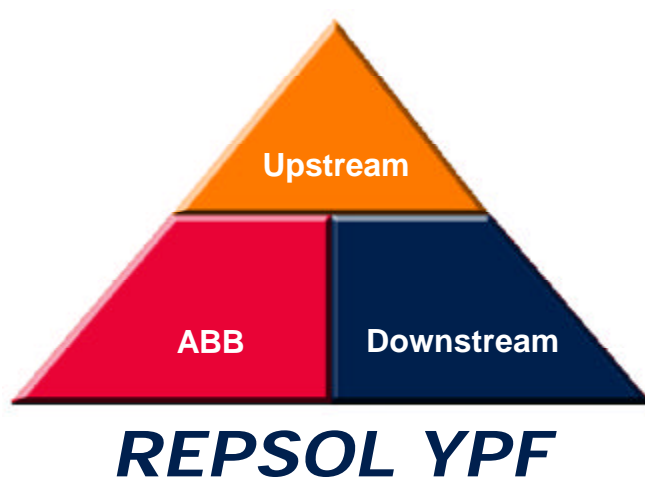




# **CSFB**

## **OIL & GAS CONFERENCE**



# Disclaimer

*This presentation contains forward-looking statements that are subject to risk factors associated with the oil, gas, power, chemicals and renewable businesses. It is believed that the expectations reflected in these statements are reasonable, but may be affected by a variety of variables which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, the risks of doing business in developing countries, legislative, fiscal 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, 2004 on file with the US Securities Exchange Commission.*

*In particular, this announcement also contains statements regarding revisions to previous estimates of the proved oil and gas reserves of Repsol YPF and the estimated financial impact of these revisions. These revisions are being made in connection with the estimation of proved reserves at December 31, 2005. In addition, the audit committee of Repsol YPF is conducting an independent review of the circumstances regarding these revisions. The estimation of proved reserves involves complex judgments, including judgments about expected economic, technical and other operating conditions, and are subject 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. In addition, the statements contained in this announcement or prior dates may be revised in light of the results of the independent review being conducted by the audit committee.*

## **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.*

# Agenda

- **Introduction**
- **Strategy review: Accomplishments**
  - BD Upstream\*
  - BD Downstream\*
  - Argentina, Brazil & Bolivia (ABB)
  - Financial targets
- **Conclusions**

\* Excluding Argentina, Brazil & Bolivia (ABB)

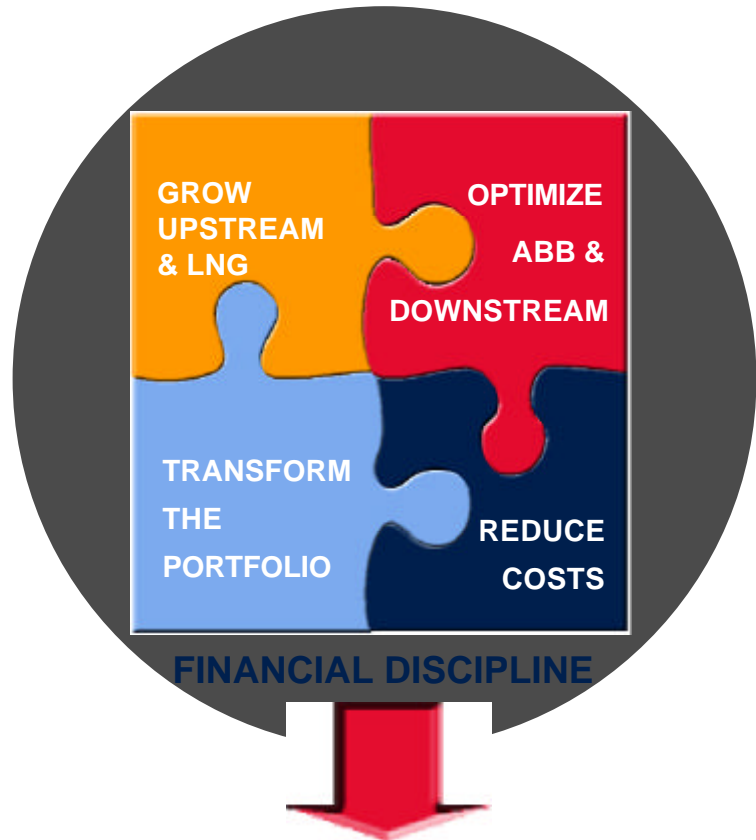


# Introduction



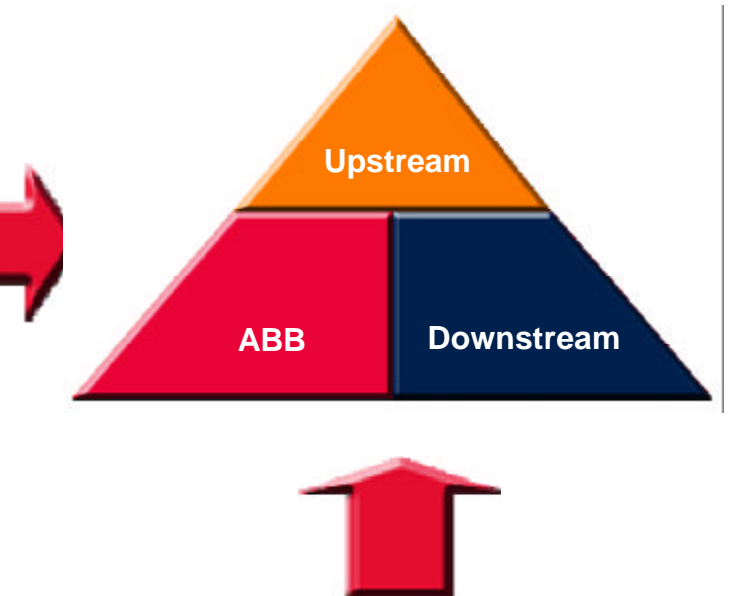
# Commitment on strategy...

Strategy



Provide superior shareholder returns

Status quo scenario



Dynamic portfolio management will transform the current asset base

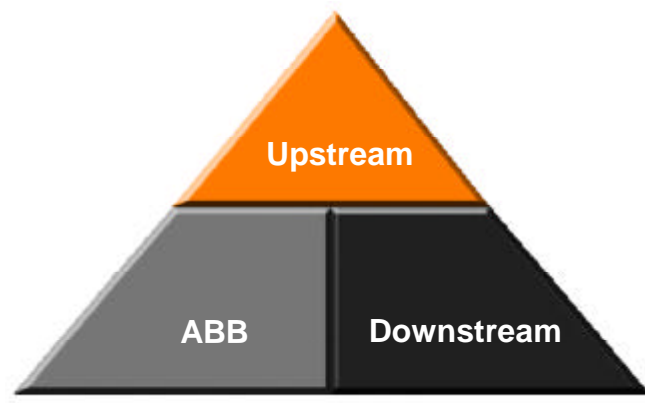
## Main factors

- Reserves revision
- Higher refining margins; investments brought forward on time
- High oil prices
- High interest by NOC's in sharing the oil profit:
  - ✓ JV Venezuela
  - ✓ Nationalization movements in Latam: Bolivia

**REPSOL  
YPF**



# *Upstream\**



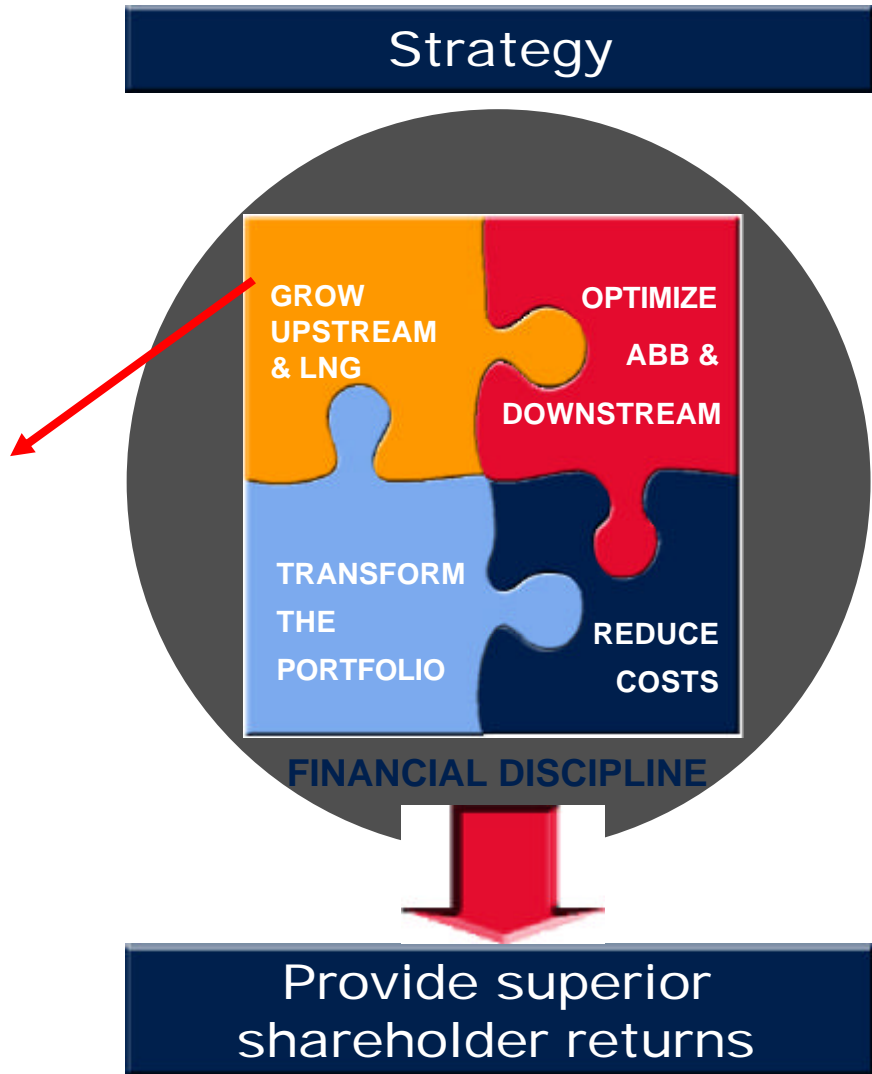
***Profitable growth vector for Repsol YPF***

---

\* Excluding ABB

## PE 2005 – 2009. Main targets

1. Profitable development of new business opportunities and oil & gas options in the two core areas: North Africa & Caribbean
2. To accelerate exploration in prospecting acreage
3. To potentiate LNG assets
4. To add a new core area to our portfolio





