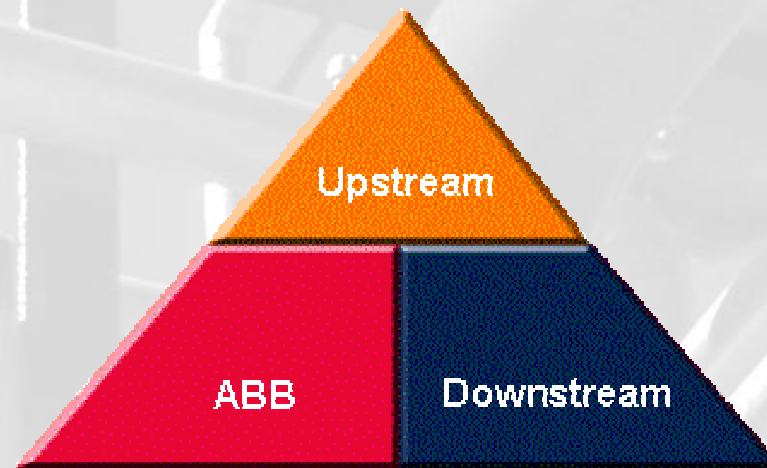


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Disclaimer

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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.

Agenda

- **Introduction**
- **Strategic Direction**
- **Upstream***
- **Argentina, Brazil and Bolivia (ABB)**
- **Downstream***
- **Targets**
- **Conclusion**

* Excluding Argentina, Brazil and Bolivia (ABB)

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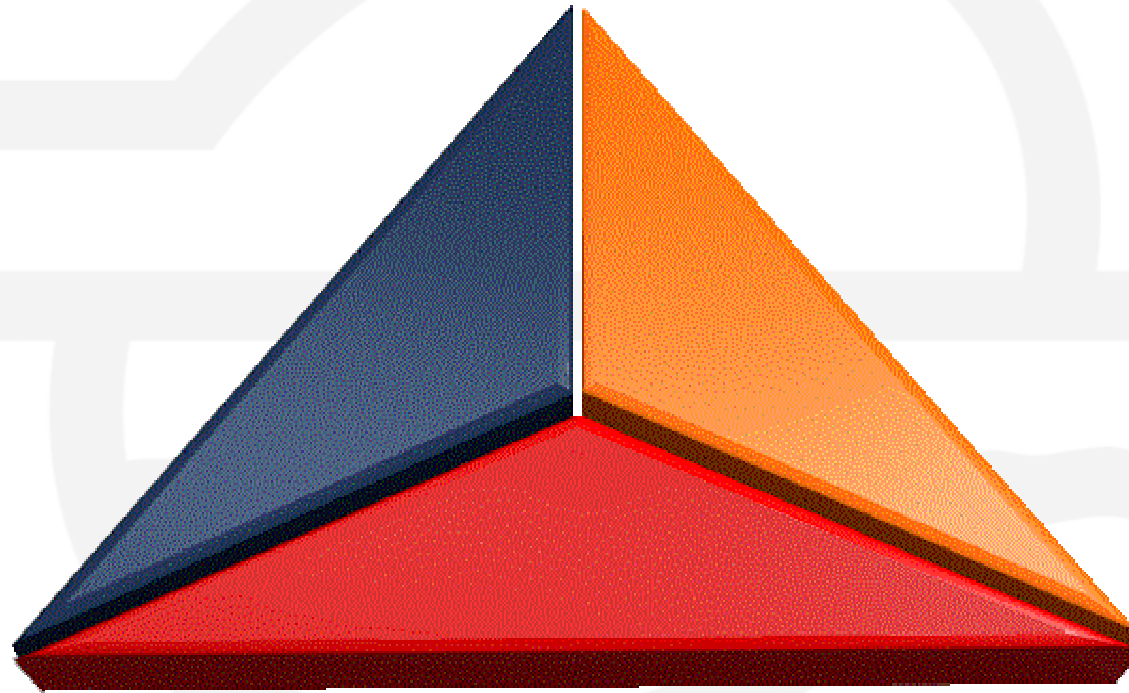


Introduction

A dynamic and successful regionally integrated company in oil & gas

Repsol YPF vision

A dynamic and successful regionally integrated company in oil & gas focused on creating shareholder value by:



Through a differentiated approach and a new way to manage the company: a step by step transformation

