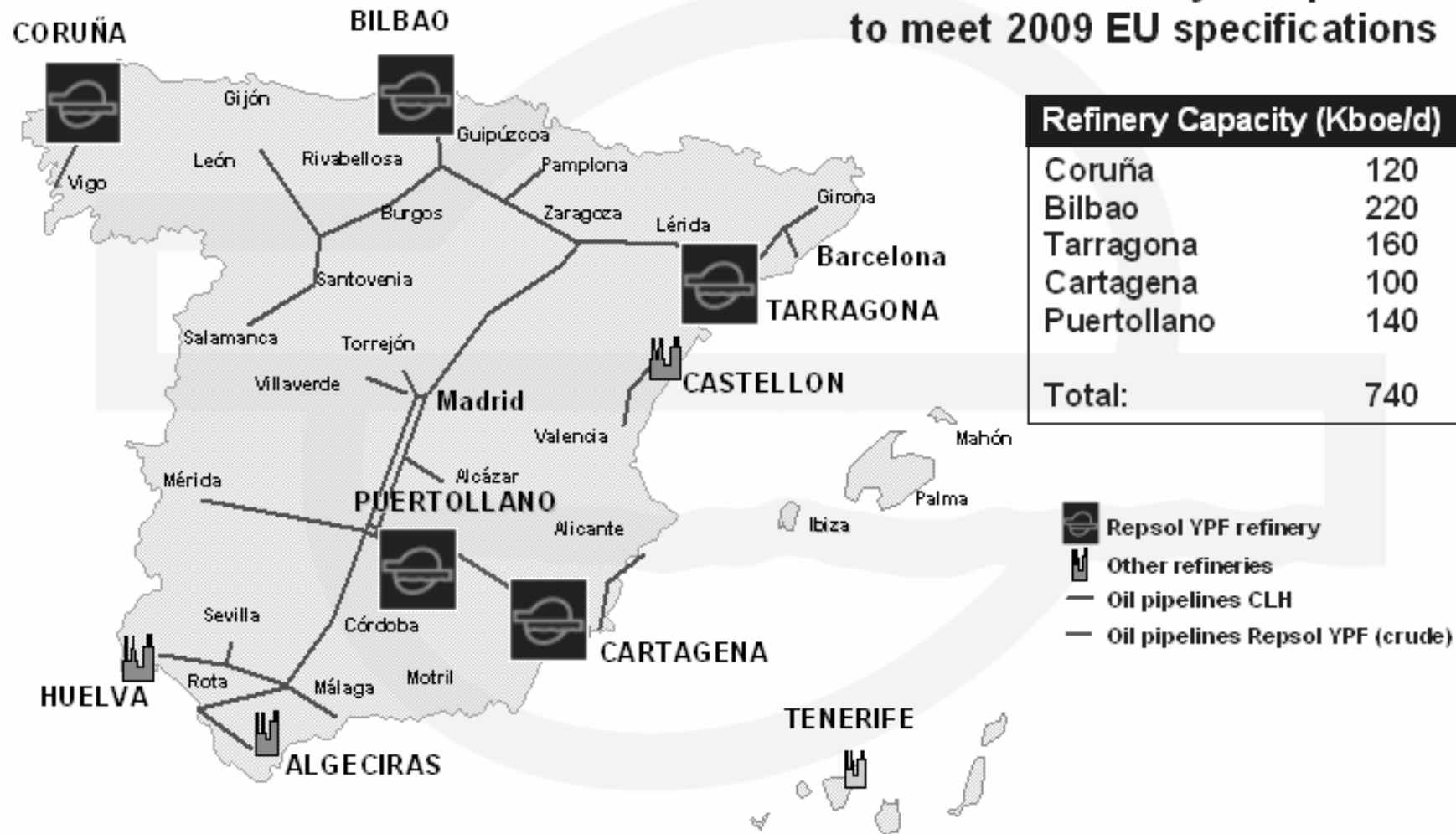


2009 vs. 2004
Refinery volume growth



Superior logistics integrates five refineries into one optimized system

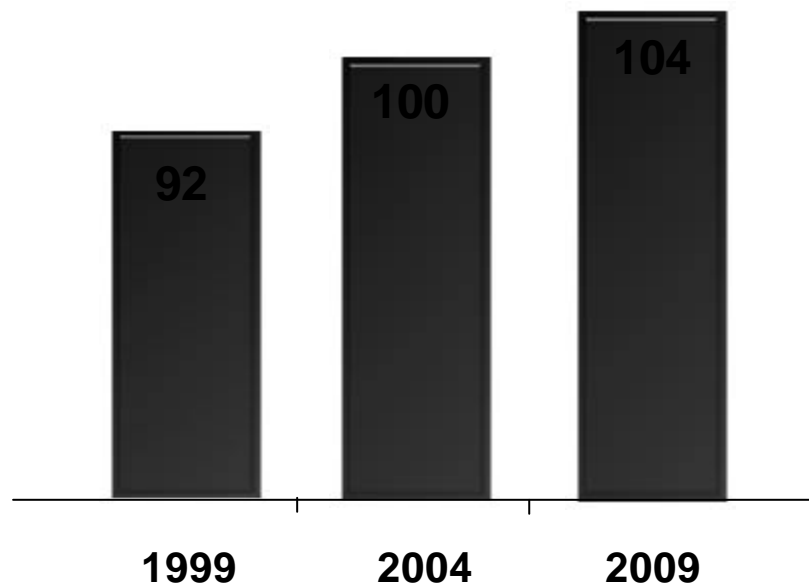
Investments nearly completed to meet 2009 EU specifications