# Accomplishments in our first year.

## Upstream: main lines

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

- ✓ New organization: incorporation of new qualified professionals
- ✓ Growth in North of Africa: Gassi Touil and discoveries in Libya & Algeria
- ✓ Increased presence in Caribbean: Atlantic LNG 4<sup>th</sup> train, acquisition TSP fields (T&T) and agreement with PDVSA in Venezuela.
- ✓ Accelerate exploration in Libya
- ✓ Development of a third area: acquisition of 10% of West Siberian Resources in Russia

- **LNG**

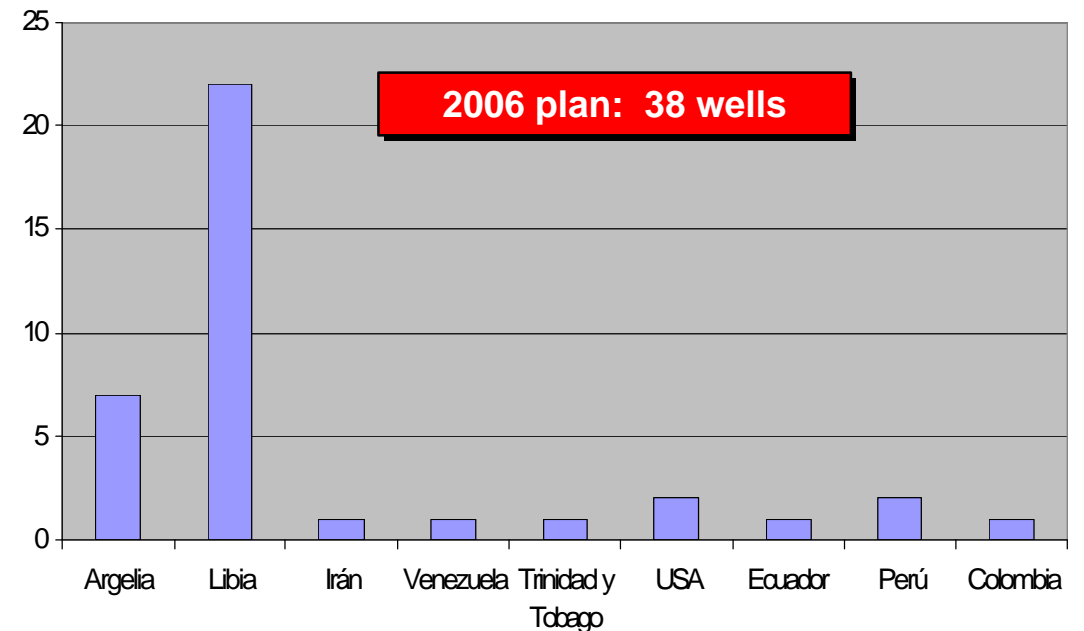
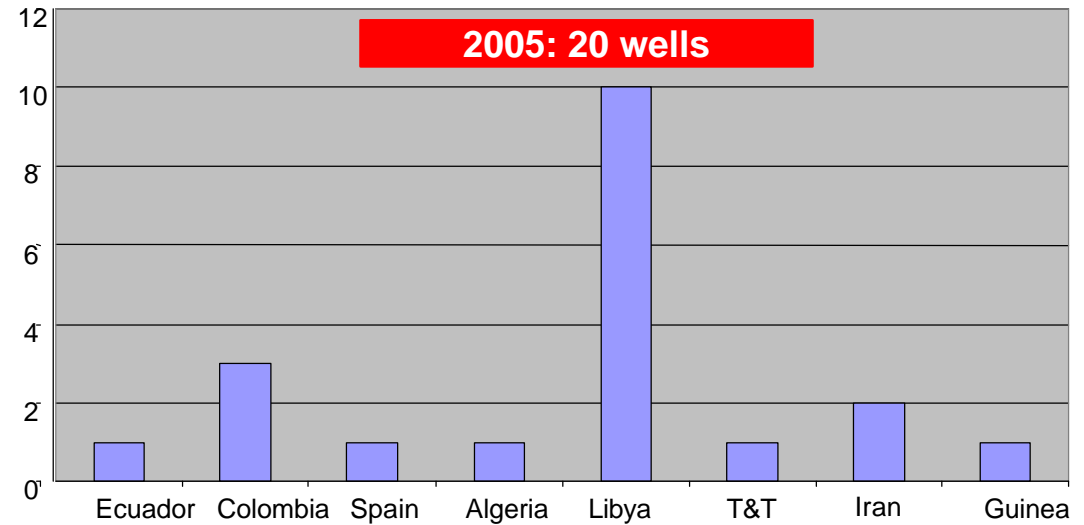
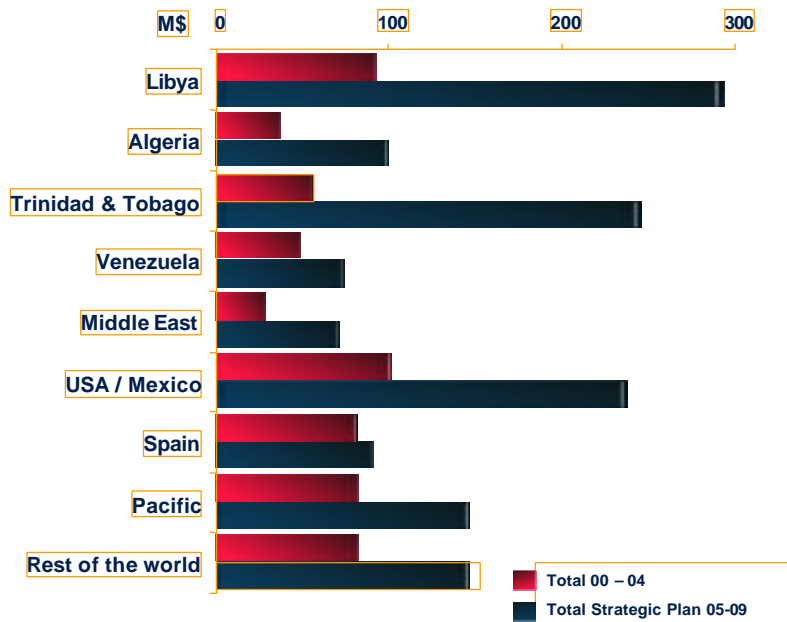
- ✓ Creation of a Midstream company with Gas Natural SDG
- ✓ Strengthening of our gas position in LNG:
  - ❖ Gassi Touil
  - ❖ Regasification plant in Canada
  - ❖ Camisea LNG (Peru)

# Accomplishments in our first year:

Accelerate exploration

## Exploration

- **Organizational change:**
  - Movement from 6 different exploration areas to just 1 single unit that coordinates all operations
- **Efforts concentrated in North Africa and low risk exploration**



# Accomplishments in our first year:

## Growth in North Africa

- **Algeria:**

- ✓ Discoveries in Reggane

- **Libya:**

- ✓ Discovery of light sweet crude oil in Murzuq
- ✓ Approval for the commercialization of B & H fields in Murzuq



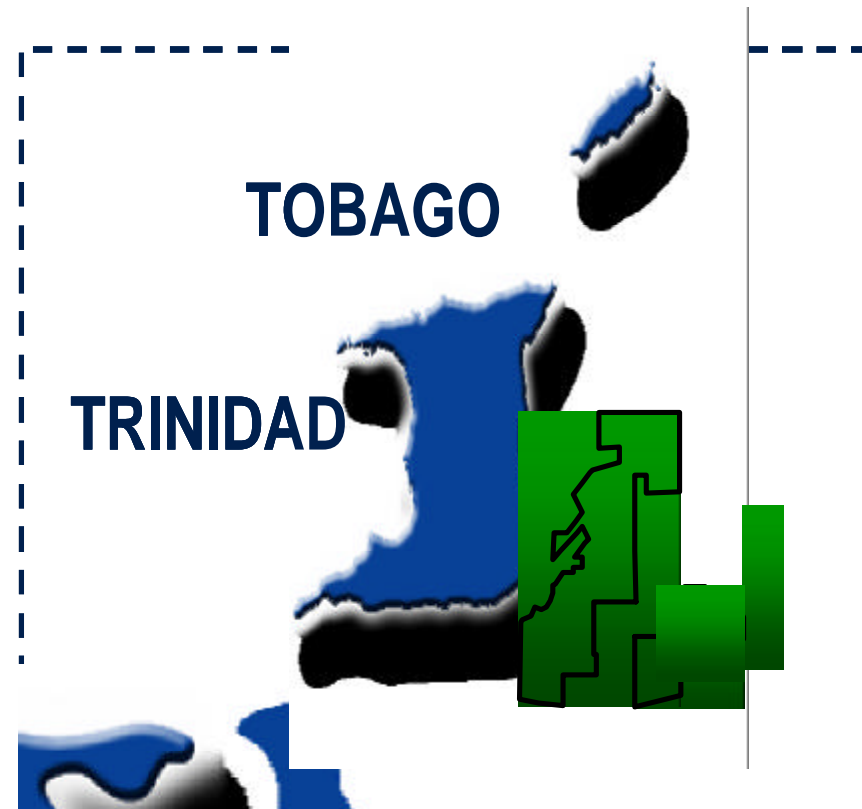
# Accomplishments in our first year:

Increase our presence in the Caribbean (I)

## Caribbean

- **Trinidad & Tobago**

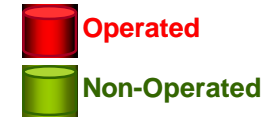
- ✓ *4th Atlantic LNG train has started production*
- ✓ *Will run at full capacity by the end of Q2*
- ✓ *Acquisition of the TSP fields*
- ✓ *Production added by both in 1Q06 16,800 boepd*