Strengths and challenges at Repsol YPF

Strengths

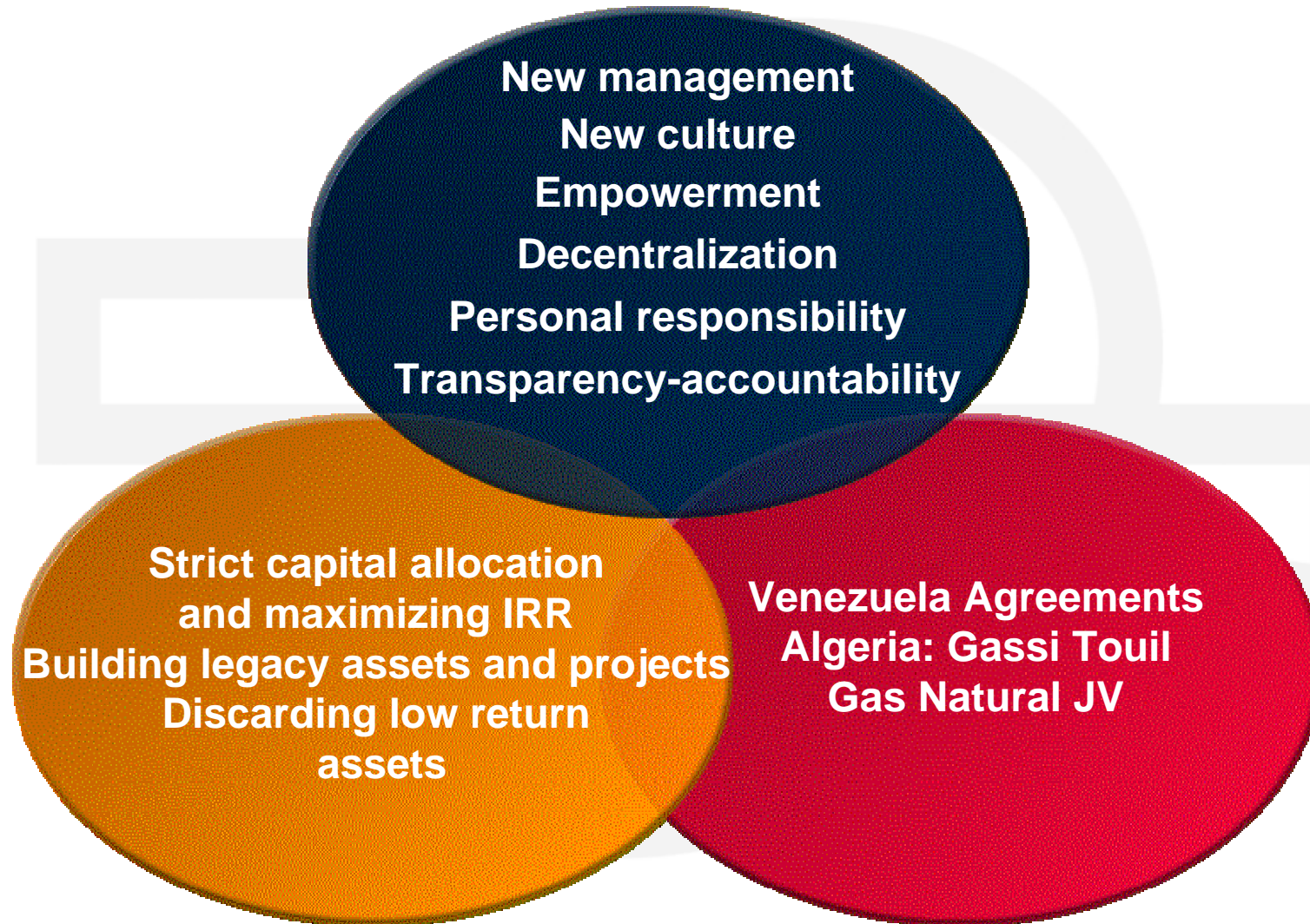
- Quality people
- Integrated business in two large areas
- Leading and high performance downstream positions
- Atlantic Basin LNG; Gas Natural relationship
- Unique position in an improving Argentina
- Strong North Africa portfolio
- Superior NOC relations in key areas

