

**REPSOL
YPF**



**2nd QUARTER 2006
PRELIMINARY RESULTS**

***WEBCAST-CONFERENCE CALL
14.00 H CET***

July, 27th 2006

Disclaimer

This presentation contains forward-looking statements that are subject to risks associated with the oil, gas, power, chemicals and renewable energies businesses. It is believed that the expectations reflected in these statements are reasonable, but such expectations may be affected by a variety of factors which could cause actual results or trends to differ materially, including, but not limited to: oil and gas price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market share, industry competition, environmental risks, physical risks, the risks of doing business in developing countries, legislative, tax and legal and regulatory developments, including potential litigation and regulatory effects arising from recategorization of reserves, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates. For a further discussion of the factors that could affect our future results, see “Risk Factors” in the company’s Annual Report on Form 20-F for the year ended December 31st, 2005 on file with the US Securities and Exchange Commission.

In addition, this announcement also contains statements regarding estimates of proved oil and gas reserves of Repsol YPF. The estimation of proved reserves may involve complex judgments, including judgments about expected economic, technical and other operating conditions, and are subject to changes due to a variety of factors, many of which are beyond Repsol YPF’s control. These factors include but are not limited to changes in oil and gas prices, geological and operating data derived from exploration and production activities, technological developments, budgeting, investment and other financial decisions that we and other oil and gas companies may make, political events generally, changes in the applicable political, legal, regulatory and tax environments in which we operate, environmental risks, project delay or advancement, and technical factors associated with the exploration and production of hydrocarbons.

Cautionary Note to US Investors:

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions.



HIGHLIGHTS

2nd QUARTER 2006

*Antonio Brufau
Chairman & CEO*

Highlights

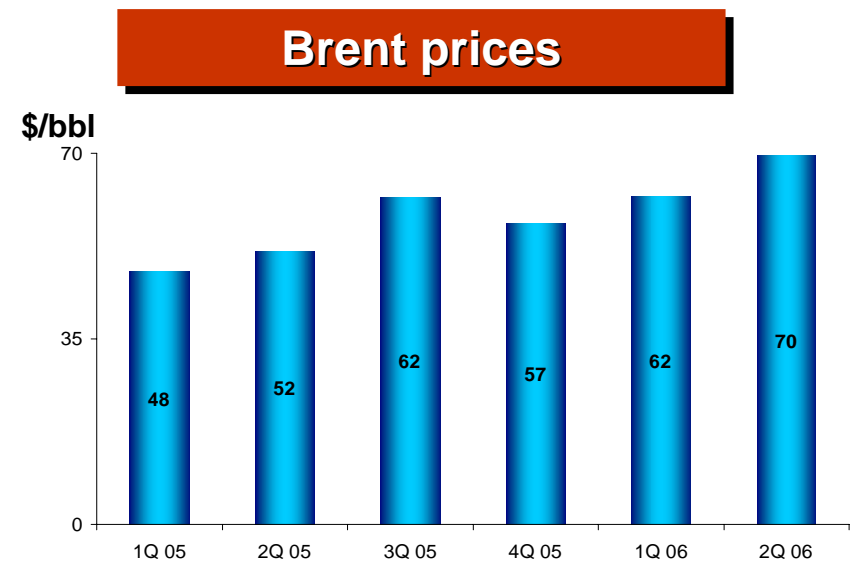
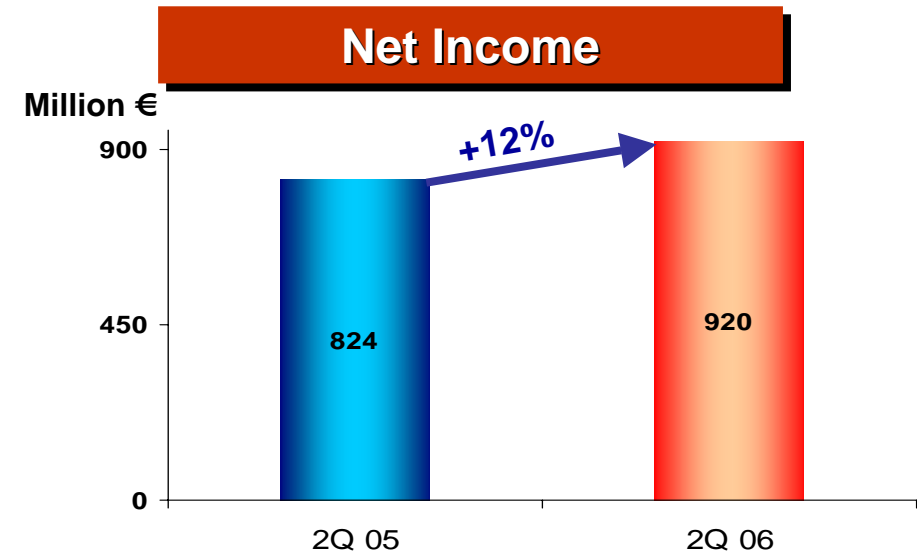
Results

Strong 2Q Results:

- **EBIT €1.7 billion**
- **Net Result €920 million**

Trading environment:

- **Strong international oil prices**
- **Upward trend of refining margins**
- **Moderate improvement in marketing margins**