# Accomplishments in our first year:

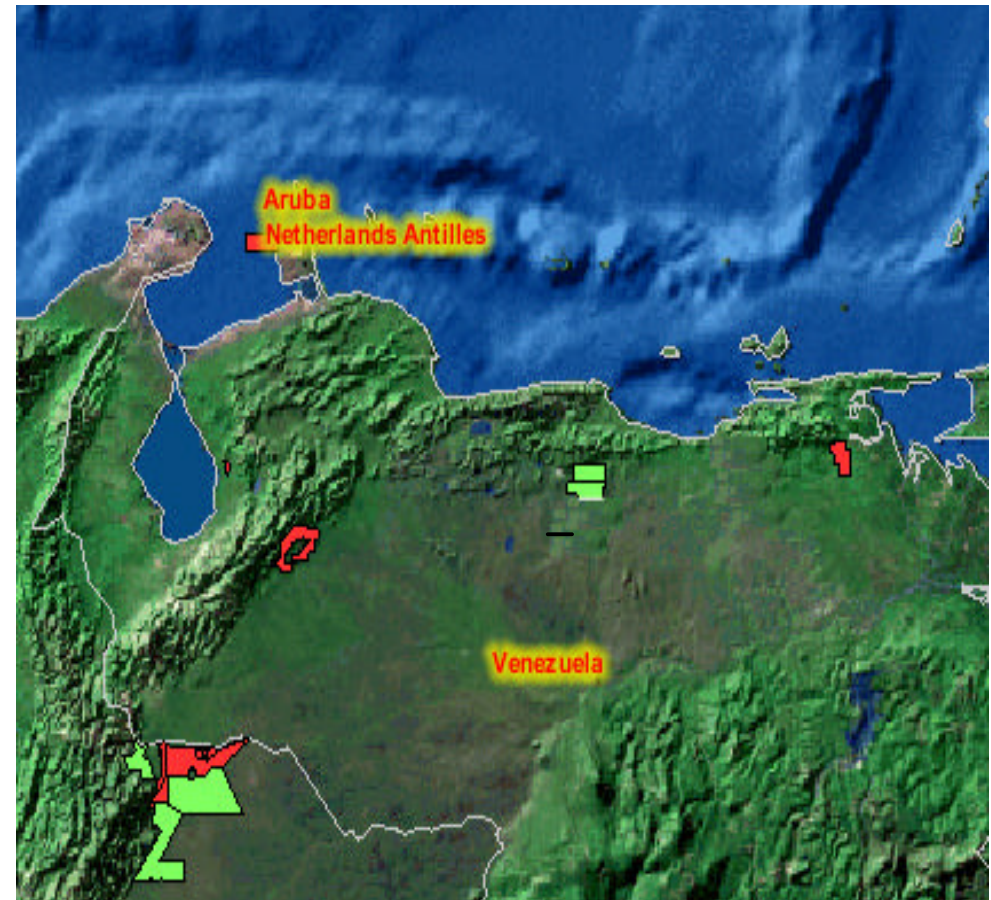
Increase our presence in the Caribbean (II)

## Venezuela: Signing of Joint Ventures



### ✓ Maintaining the value of our assets:

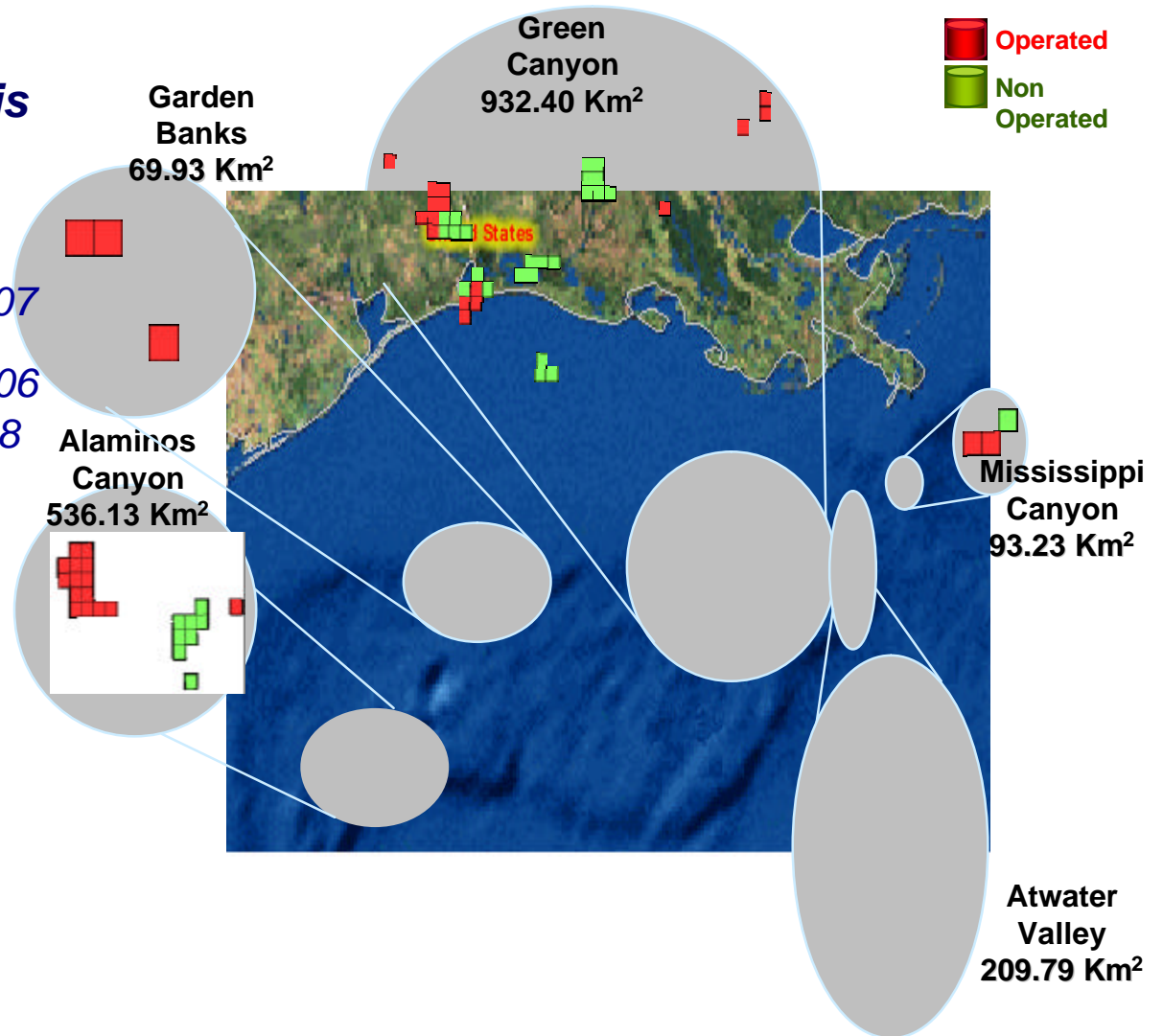
- JV 60%-40% in oil and 40%-60% in gas
- Extended concessions in Quiriquire and Mene Grande
- Higher selling prices
- “Voucher” to compensate value of returned fields (mainly Quiamare)
- Opportunity in Barua-Motatán
- Negative effect on production: 47,000 boepd in 06; decreasing to 20,000 boepd in 09
- Adjustment in reserves: 73 Mboe



# Accomplishments in our first year: Increase our presence in the Caribbean (III)

## GOM

- **Maintaining the assets of this core area and developing it further**
  - ✓ Neptune in production by 1Q 07
  - ✓ 4 new exploratory wells in 1Q06 in the Central Lease Sale - 198
- **Trying to increase our presence**
- **Mexico**





# Accomplishments in our first year:

To potentiate LNG assets (I)

- Creation of Stream

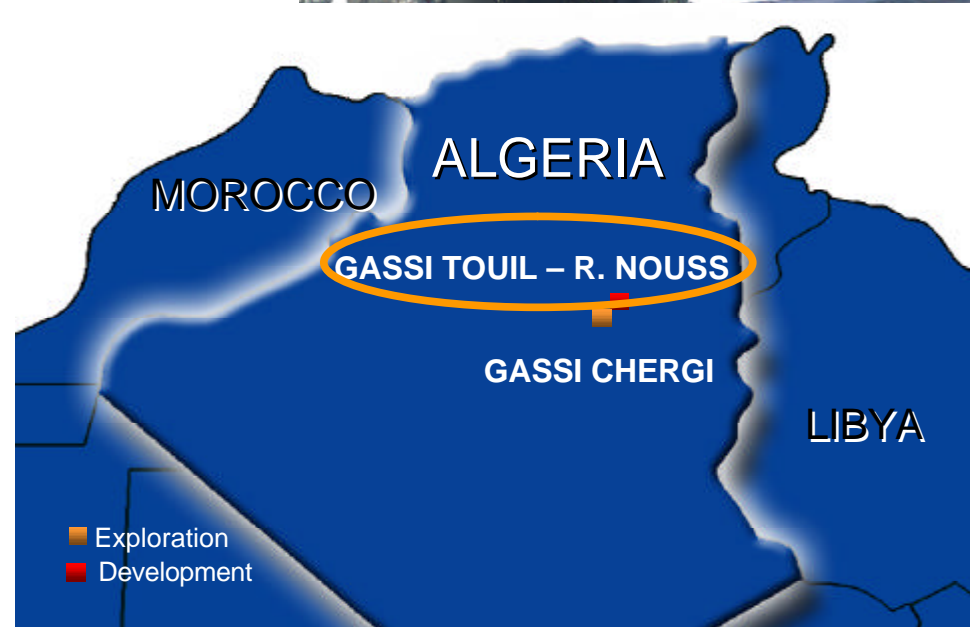


# Accomplishments in our first year:

To enhance LNG assets (II)

- **Gassi Touil (Algeria)**

- ✓ *Development on track*
- ✓ *Expected to start production by 2009*





# Accomplishments in our first year:

To enhance LNG assets (III)

- **Canada**

- ✓ *Development on track*
- ✓ *Final Investment Decision taken*
- ✓ *Operational in 4Q 08 – 1Q09*

- **Camisea**

- ✓ *Development on track*
- ✓ *Agreement signed to exclusively commercialize 100% of the LNG*
- ✓ *Operational by 2009*