Challenges

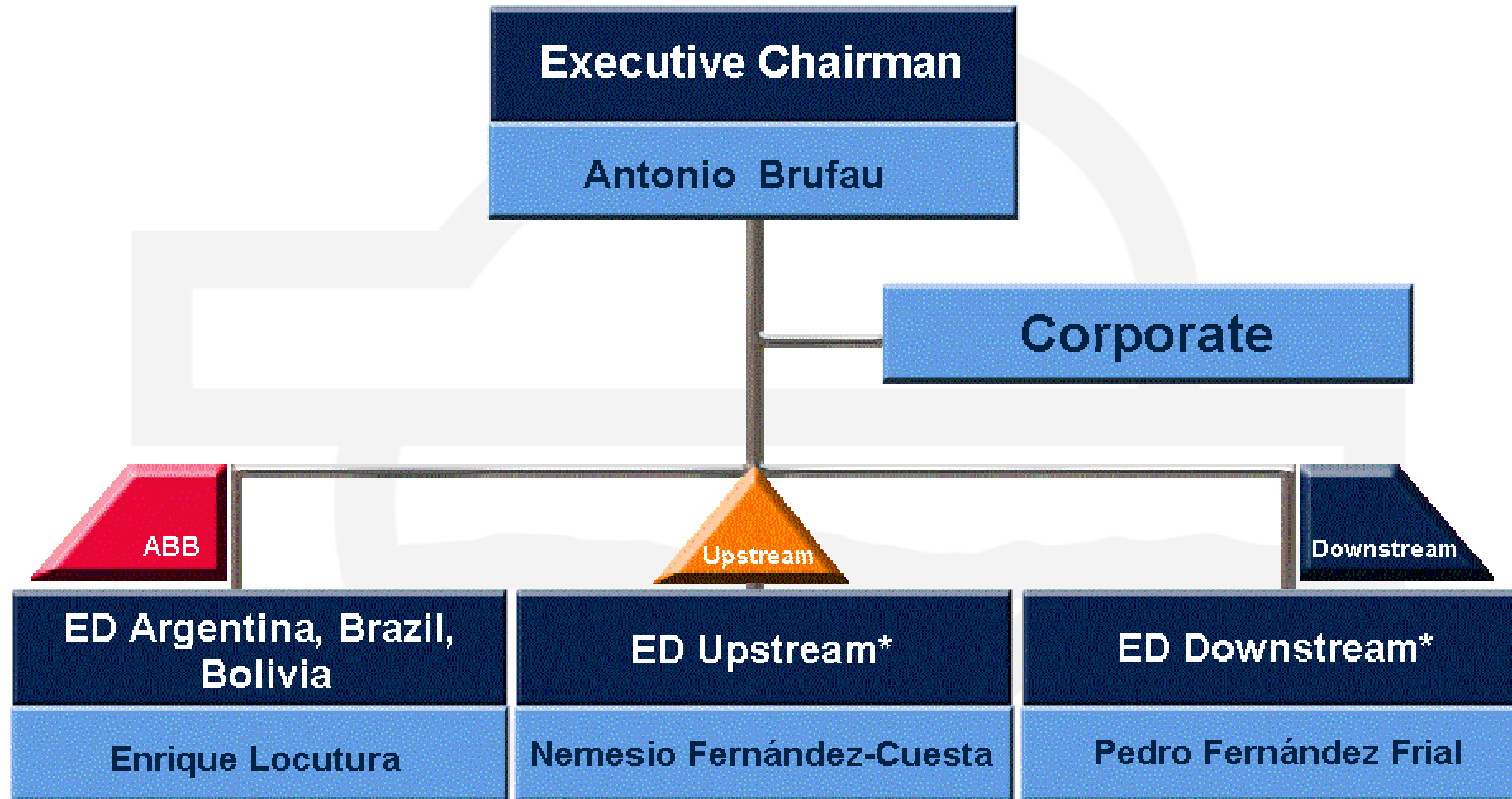
- Increase shareholder returns
- Replace reserves
- Improve margins
- Reinvest successfully
- Diversify geographically
- Reinforce credibility
- Become outward looking, more commercial and international
- Attract and retain talent

Transformation is a must

Beginning the transformation



New management



* Excluding ABB

Capital allocation process: Maximizing IRR

Specific hurdle rate by project, country and business

High return growth projects, exploiting marginal synergies
 $IRR \gg WACC$

ABB/Downstream
Stable free cash flow
 $ROACE > WACC$
Maximize value of integrated options