Highlights: *ABB*

Bolivia

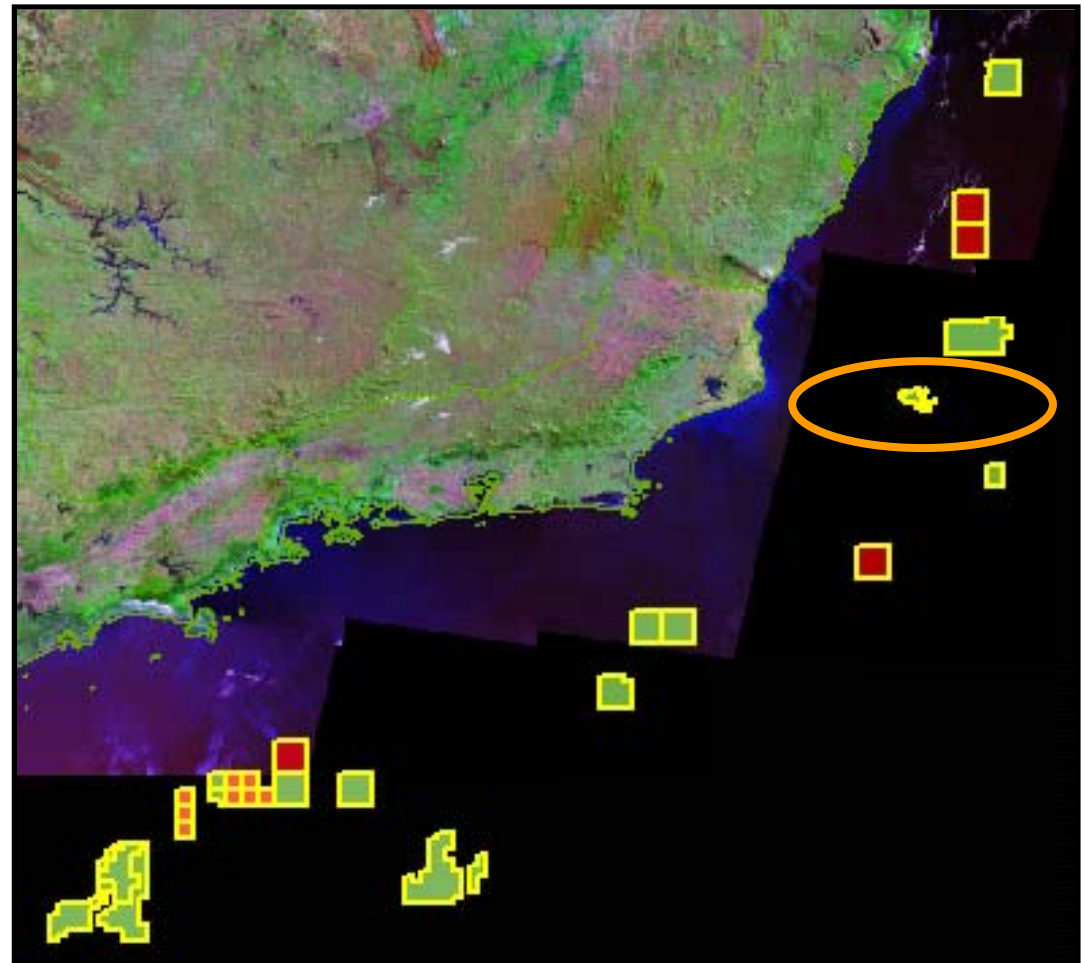
- ***Bolivian gas prices***
 - ❖ ***Bolivian gas to Argentina at 5\$/MBtu in 2006***
- ***Nationalization of hydrocarbons ongoing***
 - ❖ ***No information received in relation to the new contracts***
 - ❖ ***Operations continue to be run as before***

Highlights: *ABB*

Brazil

- *Albacora Leste*

- ❖ *Largest offshore rig in Brazil*
- ❖ *Production started, adding 4,100 bpd*



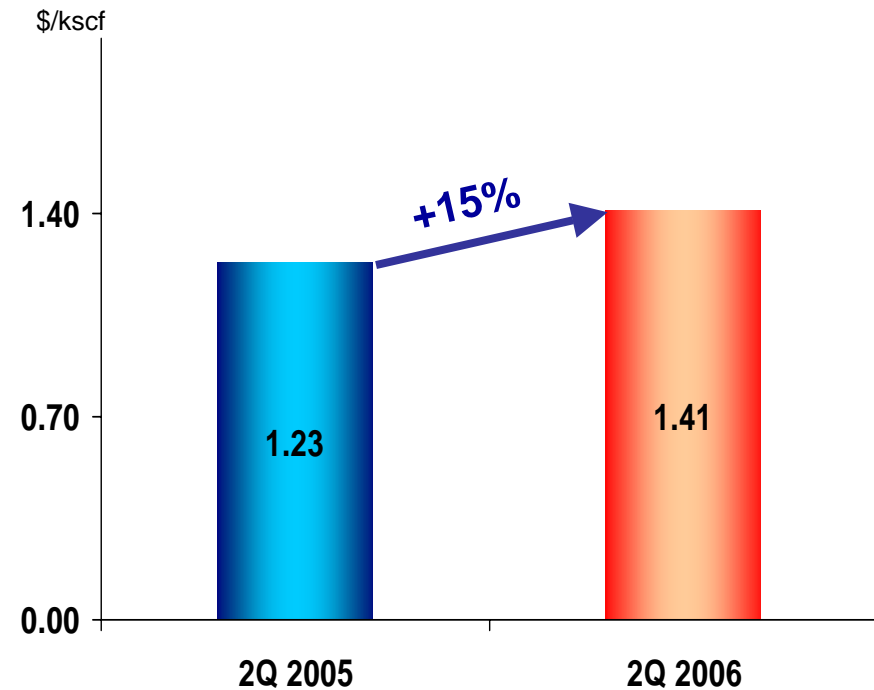
Highlights: *ABB*

Argentina

- **Gas prices**

- ❖ *Domestic gas prices continue improving y-o-y*
- ❖ *Drop q-o-q. Trend will reverse at year end*

Argentine Gas Prices



Highlights: *ABB*

Argentina

- **Advance in investments**

- ❖ **Aimed to increase production via:**

- *Enhanced recovery techniques, intensification of exploration campaigns and study on tight gas*

- ❖ **Limited effect on capex 05-09 due to:**

- *Renouncing of Bolivia's GNEA pipeline investment*
 - *Substantial capex reduction in Bolivia*
 - *Divestments in marginal fields*
 - *Advance in investments partially subject to price improvements*

Highlights: *ABB*

Argentina

- **Partial spin-off of YPF**

- ❖ **Positive impacts of operation:**

- *Geographical diversification*
- *Realization of Repsol YPF asset value in Argentina*
- *Better integration of Repsol YPF in the country*