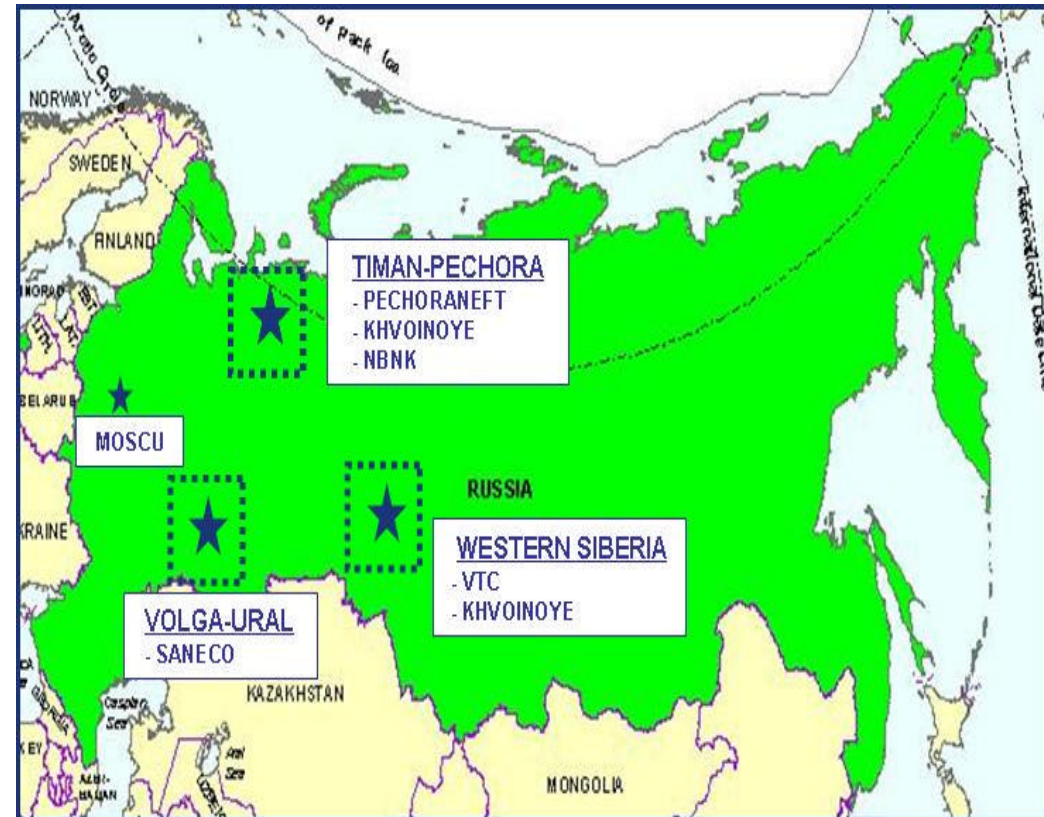
# Accomplishments in our first year:

Add new core area

## Third Core Area

- **Russian Federation**

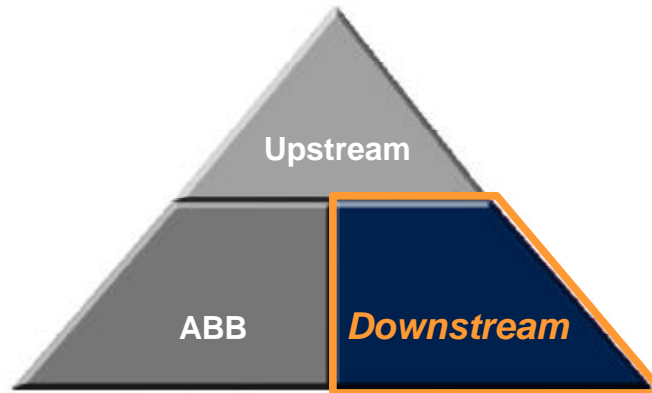
- ✓ Acquisition of a 10% stake of West Siberian Resources
- ✓ Progress in geographical diversification
- ✓ Growth
- ✓ Possibility of developing new projects in Russia



**REPSOL  
YPF**



## Downstream\*



***Leadership positions in growth markets***

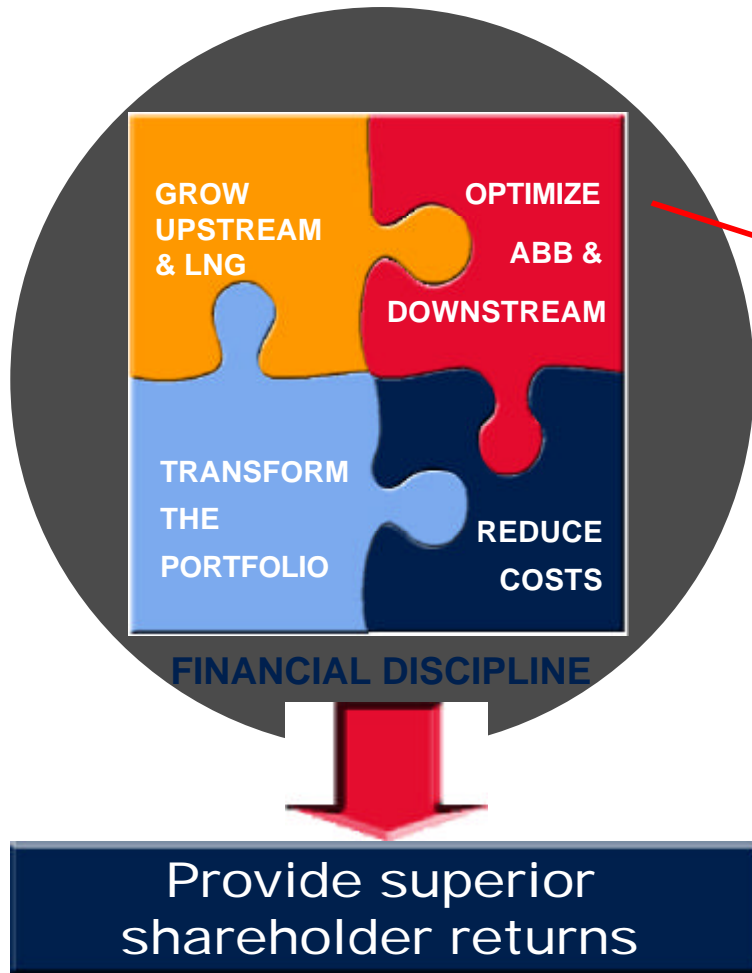
***Create quality income***

---

\* Excludes ABB

# PE 2005 – 2009. Main targets

## Strategy



## DOWNSTREAM

1. DOWNSTREAM management addressed to maximize stable and low risk cash flow
2. Investments in Bio –diesel
3. Agreement in Service Stations

# Accomplishments in our first year:

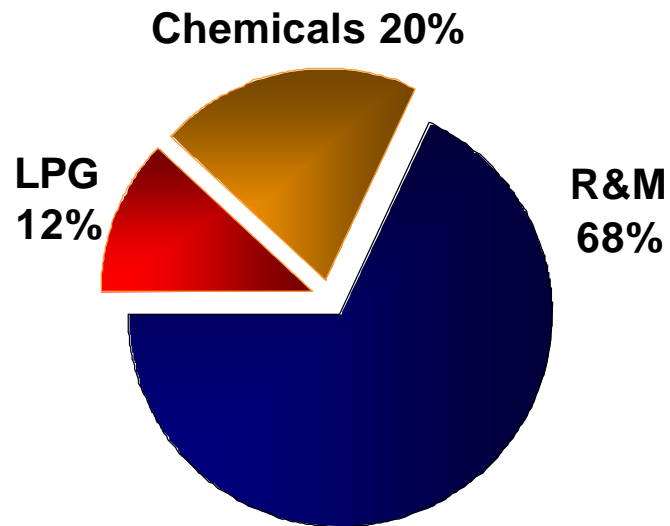
## Downstream: main lines

- Following and accelerating Downstream strategy
- Establishment of a more integrated system, with higher conversion capacity in the Iberian Peninsula
- Increase of topping capacity
- Development of bio-fuels
- Agreement with EU on service stations

# Accomplishments in our first year:

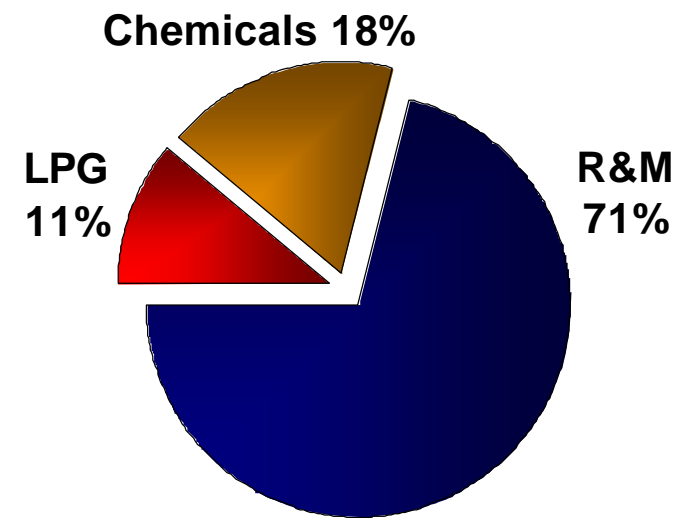
Updated capex 05-09

## Strategic Plan 05-09



€5,700 M

## Updated Capex 05-09 (1)



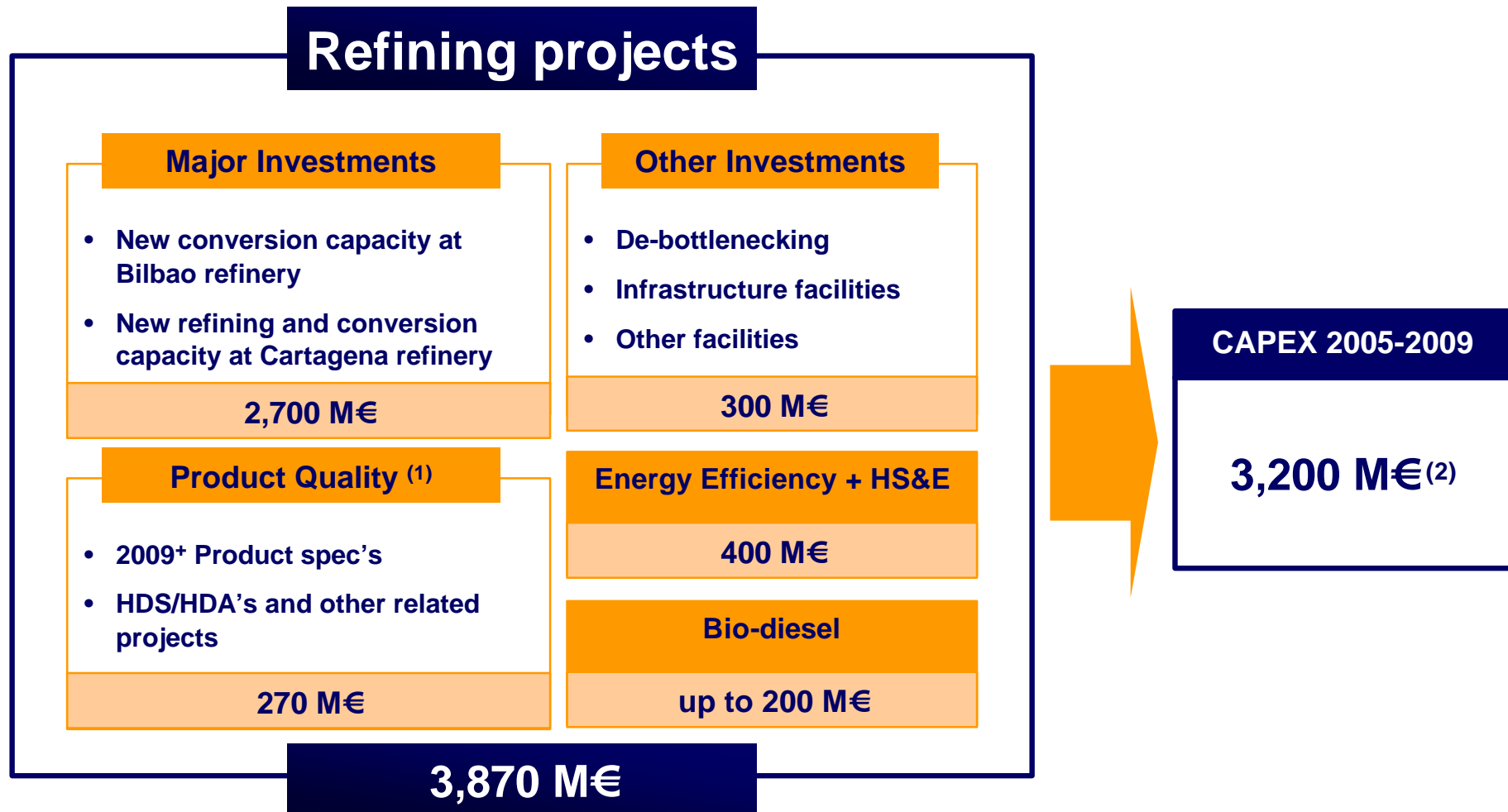
€6,200 M

+ 9 %

(1) Faster development of refining projects (similar total projects' investment, but more capex concentrated in 05 – 09)