Discarding low return assets

Corporate

Increase shareholder returns

Growth options

Upstream

Creating legacy assets
Growing cash flow
Increasing ROACE

Develop production projects

 = Cash flow

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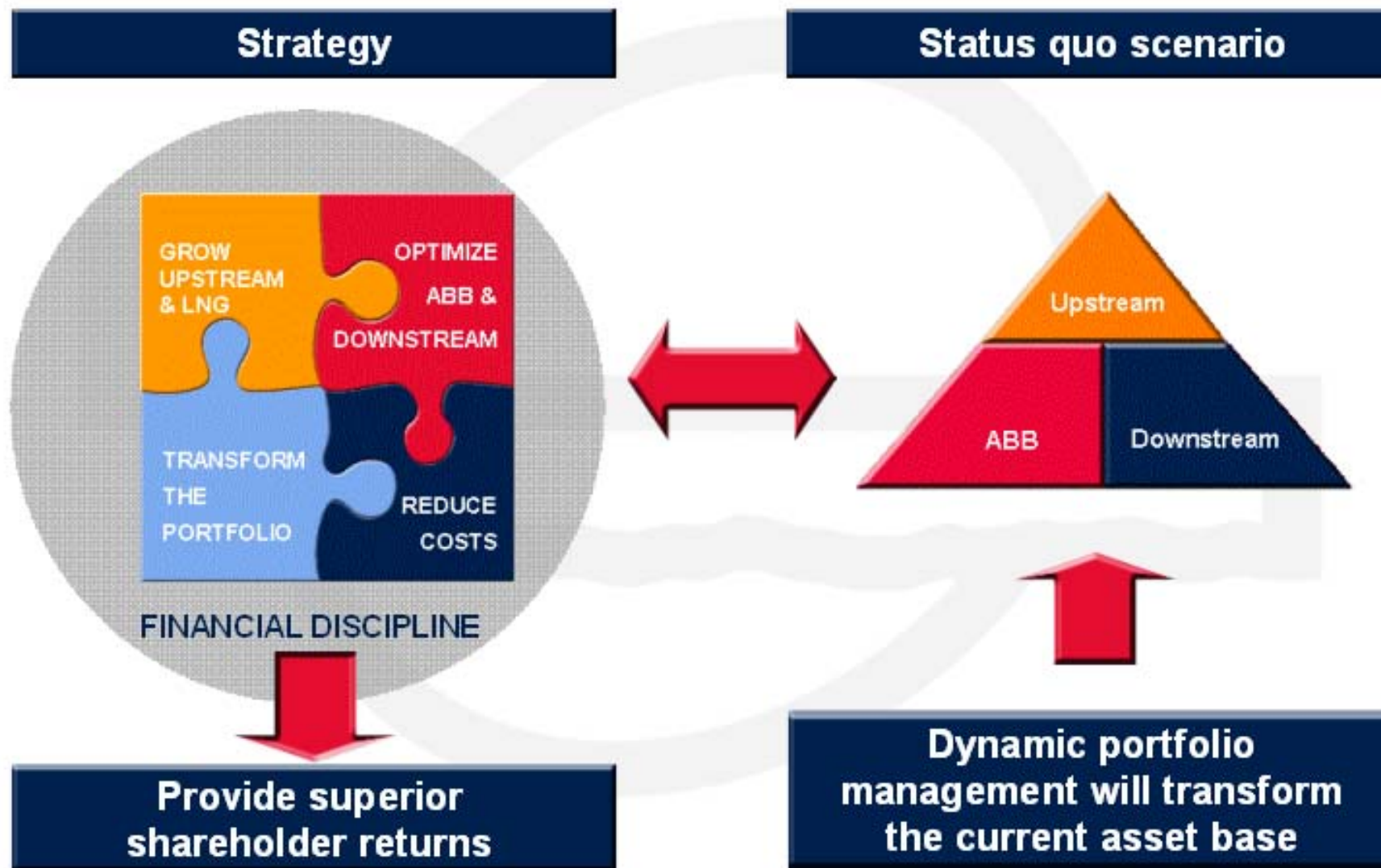


Strategic Direction

A dynamic and successful regionally integrated company in oil & gas



Commitment on the strategy...



