Refining Spain

César Gallo
Managing Director

March 10th, 2006

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.

In particular, this announcement also contains forward-looking statements regarding expected 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, which is an ongoing process. In addition, the audit committee of Repsol YPF is conducting an independent review of the circumstances regarding these revisions. Due to various factors, many of which are beyond Repsol YPF's control, the final estimates of proved reserves at December 31, 2005 or prior dates may, however, differ materially from Repsol YPF's expectations contained in this announcement. 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 may be revised in light of the results of the independent review being conducted by the audit committee.

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.

<u>Cautionary Note to US Investors</u>:

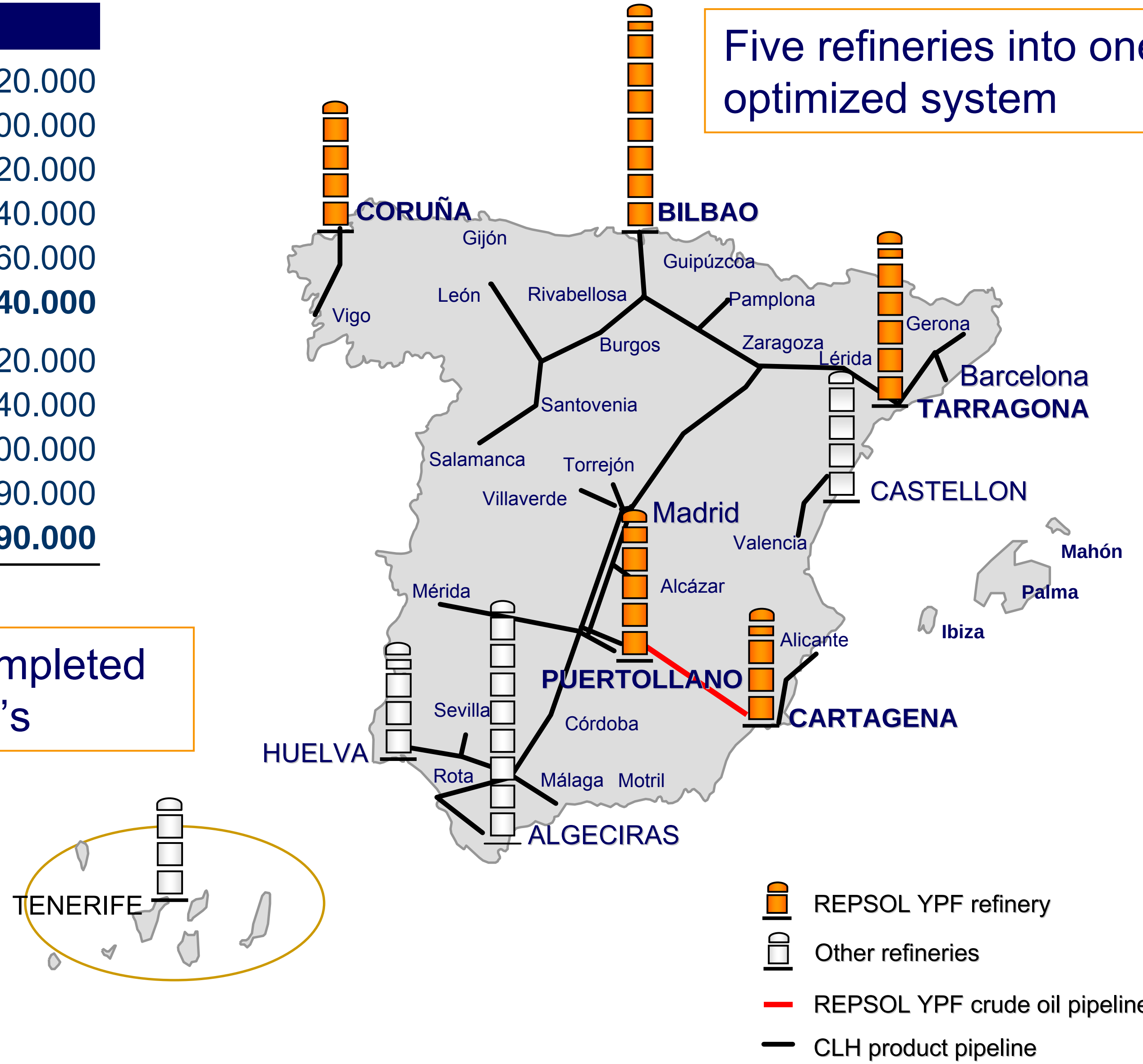
The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and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