# Accomplishments in our first year:

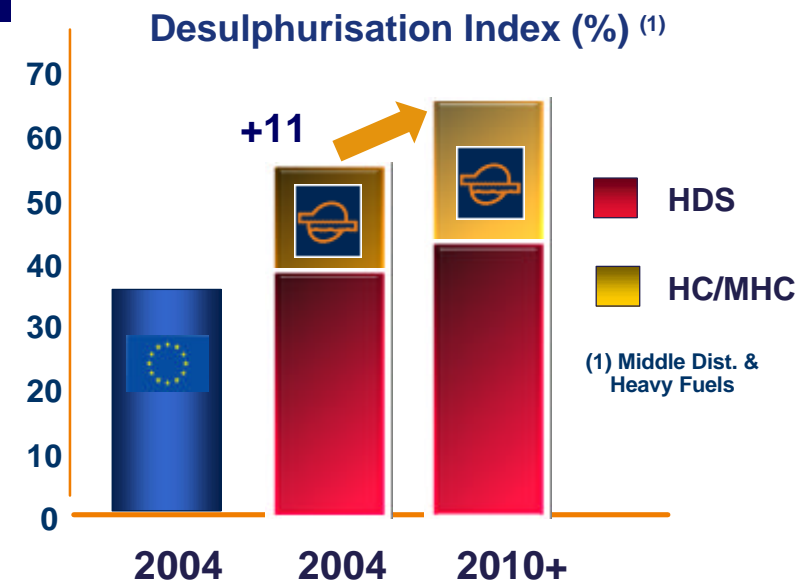
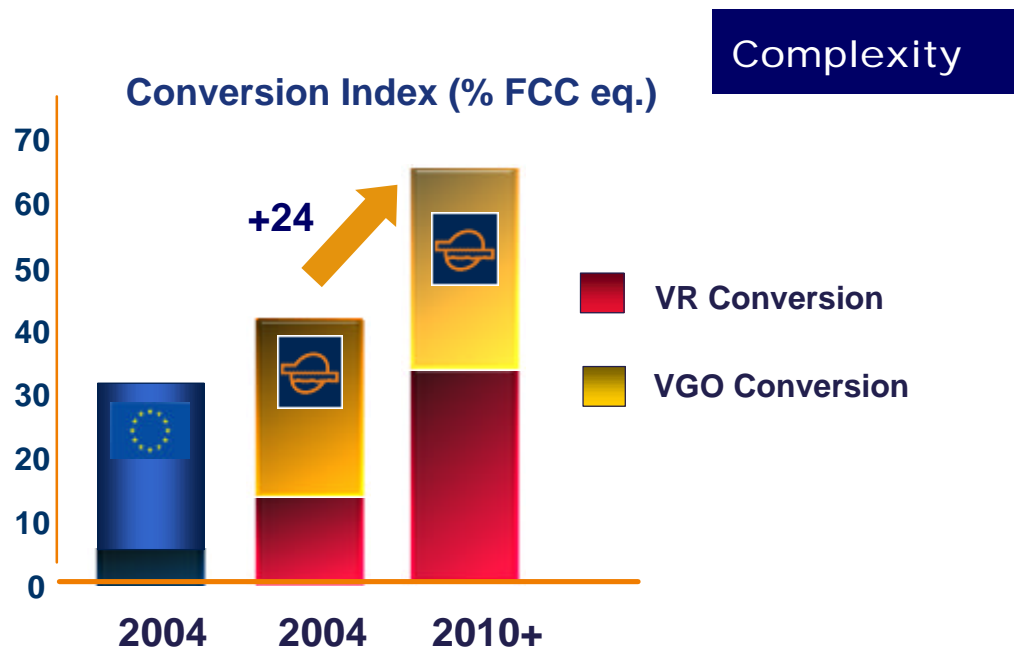
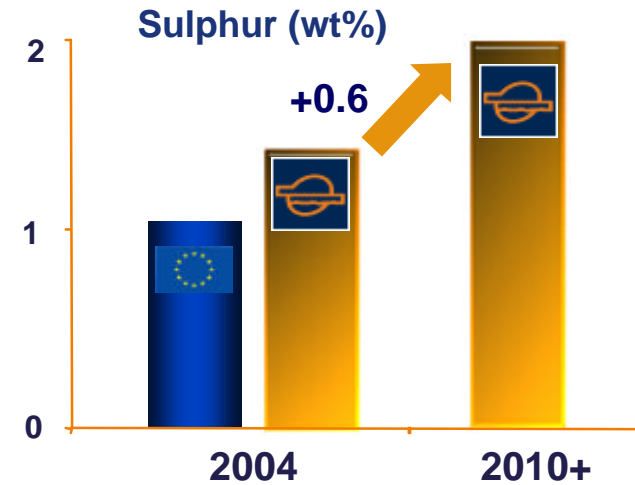
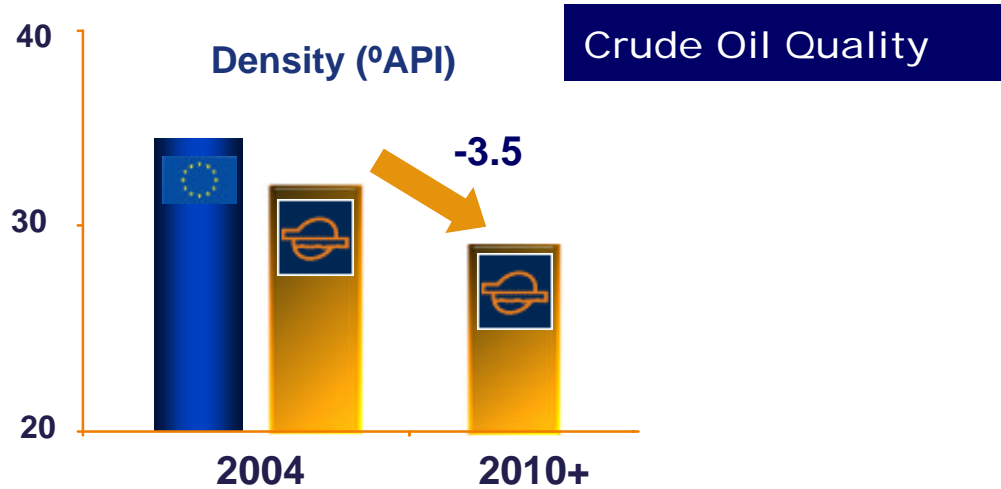
## Refining projects



(1) Investments already made up to 2005 for product quality improvement = 830 M€

(2) Rest of capex after 2009, up to 3,870 M€

# Accomplishments in our first year: Effects of upgrades





# Accomplishments in our first year:

## Development of bio fuels

- **European n°1 blender of bioethanol**

- ✓ ETBE route selected
- ✓ 150,000 ton/year of bioethanol

- **Next step: business plan to blend biodiesel in Spain and Argentina to 2010**

- ✓ Key milestone Acciona-Repsol YPF agreement announced on March 16, 2006

- **Agreement with Acciona:**

- ✓ Important agreement on biodiesel
- ✓ Business development along all the value chain from production to commercialization of 1,000,000 ton/year of biodiesel before 2010: 6 plants (5 near refinery sites plus one in León as a reference integrated project), capex 300 million €, operation 2007-2009

### Biodiesel



Soybean



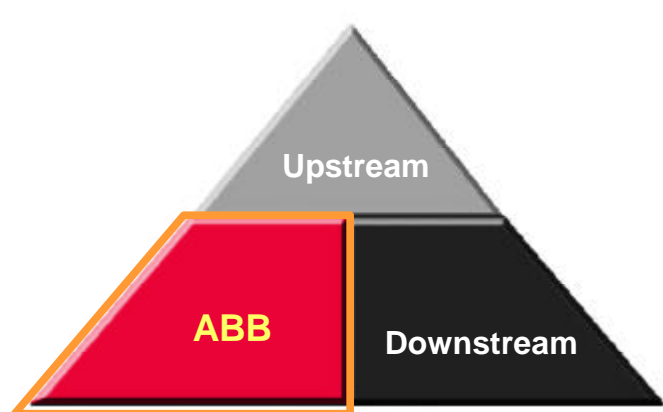
Rapeseed

# Accomplishments in our first year:

## Agreements with EU on Service Stations

- **Competition in Spanish service stations: agreements with EU:**
  - ✓ Exclusive supply agreements will be limited to 5 years
  - ✓ 490 service stations will be able to cancel their exclusive supply agreements with Repsol YPF against economic compensation