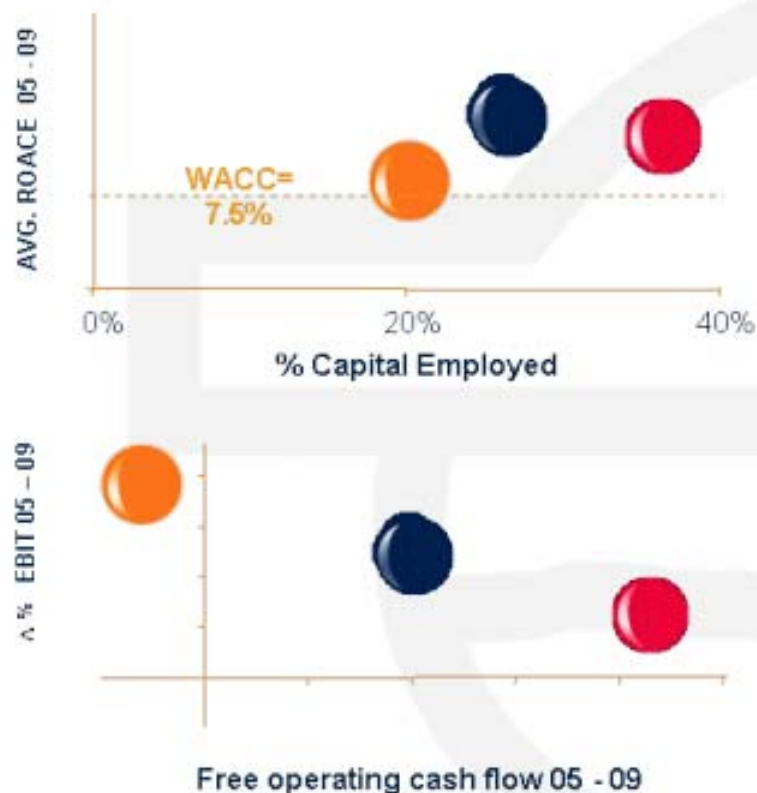
Reduce Costs



- 25% Corporate overhead reduction
- Streamlining business process
- Improvement of energy efficiency
- Improve procurement function and optimize logistics

1.2 B€ cumulative 5 years savings

Transform the portfolio



- Dynamically manage our portfolio for growth, low capital intensity, cash generation and high profitability
- Accurate review of portfolio to identify underperforming assets or assets of greater value to third parties
- Leverage on Repsol YPF's competitive advantages



Size of the bubbles is based on the investment level over the period

Optimize ABB & Downstream

- Manage Argentina, Brazil, Bolivia (ABB) assets to capture synergies and efficiencies among segments and countries
- Discipline essential to manage rising costs
- Look for new exploration plays, explore offshore Argentina, exploit Brazilian Upstream opportunities and develop Bolivian reserves
- Optimize CAPEX
- Manage downstream assets for maximum, stable and low risk cash flow

Grow Upstream & LNG

- Develop profitable new business opportunities and options in gas and oil to balance mature Argentina operations
- Build on Repsol YPF's producing natural gas assets, especially LNG
- Develop new platforms for growth with higher returns and longer maturity:
 - Accelerate exploration in prospective acreage
 - Search for new opportunities in JV's non-conventional oil resources and frontier areas
- Add a new core area to our portfolio

Financial discipline

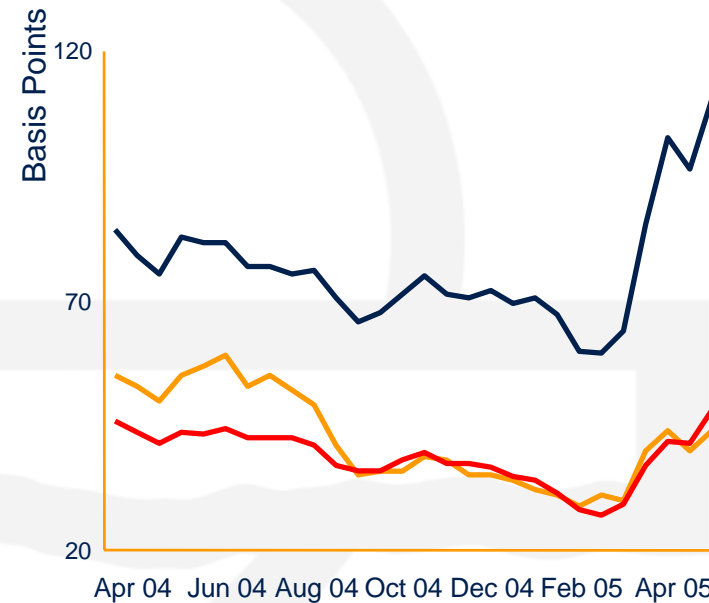
Objectives

- Cost of capital optimization
- Permanent access to markets
- Minimize vulnerability to any shock