Retail network has high market share and throughput via company-owned outlets

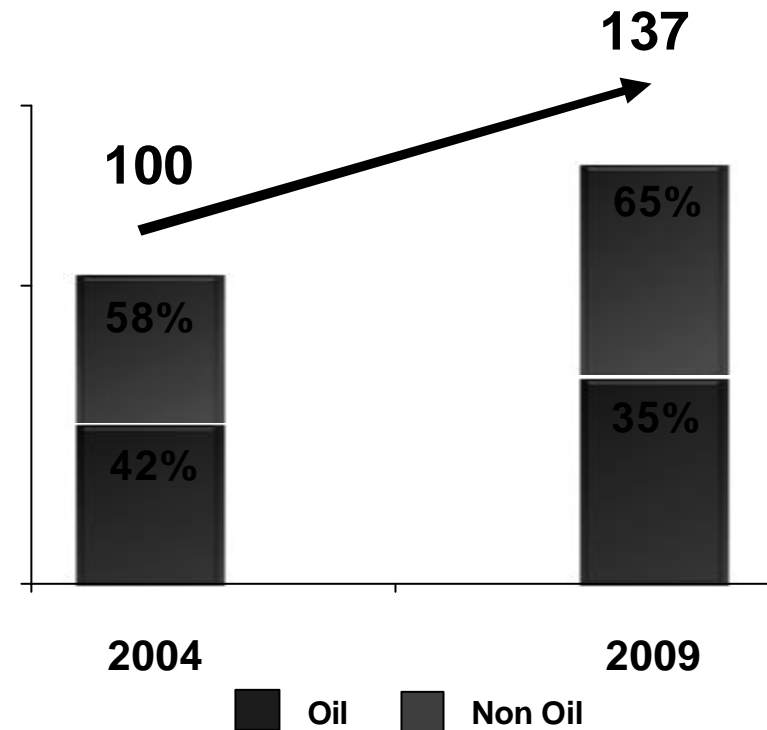
Sales market share / outlets market share

% Index 2004=100



CoCo's Network retail operating revenues (Spain)