## Argentina, Brazil & Bolivia (ABB)

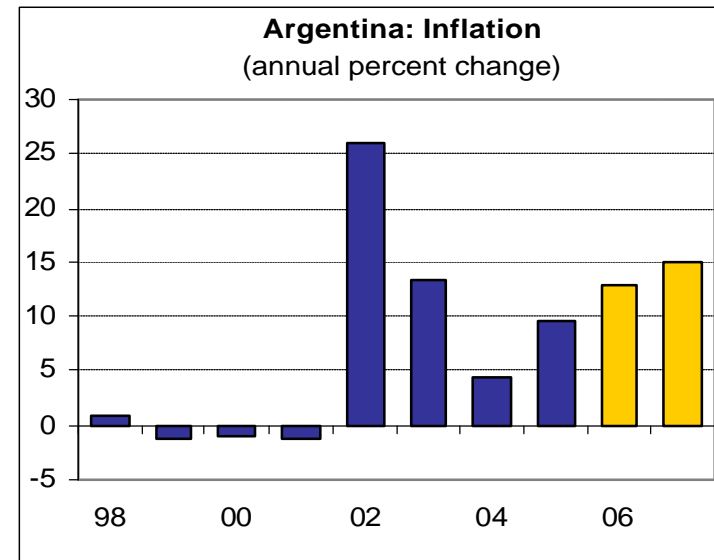
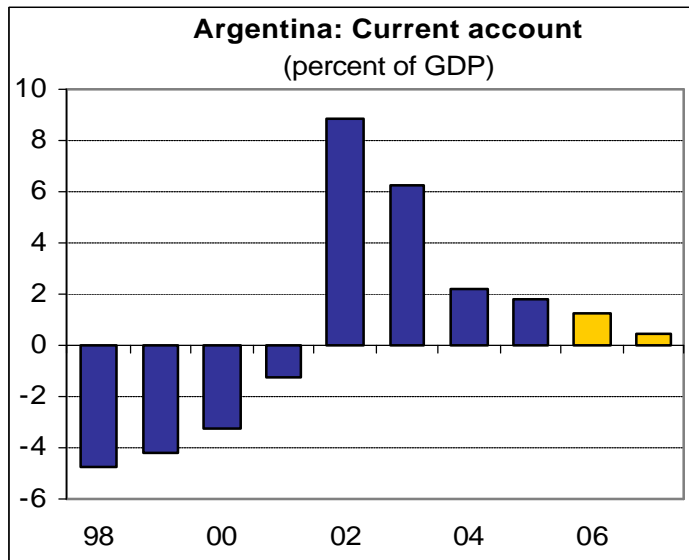
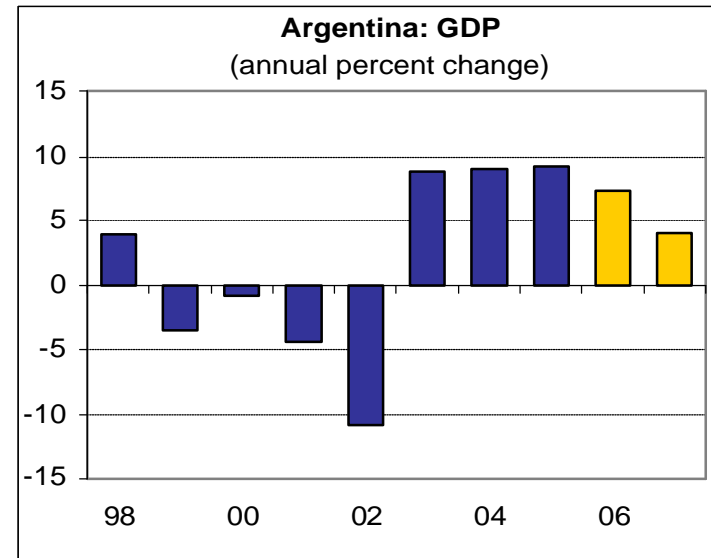
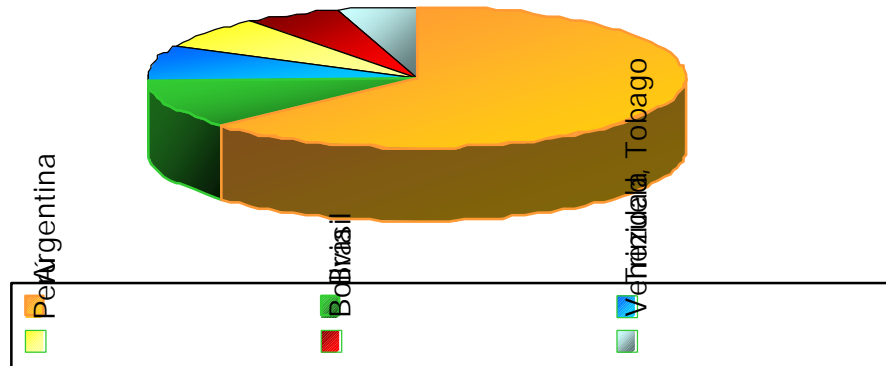


*One profitable integrated business*

---

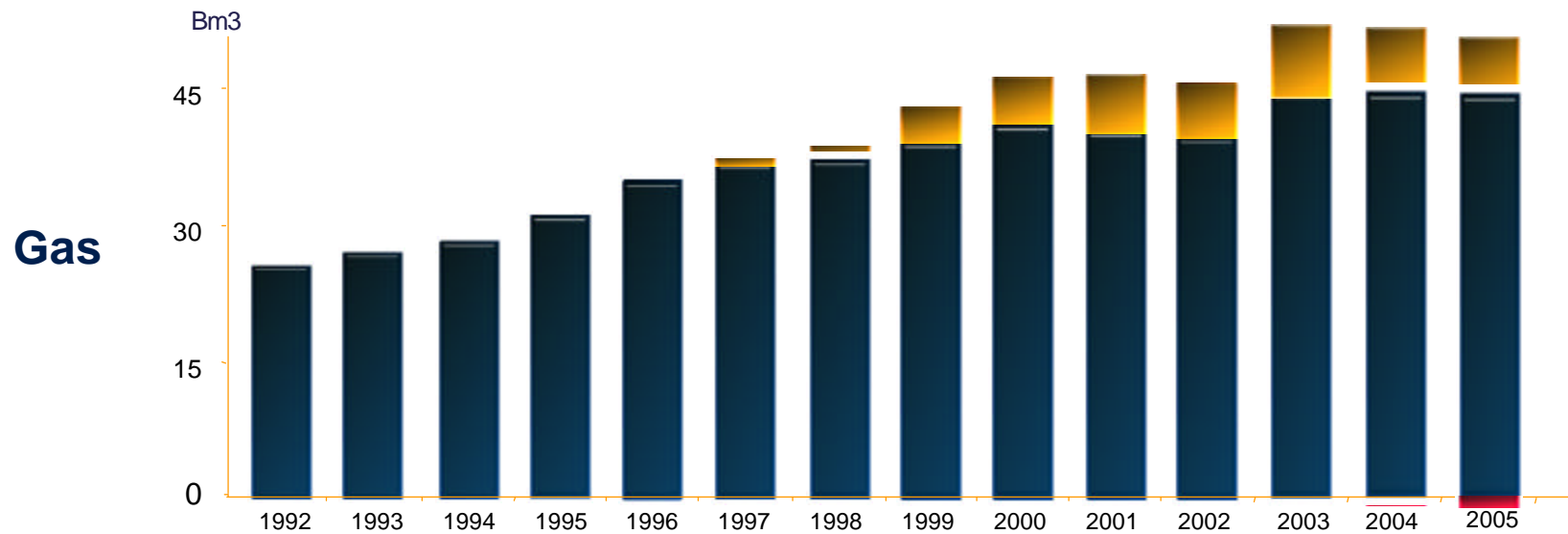
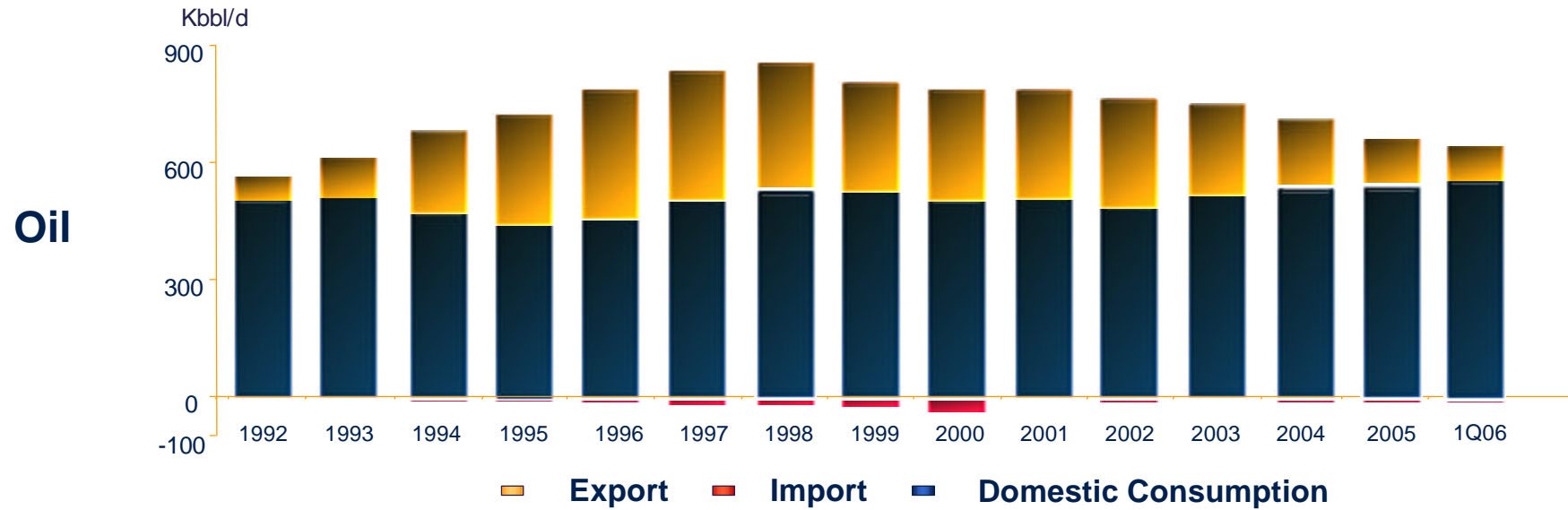
# Argentina macroeconomic environment