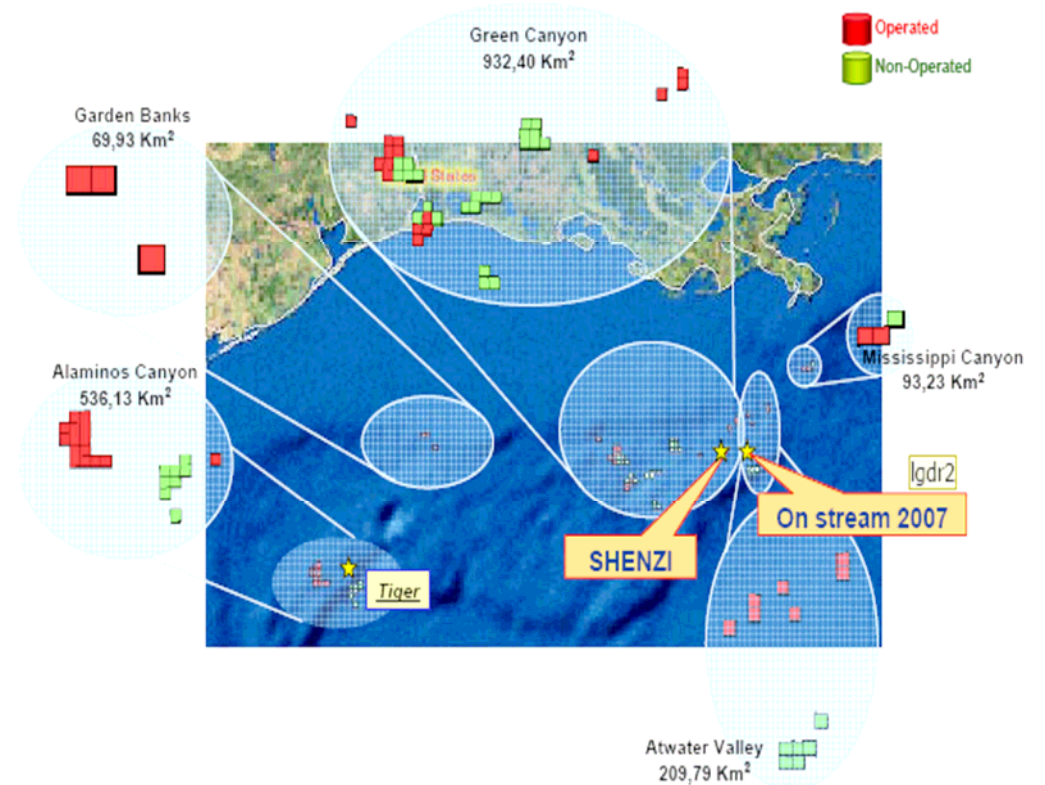
- ❖ **Requirements for operation:**

- *Attractiveness of YPF*
- *Good market valuation of these assets*
- *Appetite for emerging market shares*

Highlights: *E&P (ex-ABB)*

Gulf of Mexico

- **Progress in Strategy execution**
 - ❖ **Geographical diversification of Upstream portfolio**
 - ❖ **Development of a new core area**
 - ❖ **Exposure to oil prices**
- **Repsol YPF's presence**
 - ❖ **Exploration rights under 89 leases**
 - ❖ **35,000 bpd in Mid 2009**