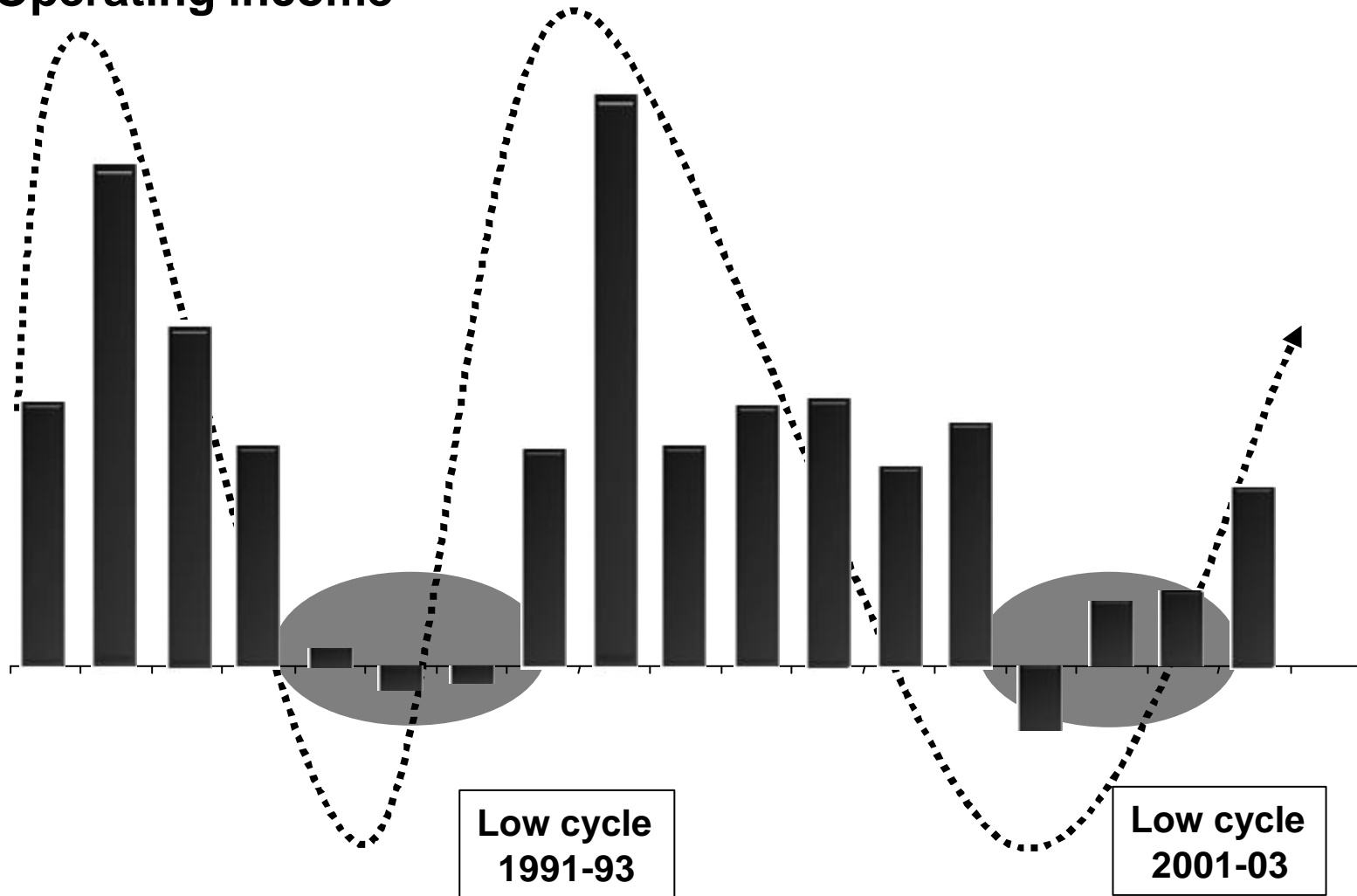
% Index 2004=100



CoCo= Company owned company operated

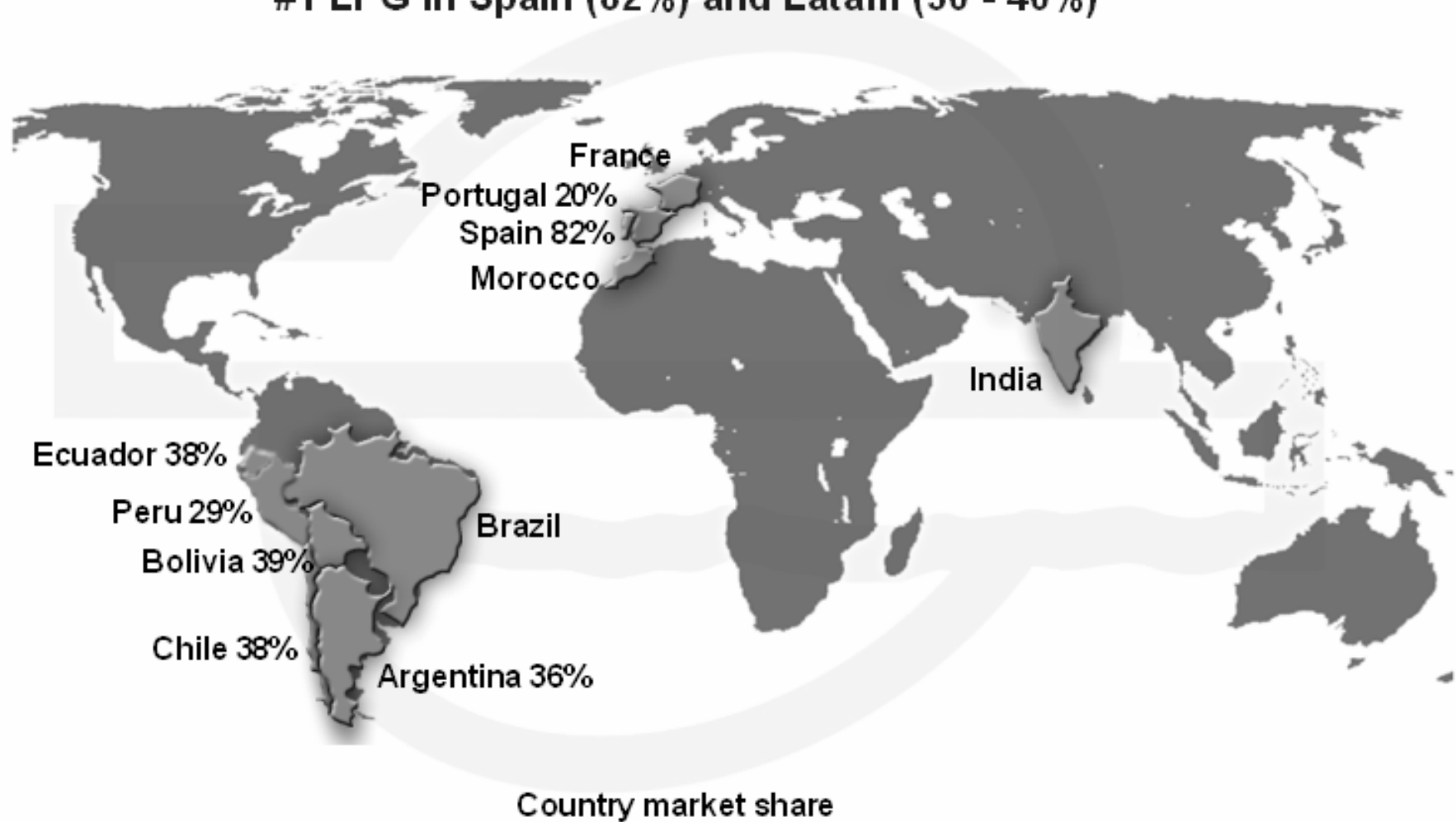
Chemicals cycle

Operating income

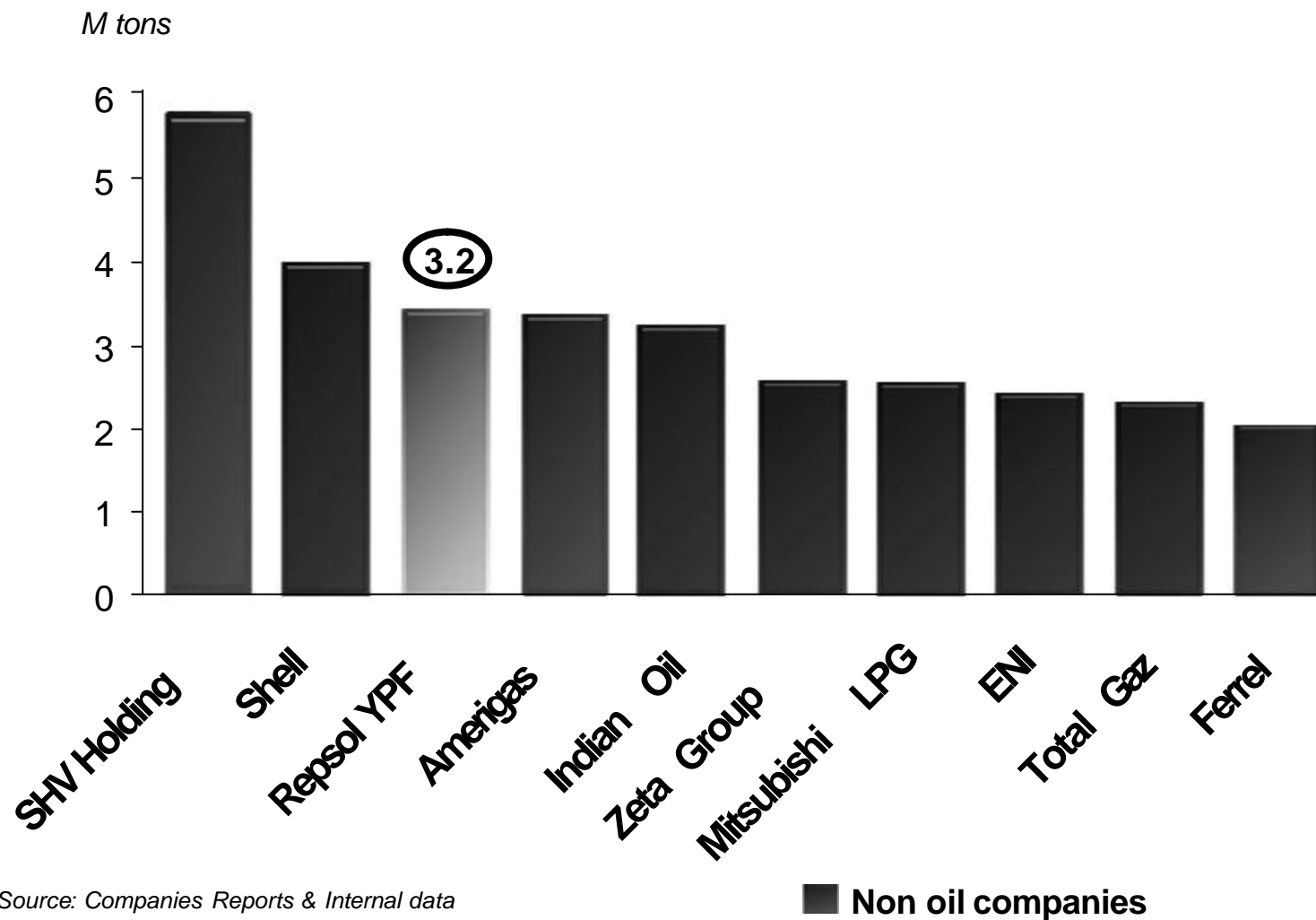


Repsol YPF leadership in LPG business