## Repsol YPF's Capital Employed in Latin America

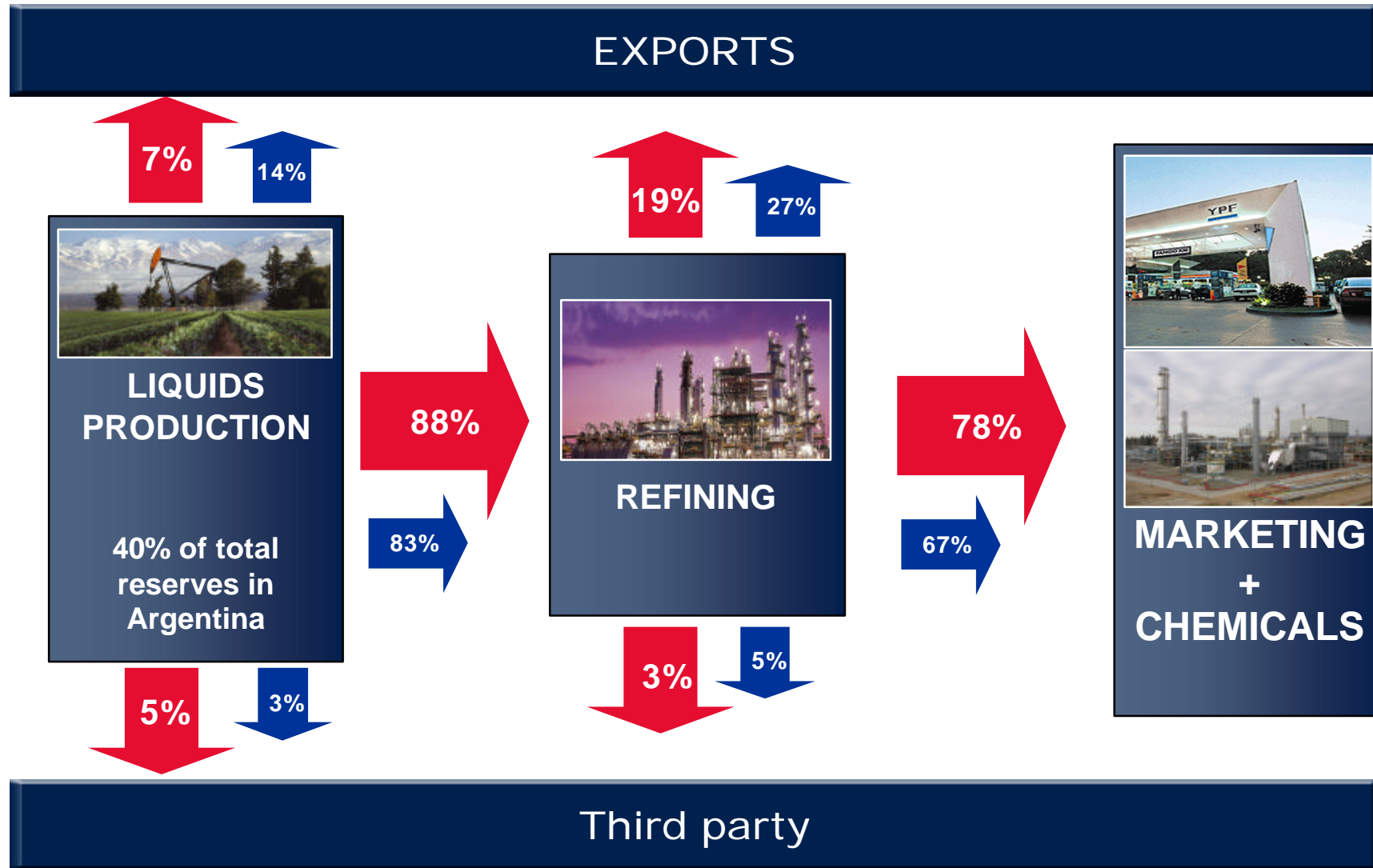


Source: IMF

# Argentina market trends

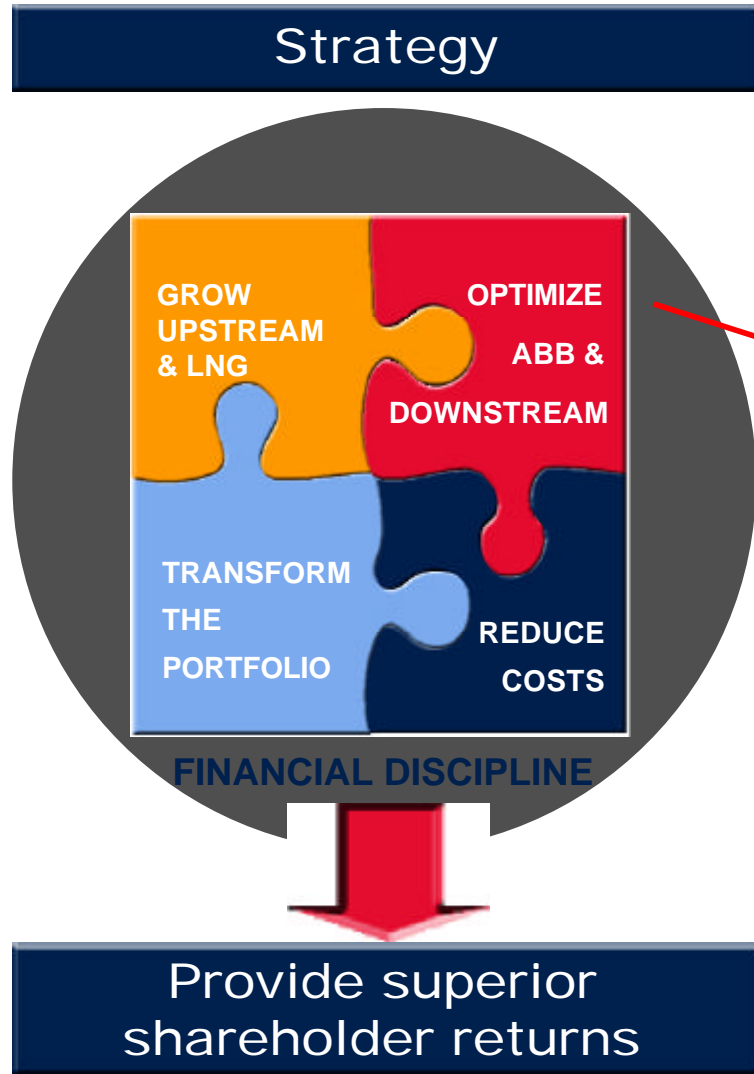


# Argentina: one integrated business



2005 DATA  
 2004 DATA

# PE 2005 – 2009. Main targets



- 1. Manage ABB assets to capture synergies and efficiencies between segments and countries
- 2. Discipline to manage rising costs
- 3. Explore offshore Argentina, exploit Brazilian Upstream opportunities

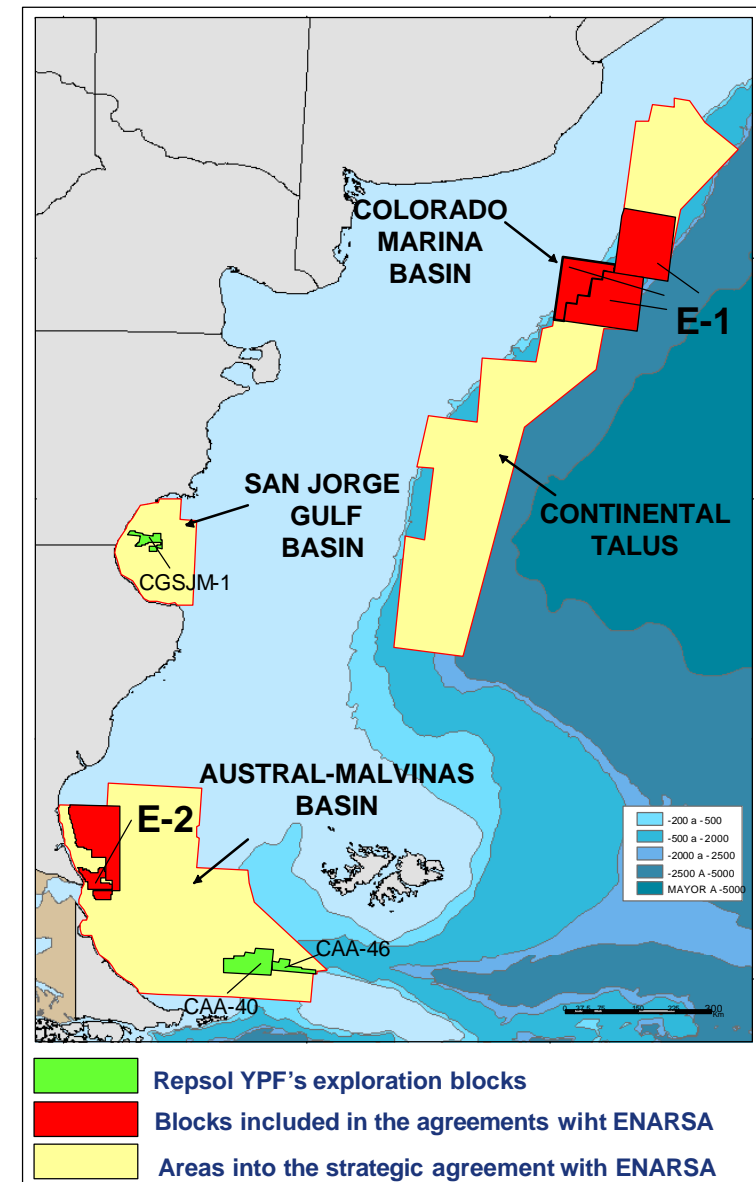
# ABB Highlights

- **Argentina: Integrated business moving to import parity**
- **Argentinean businesses keep generating stable cash flow:**
  - ✓ Upstream: mature asset management
  - ✓ New opportunities in the Argentinean offshore
  - ✓ Downstream: better integration and efficiency
- **Brasil – Exploitation of Upstream opportunities**
- **Bolivia – Decisions pending negotiations after the Nationalization Decree**