Gulf of Mexico

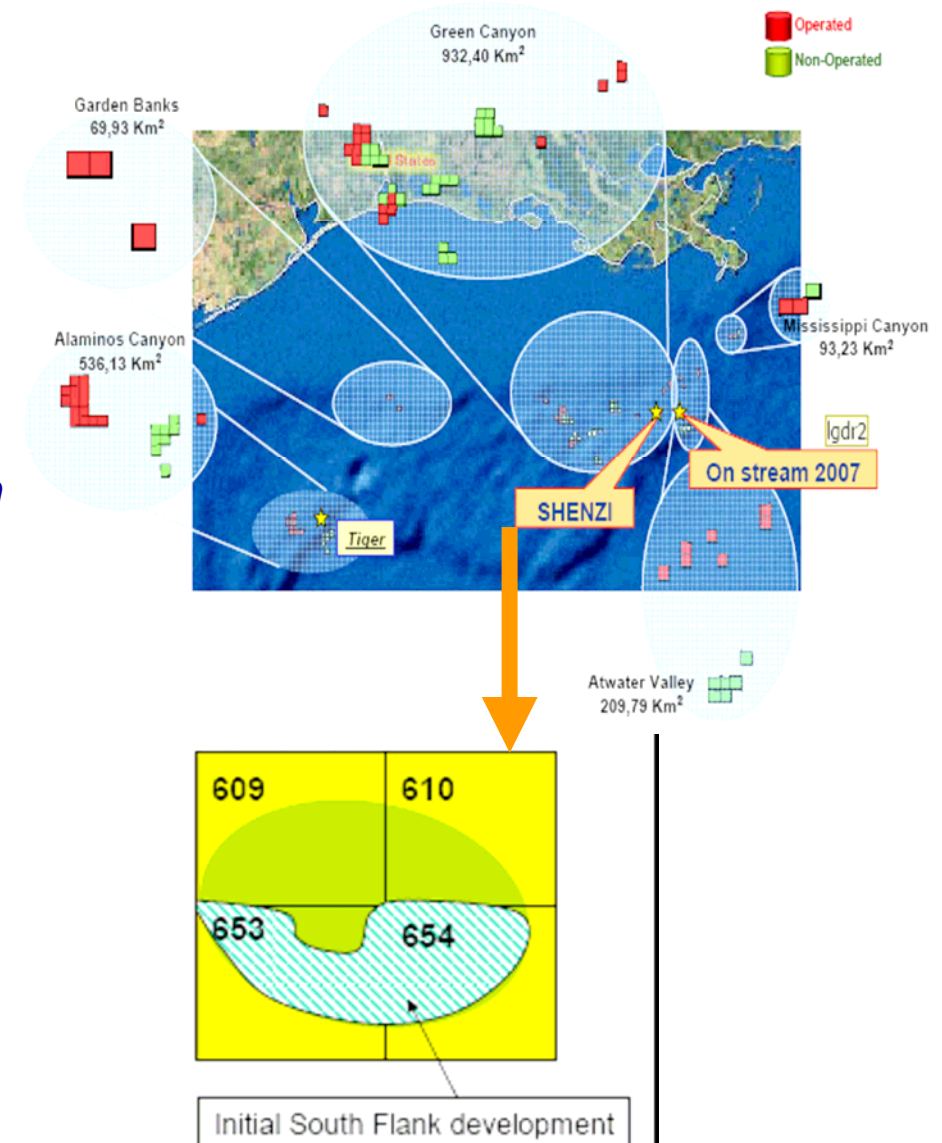
Shenzi field

❖ Value of assets: \$2.1 billion

- 500 Mboe of 2P reserves appraised in the Southern Flank
- 200 Mboe of risk resources in Northern Flank
- Oil to be processed and delivered through a TLP (up to 140kbpd)

❖ Consolidated position in the area

- Value driven exploration acreage
- In-house seismic processing center
- Contracted deep water rigs



North Africa

- **Algeria**

- ❖ *Possible changes in Hydrocarbon Law*



Highlights: *E&P (ex-ABB)*

North Africa & Caribbean

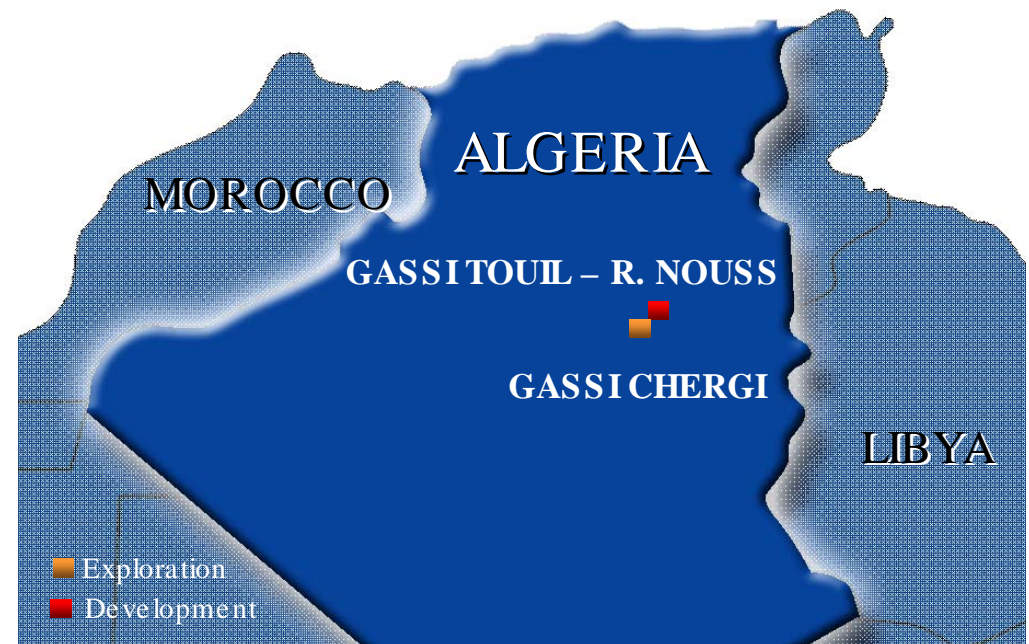
- ***Lybia***
 - ❖ ***Developing an aggressive seismic and exploratory campaign***
- ***Venezuela***
 - ❖ ***New JV's since April 1st with a negative impact on production of 45,400 bpd***
 - ❖ ***Ongoing negotiations for entering the Barua-Motatan project***
- ***Trinidad & Tobago***
 - ❖ ***4th train reached a production of 23,400 bpd during this quarter***

LNG

- **Growth in LNG**

- ❖ **Canaport: Final Investment Decision taken; on track to be in operation by 4Q08/1Q09**

- ❖ **Gassi Touil: on track to be in operation by 4Q09**



Highlights: *Downstream*

Downstream

- ***Optimize Downstream***

- ❖ ***Continue to progress in our investment program for upgrades of the Bilbao and Cartagena refineries***
- ❖ ***Petrochemicals:***
 - *Investment of €600 million at the Sines Petrochemical Complex*
 - *Capex included in 05-09 strategic plan*
 - *Will allow product integration and growth in the polyolefin segment*
 - *Will consolidate leadership position in Southern Europe*