#1 LPG in Spain (82%) and Latam (30 - 40%)



LPG: #3 worldwide with integration possibilities



Downstream

CAPEX 05 - 09: €5,700 M



2005 : €6,800 M

Capital Employed

2009 : €9,200 M

Chemicals 22%

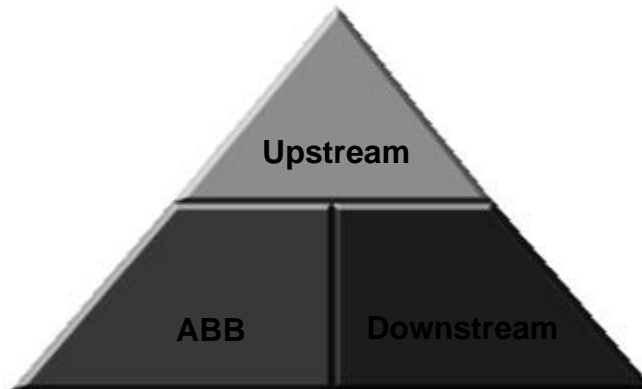


Chemicals 23%





Targets



Prudent assumptions on base environment

	2005 - 2009	2009
Brent (US\$/bbl)	25	
Henry hub (\$/MBtu)	4.0	
Refining margins index ⁽¹⁾ (\$/BBL)	2.0	
US\$/€	1.2	
AR\$/US\$	3.0	
Tax rate (%)	35	