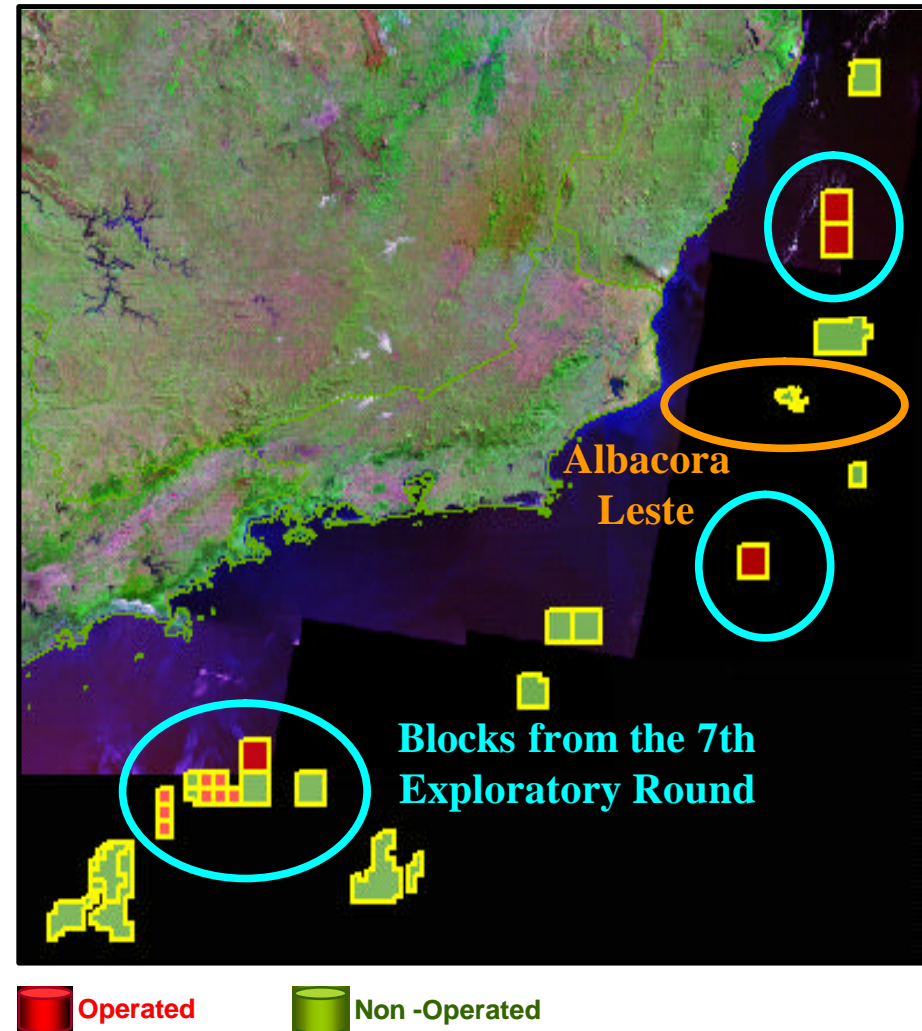
# Argentina: Offshore

- **Repsol YPF leads the exploration in offshore Argentina with several projects and exploration permits in Colorado Marina, San Jorge Gulf and Austral-Malvinas Basins:**
  - ✓ 1 exploration well drilled in 2005
  - ✓ more than 10,000 km of 2D seismic and 3,500 km<sup>2</sup> of 3D seismic acquired in recent years
- **Planned exploration investment 200 M\$ (out of 500 M\$ total Argentina)**
- **3 agreements signed with Enarsa on early 2006:**
  - ✓ Block E-1
  - ✓ Block E-2
  - ✓ Strategic agreement to participate jointly in the exploration of several areas of offshore Argentina



# Brazil: Offshore

- **Albacora Leste**
  - ✓ Offshore rig in Brazil
  - ✓ Started production recently
  - ✓ Peak production of 145,000 bpd (Repsol YPF's stake: 10%)
- **16 new exploratory blocks awarded in the 7th round of exploration concessions:**
  - ✓ Repsol YPF operator in 11 of them



# Bolivia: Current Situation

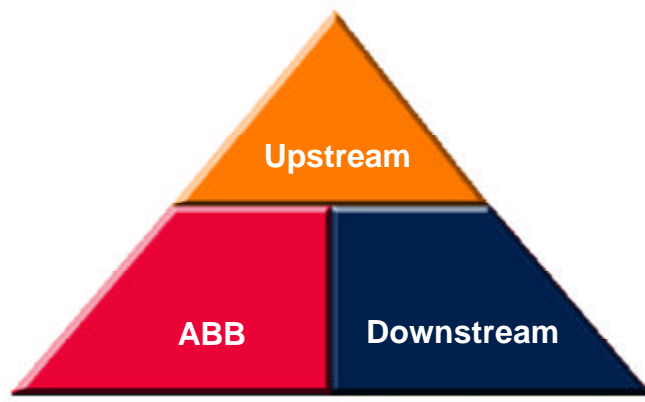
- ✓ *In January Repsol YPF was forced to make a 659 Mboe cut in reserves, partly due to fiscal changes in the country.*
- ✓ *On May 1st 2006, the Bolivian government issued a Supreme Decree to give YPFB a majority stake in the petroleum industry*
- ✓ *The Decree establishes a 180-day period of negotiation in order to adapt contracts to its stipulations*
- ✓ *There is still no clear idea about the result of these negotiations in relation to the contractual framework that will be established for Repsol YPF assets*
- ✓ *The objective of Repsol YPF during this negotiation period will be to protect the value of its investments in the country.*



**REPSOL**  
**YPF**

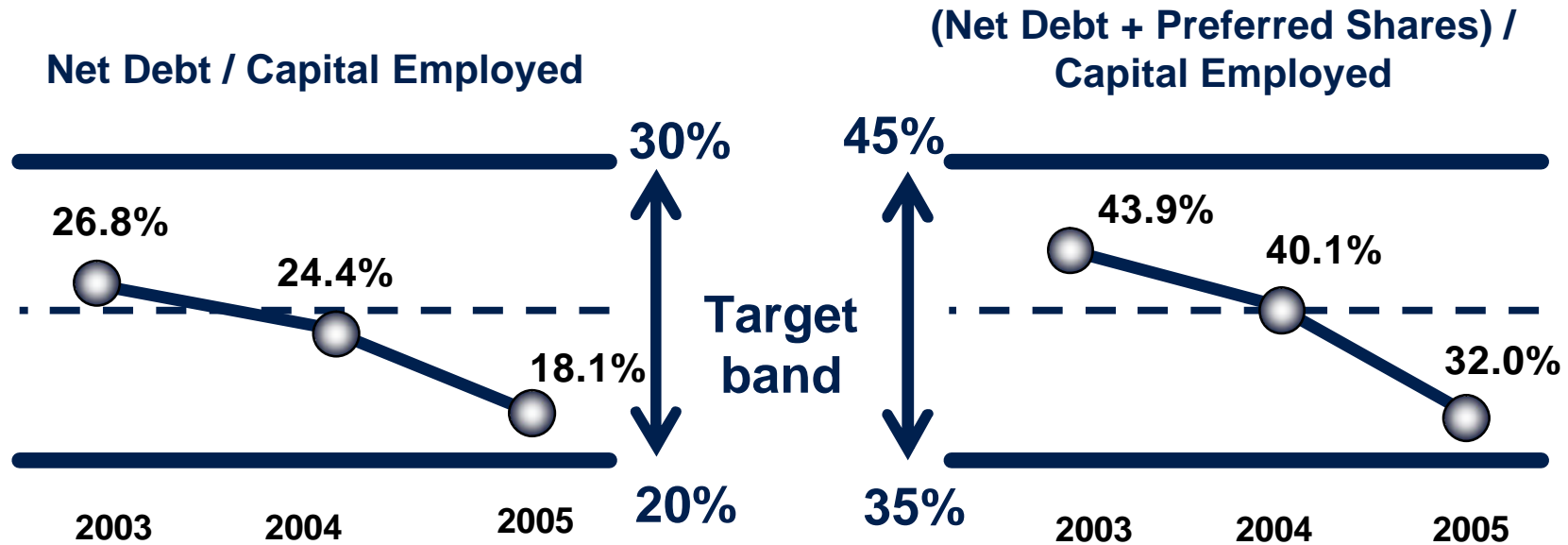


## Financial Structure



## Retaining financial discipline: targets

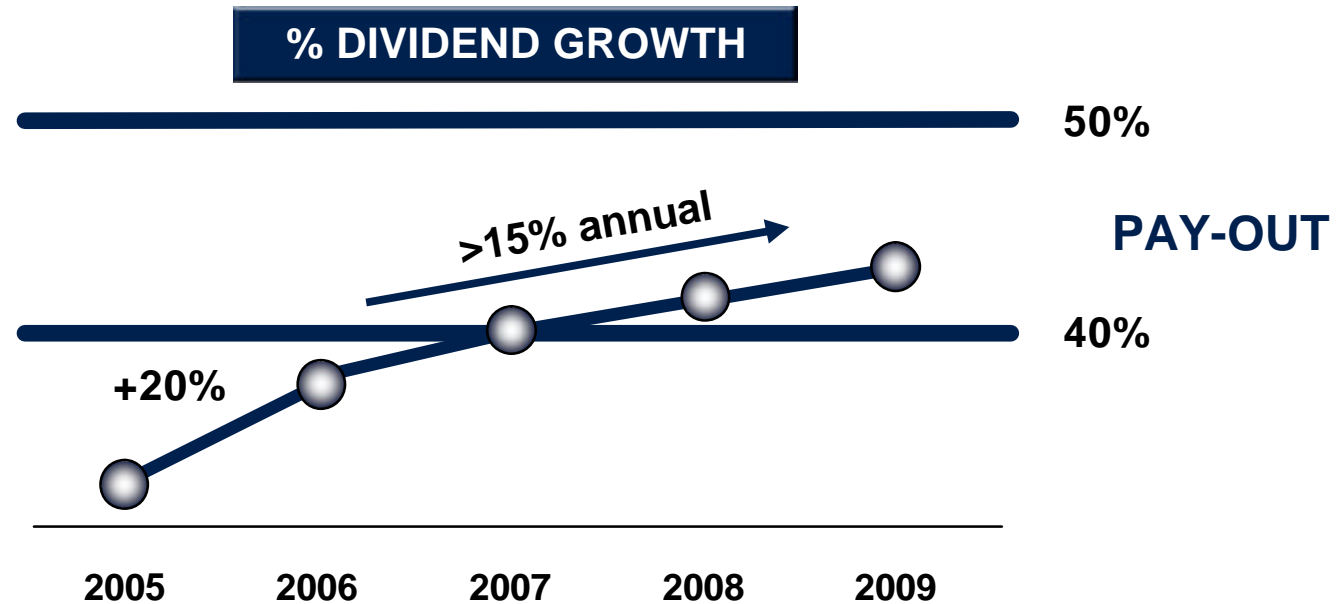
- Continuity with previous gearing targets, rescaled under IFRS metrics



- 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

# Strategic targets: Shareholder returns

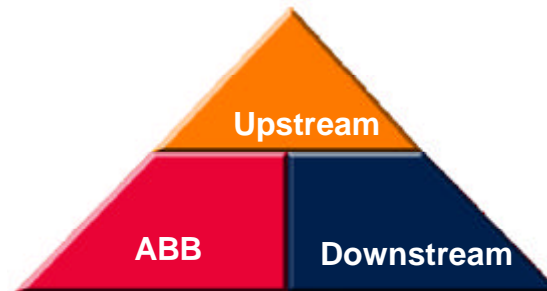
- Sustainable dividend increase to sector average
- Share buy-backs depending on alternative investment projects and improvement in credit rating



Provide superior shareholder returns



# **CSFB** **OIL & GAS CONFERENCE**



**REPSOL YPF**

*E-mail:* [INVERSORES@repsolypf.com](mailto:INVERSORES@repsolypf.com)

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

*Investor Relations*

*Spain*  
*Pº Castellana 278-280*  
*28046 Madrid (Spain)*  
*Tel: 34 913 48 55 48*  
*Fax: 34 913 48 87 77*

---

June, 2006