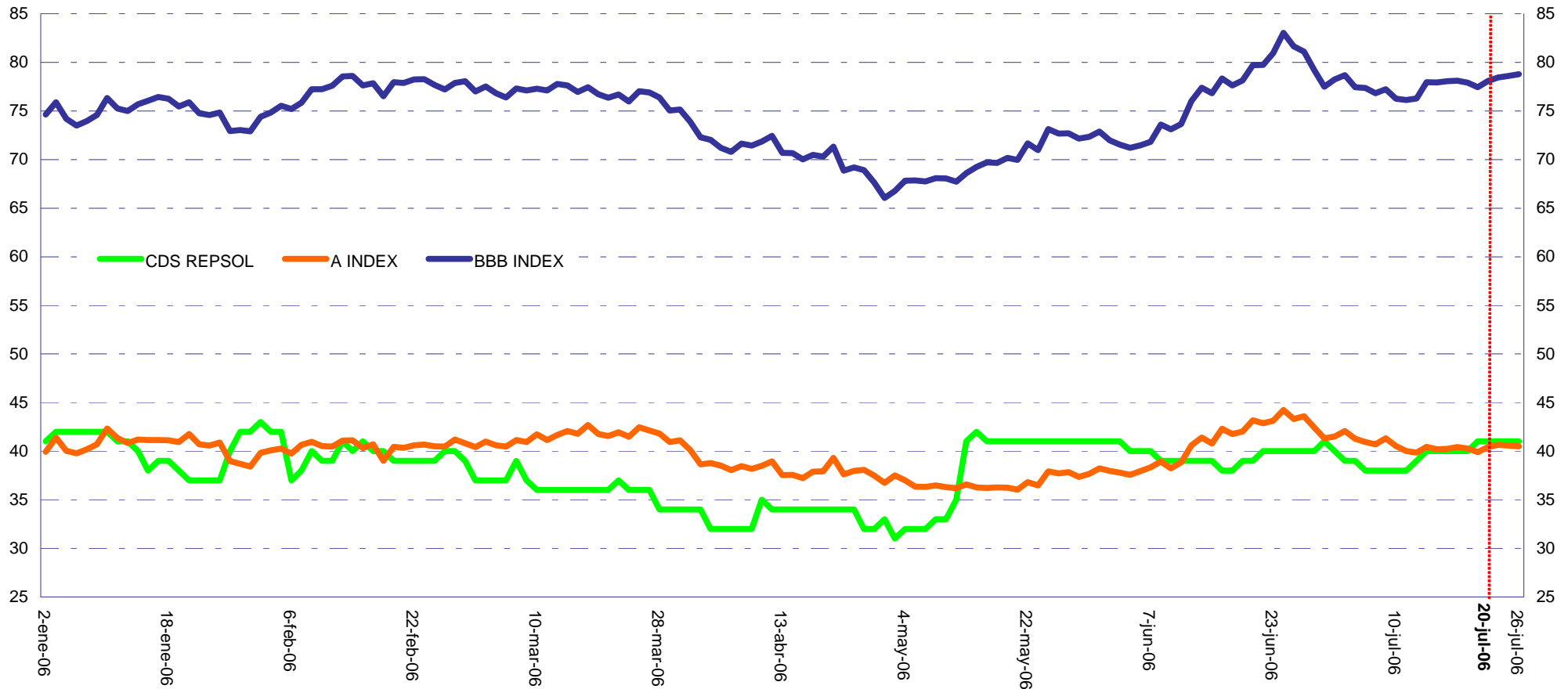
Highlights: *Reserves Revision*

Reserves Revision

- ***Independent internal review presented findings in mid June***
- ***Reduction for 2005 consistent with the recommendations of the external reserves auditors***
- ***Restatement of reserves published in the 20F affected 03 and 04 booked reserves in Bolivia and Argentina. Financial Statements not affected***