(1) IEA Brent cracking NWE index

Strategic growth: Status quo scenario

2005 - 2009

TOTAL E&P

F&D costs (\$/boe)	5.0
Lifting costs (\$/boe)	2.5
RRR (%)	>100

2004

2009

UPSTREAM

Production (kboe/d)	1,165	>1,300
LNG sales (bcm)	5.1	>11.5

DOWNSTREAM

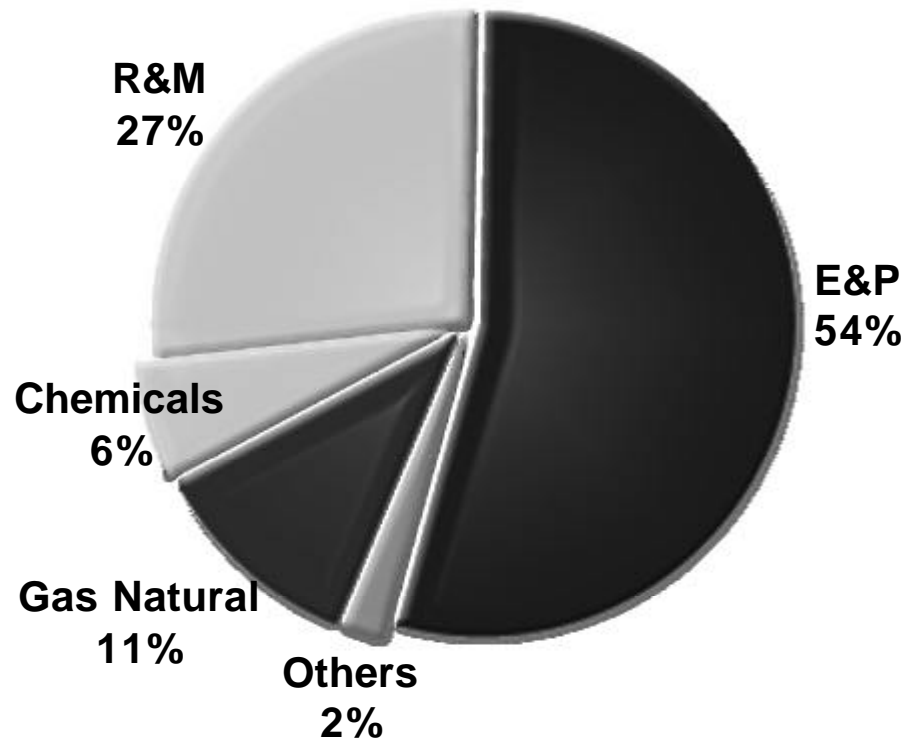
Conversion Index	47%	>60%
Chemicals sales (kt)	4,132	>5,600
LPG sales* (kt)	3,780	>4,700

*Including wholesale

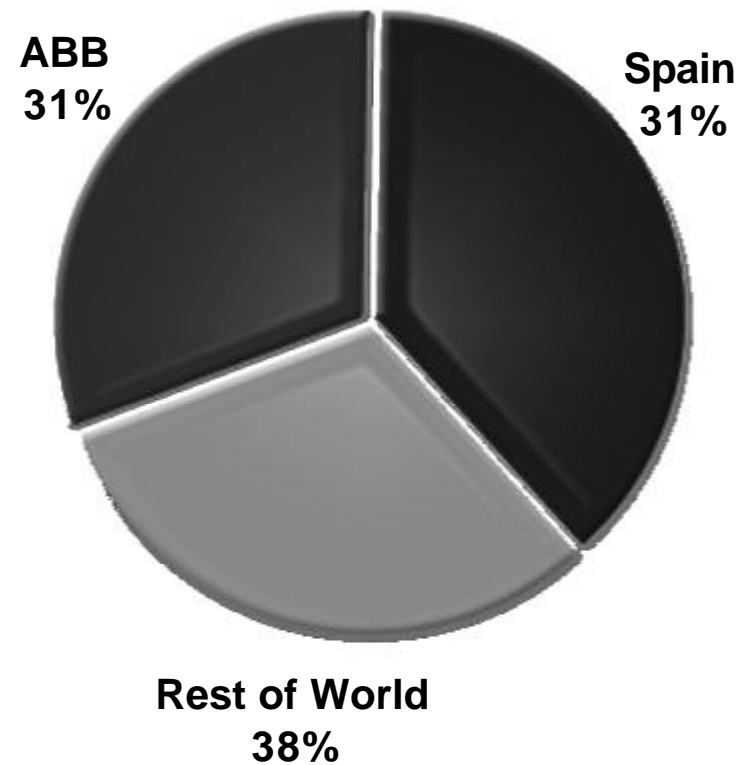
Increase in capex focused on growth areas