Policy

- **Achieving financial strength consistent with credit trading as strong single A**
 - Working on convergence of ratings from agencies
- **Liquidity coverage of debt falling due in the next 12 months**
- **Dollar weight of funding in line with dollar weight of operating assets**

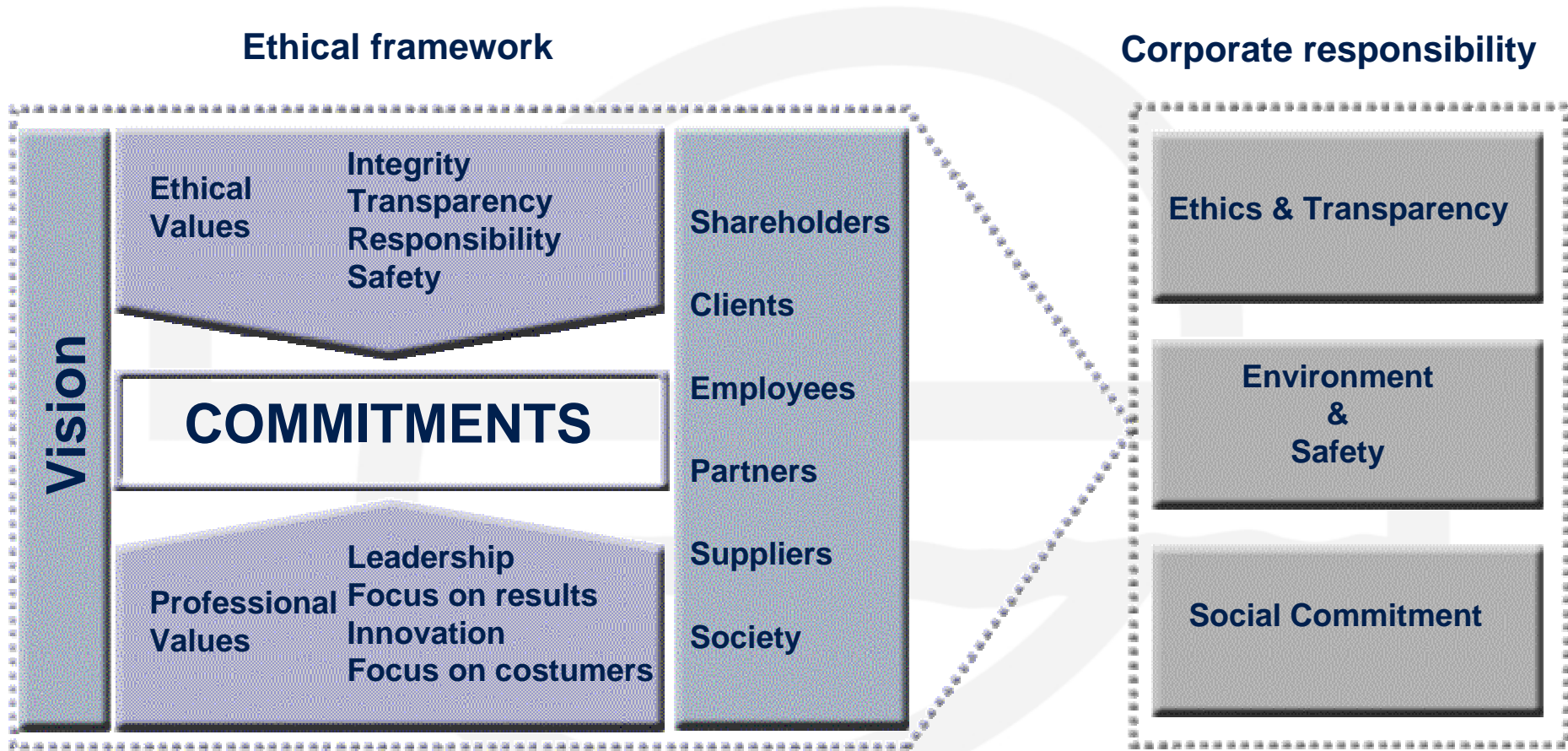
Repsol YPF currently trading as a single A