Highlights: Credit Rating

Standard & Poor's Rating

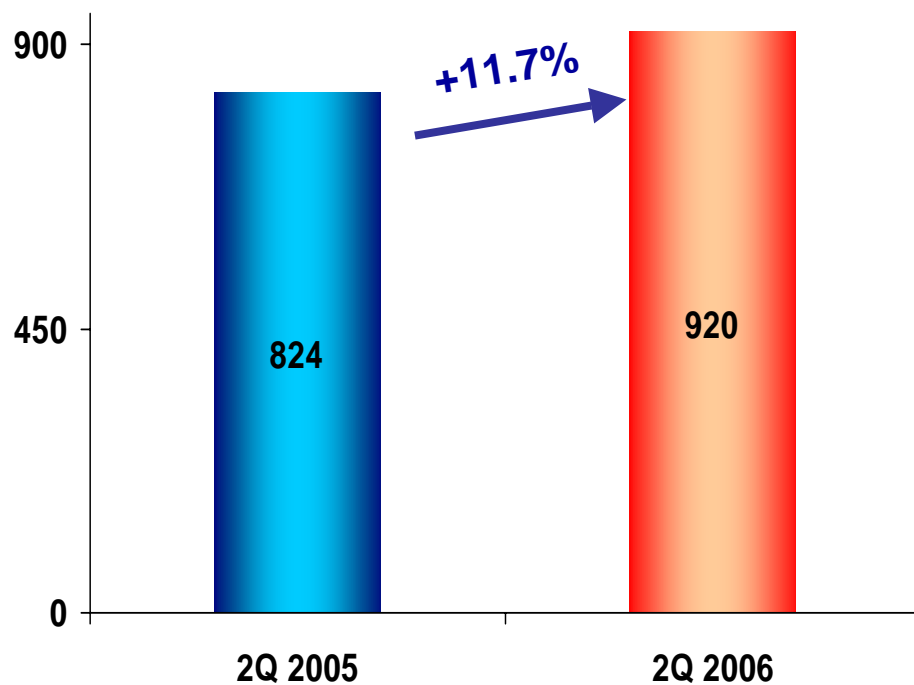




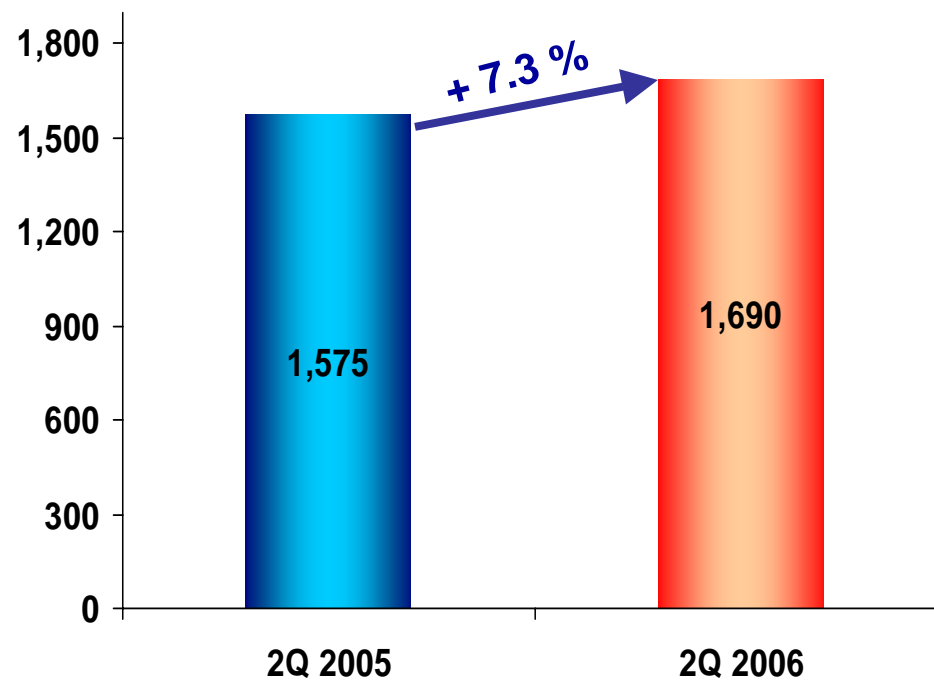
2nd Quarter Results

Antonio Brufau
Chairman & CEO

Net Income



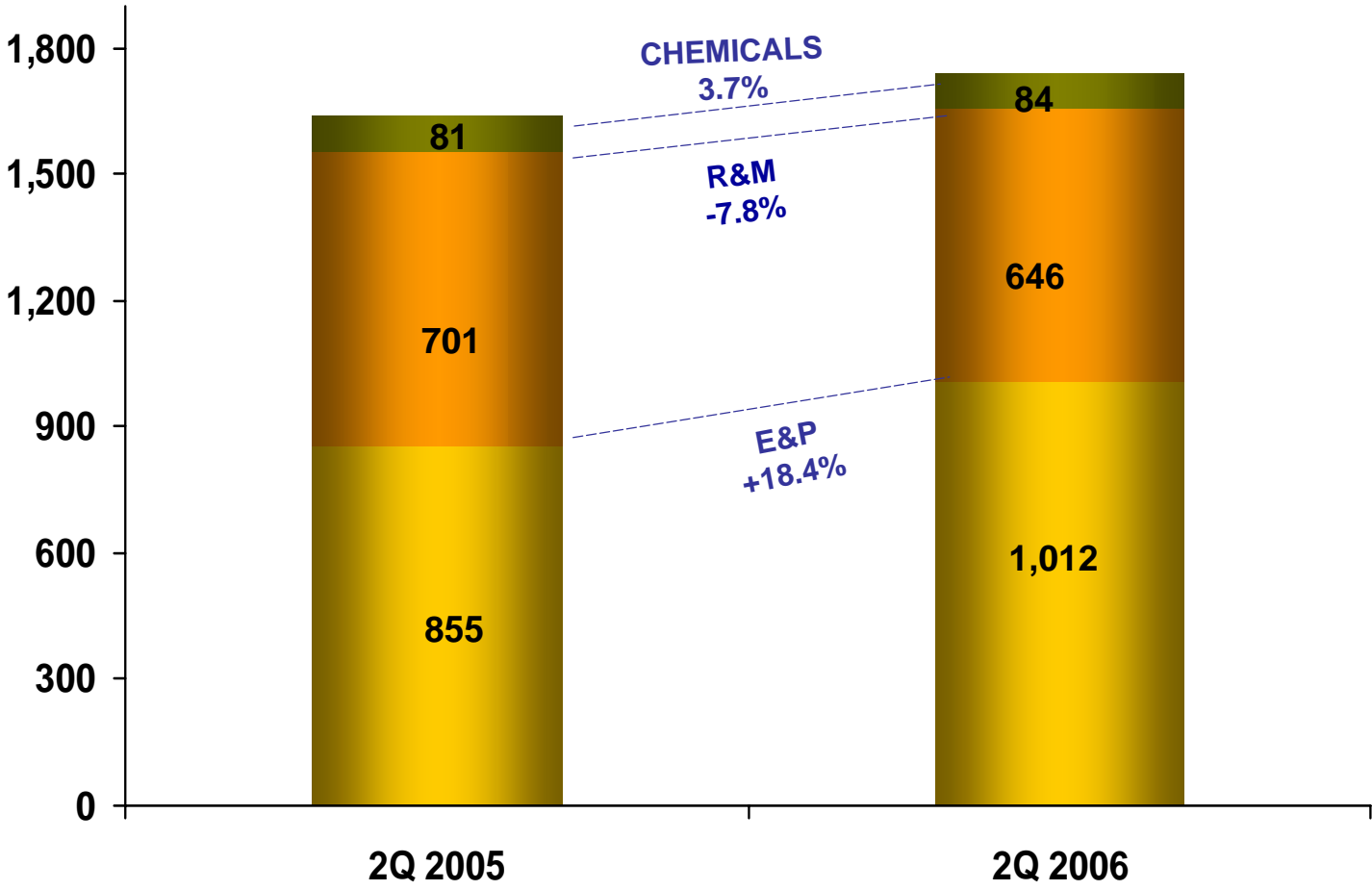
Income from Operations



Million Euro

2Q 2006 Results

Income from Operations

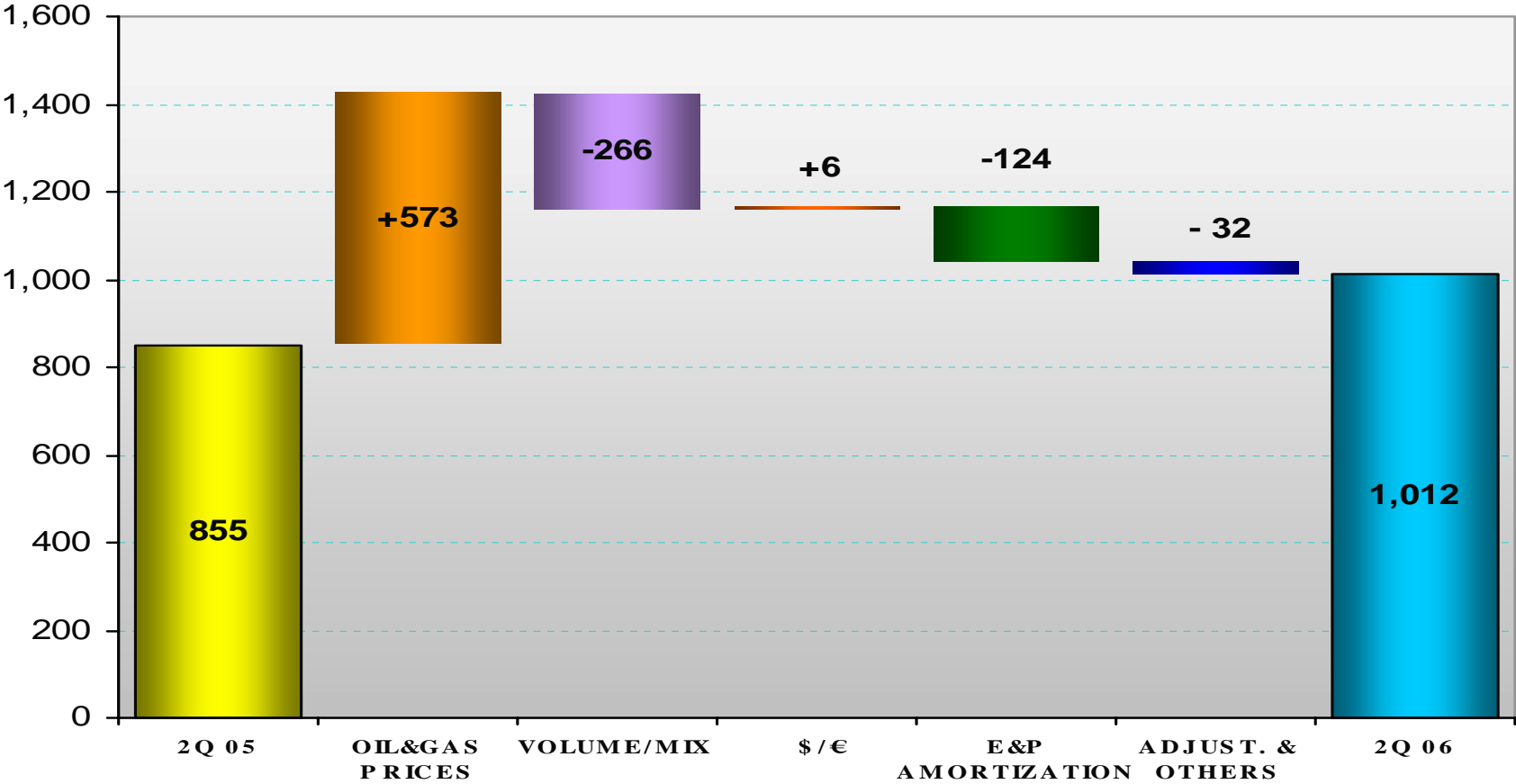


Million Euro

■ E&P ■ R&M ■ CHEMICALS