TOTAL CAPEX 2005-2009: 21.1 B€

By businesses

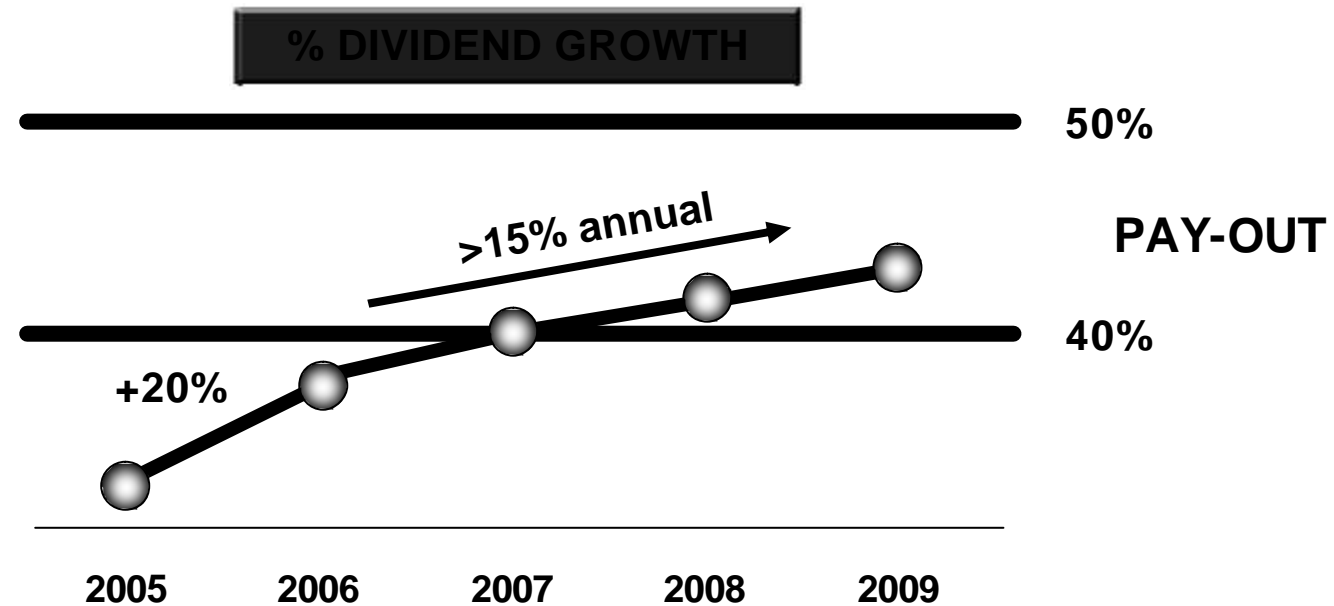


By geographical area



Strategic targets: Shareholder returns

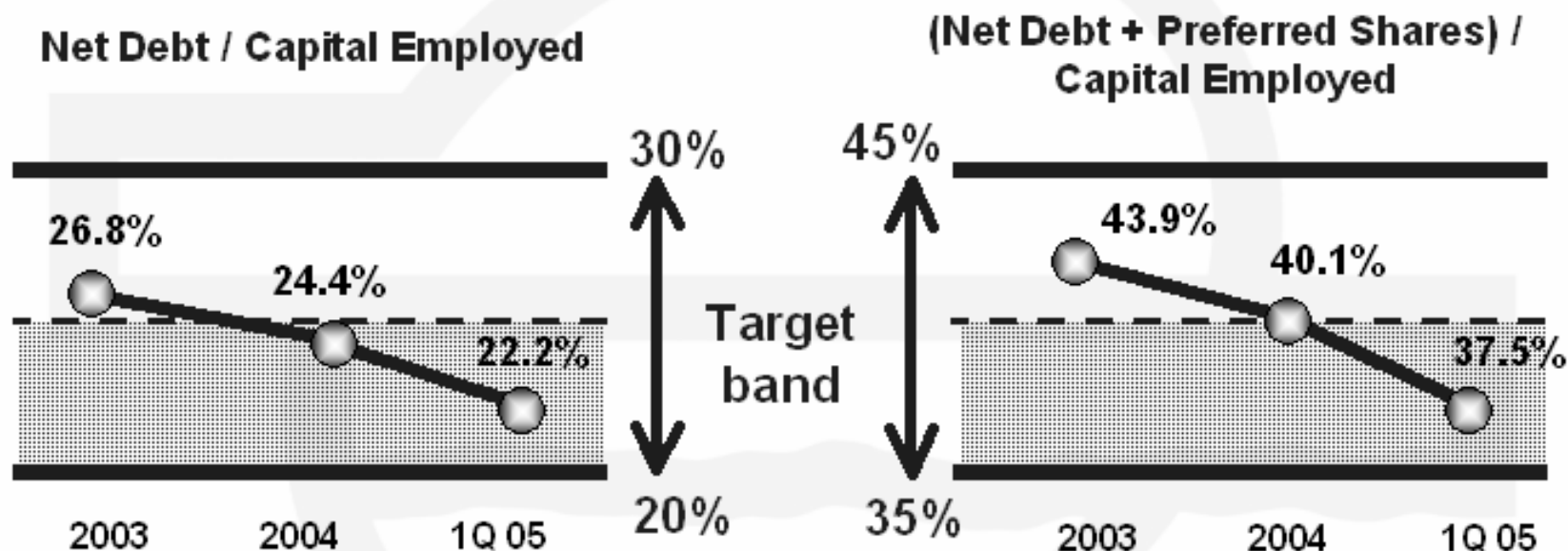
- Sustainable dividend increase to sector average
- Share buy-backs depending on alternative investment projects and improvement in credit rating