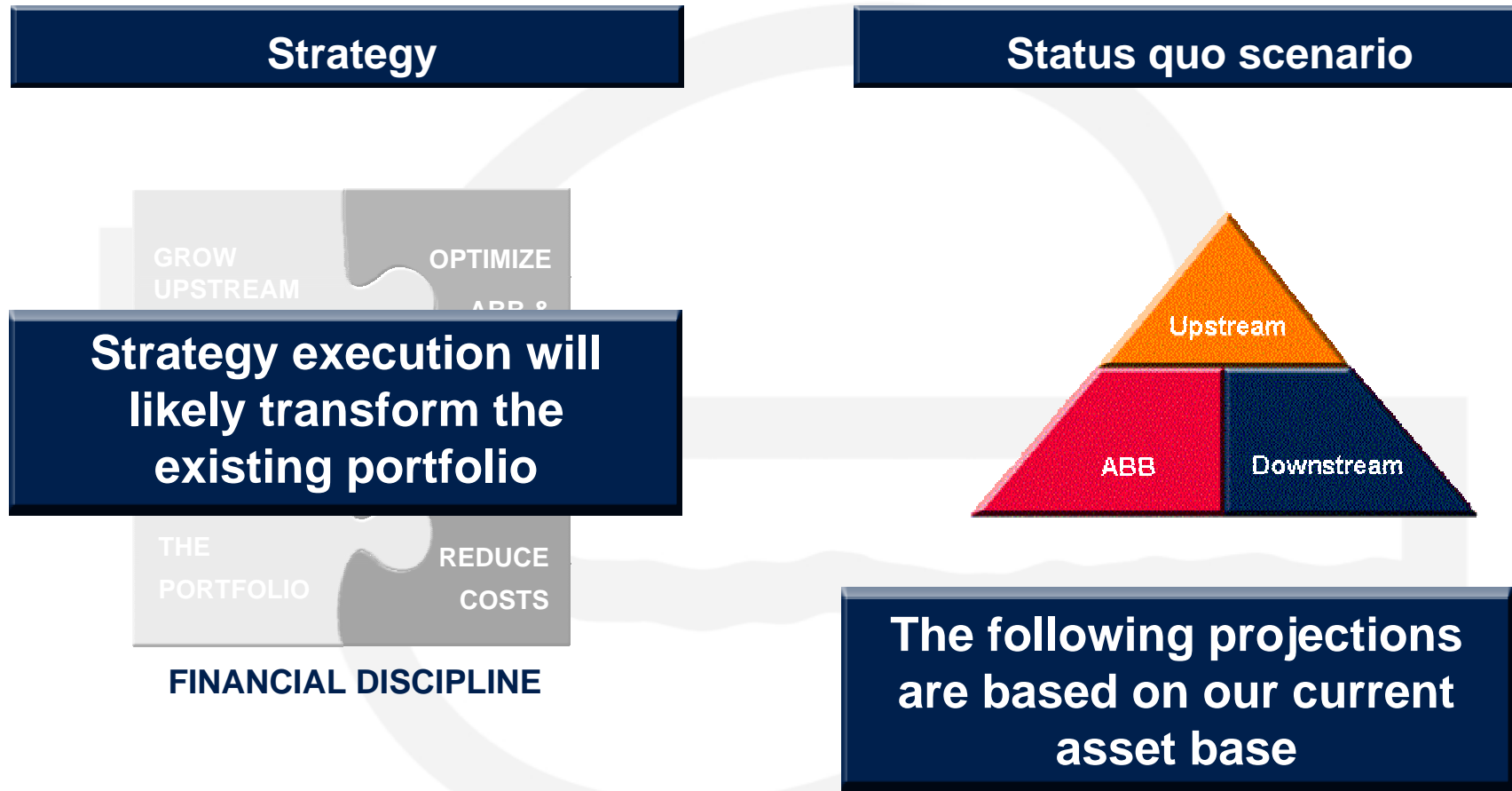
— CDS REPSOL — A INDEX — BBB INDEX

CDS: 5 year credit default swap Source: Iboxx

Corporate Responsibility



Dynamic portfolio management will transform the current asset base and projections



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