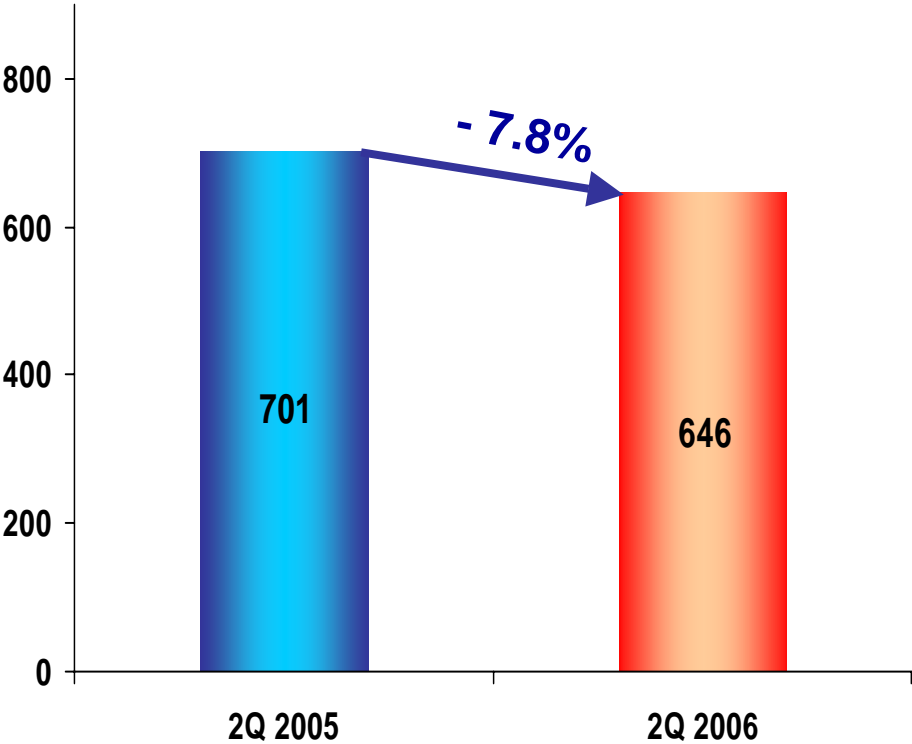
Upstream results

Upstream Income from Operations

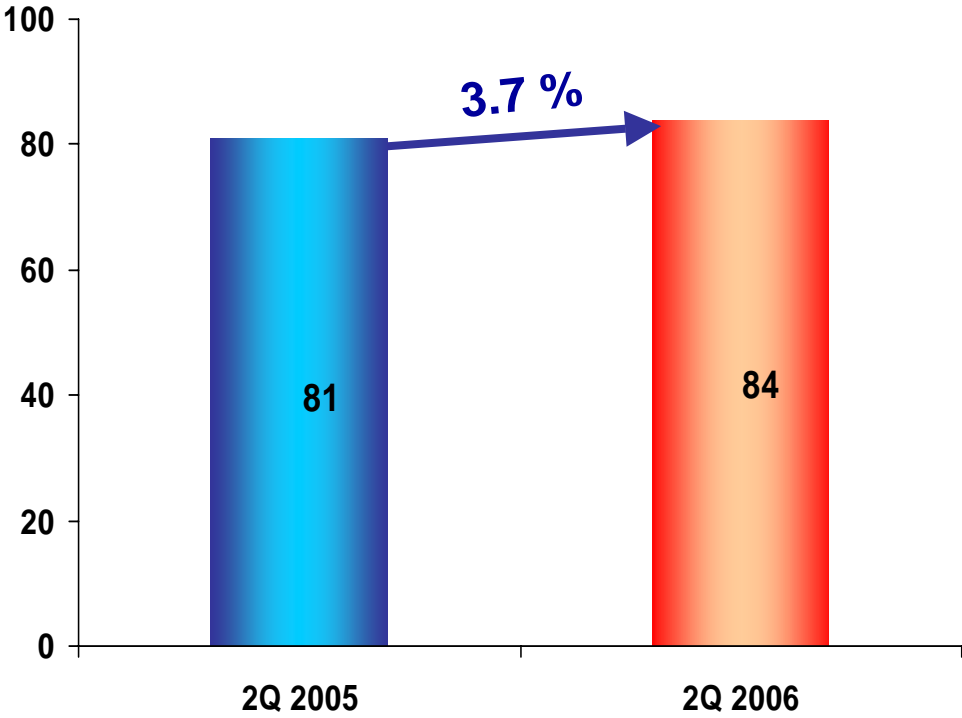


Million Euro

R&M Income from operations



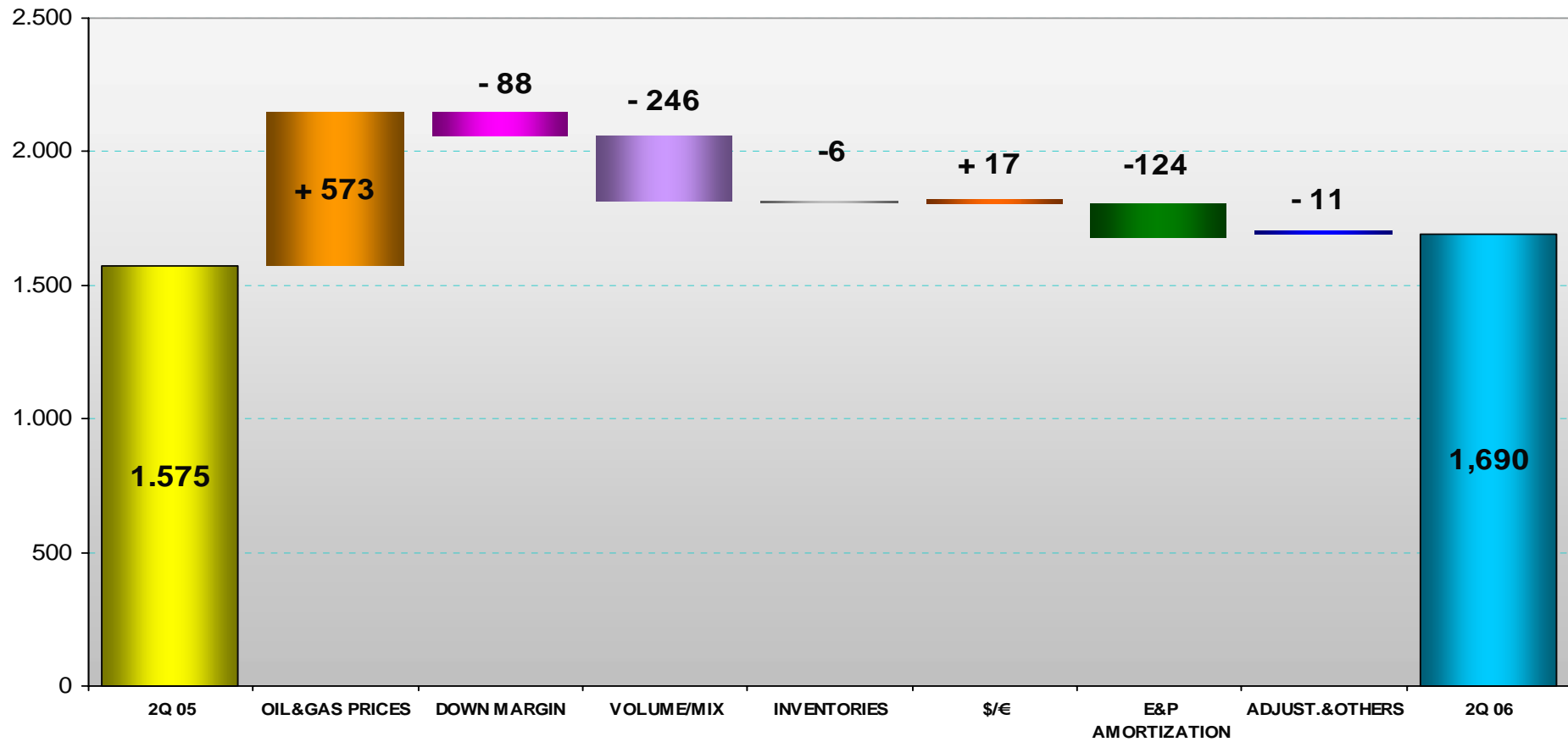
Chem. Income from operations



Million Euro

Variance Analysis

Income from operations



Million Euro



Financial Evolution

DEBT RATIOS



Million Euro

	Dec 31 st 2005	Jun 30 th 2005	Jun 30 th 2006
NET DEBT	4,513	5,108	4,111
BOOK CAPITALIZATION	24,988	24,069	25,488
NET DEBT /BOOK CAPITALIZATION (%)	18.1%	21.2%	16.1%
EBITDA	9,139	4,166	4,711
NET DEBT / EBITDA	0.49	0.61	0.44
NET INTEREST	394	205	183
NET INTEREST + DIVIDENDS PREFERRED SHARES	573	294	276
EBITDA / NET INTEREST	23.2	20.3	25.7
EBITDA / NET INTEREST + DIVIDENDS PREFERRED	15.9	14.2	17.1

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