Provide superior shareholder returns

Retaining financial discipline

- Continuity with previous gearing targets, rescaled under IFRS metrics



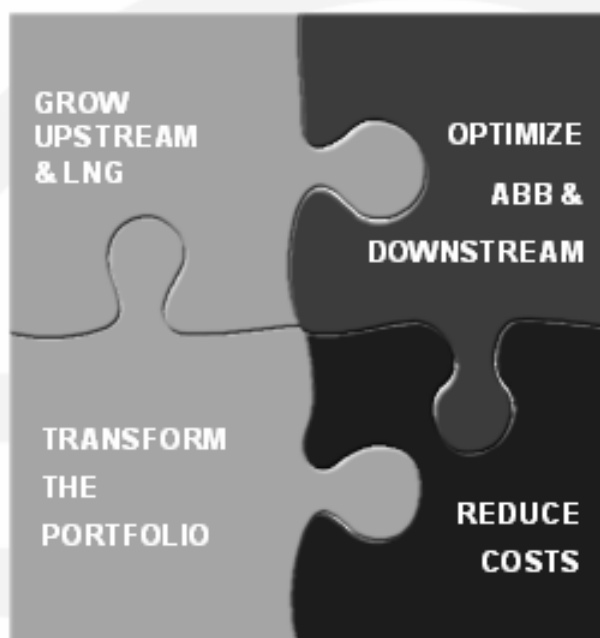
- Presently our comfort range is in the lower half of the band
- Equivalent to maintaining Net Debt plus Preferred Shares at a level of around two times FFO at planning assumptions

Delivery on profitability

- On the basis of current portfolio and projects
- Improve returns whilst growing the capital base:
 - 2009 ROACE target: >12% (+150 bp vs. 2005)
 - 2009 Capital Employed: €28,100 M (+25% vs. 2005)
- Return extra cash flow to shareholders:
 - Increase payout ratio above 40%
 - Share buybacks if projects do not meet re-investment criteria
- Maintain financial structure to improve rating

Our strategic targets 2005 - 2009

Production
C.A.G.R: 4.5%*
RRR>200%**



ROACE 2009 > 12%
FCF > 8.5 B€

Divestments
> 1.5 B€

1.2 B€

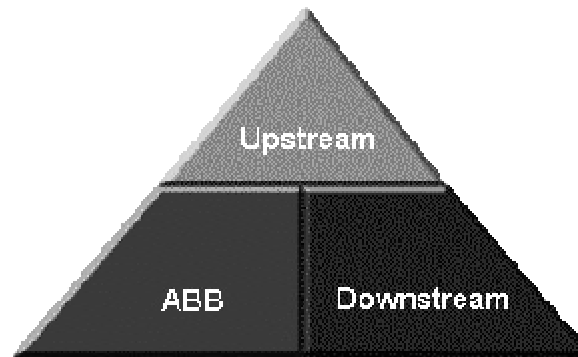
Provide superior shareholder returns

* Excluding ABB. Including ABB >2.6%

**Excluding ABB. Including ABB >100%



Conclusion



Conclusion

- Transforming the company step by step: structure, culture and portfolio to improve shareholder returns:
 - Cut costs in order to improve margins
 - Improve the returns and free cash flow generation of ABB and Downstream
 - Review the portfolio on a asset by asset basis
 - A focused, high return approach to upstream growth
- Our targets relate to our existing portfolio and projects
- Transparency and accountability

Conclusion

- We aim to beat targets
 - New management structure
 - New strategy
 - New approach:
 - Venezuela agreements
 - Gassi Touil
 - Gas Natural JV
 - LPG
- We have a determination to improve our performance and to grow value for shareholders by:
 - Playing to our strengths in a rapidly changing world
 - Optimizing our portfolio and cash flow streams
- Every year we will explain our progress openly and transparently
- We have a firm commitment to corporate responsibility

**REPSOL
YPF**



2005-2009 Strategy

(II)