Repsol YPF: Leader Refiner in Spain

Refining Capacity (bpd)	
Bilbao	220.000
Cartagena	100.000
La Coruña	120.000
Puertollano	140.000
Tarragona	160.000
TOTAL Repsol YPF	**740.000**
Castellón	120.000
Algeciras	240.000
Huelva	100.000
Tenerife	90.000
TOTAL Spain	**1.290.000**

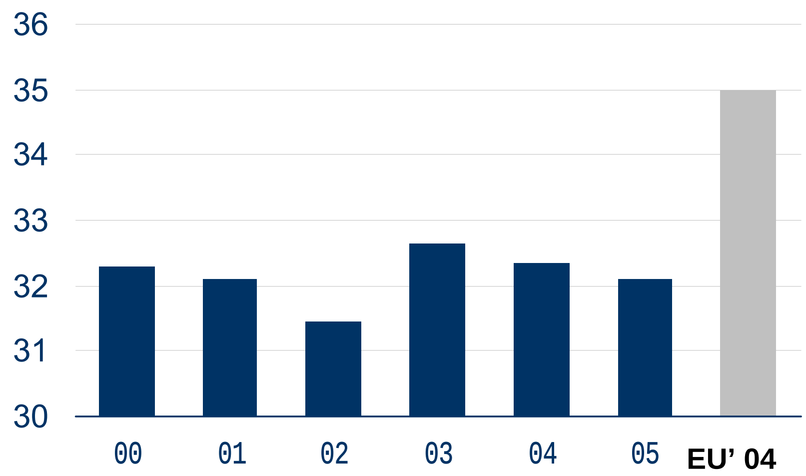
Five refineries into one optimized system

Investments nearly completed to meet 2009 EU spec's

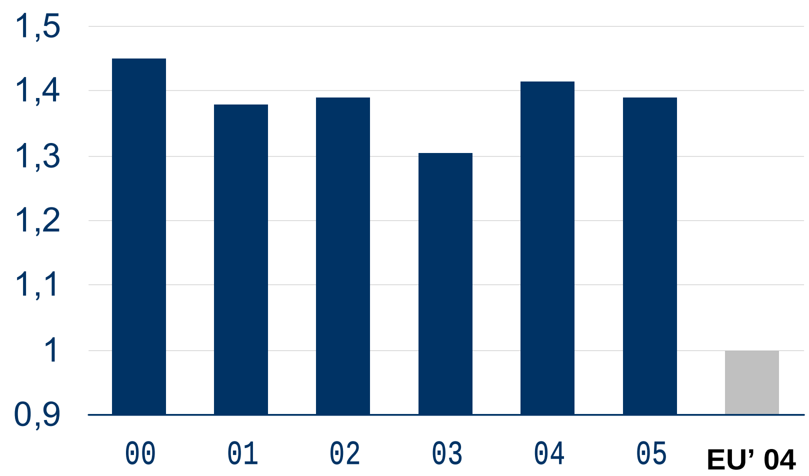


Crude Oil Processed - Spain

Density [ºAPI]

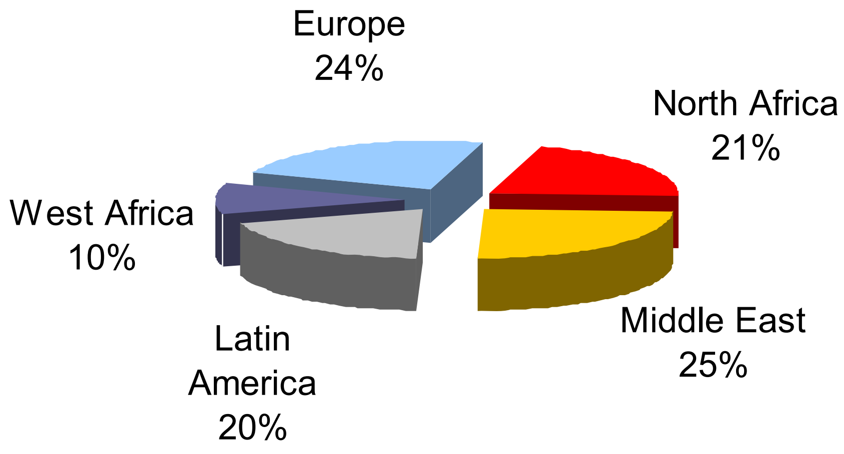


Sulphur [%]

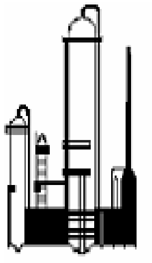


Source: Solomon WE

Crude Oil Slate by Origin (Y05)



High Integration



Repsol YPF

Refineries Spain

Refining Integration

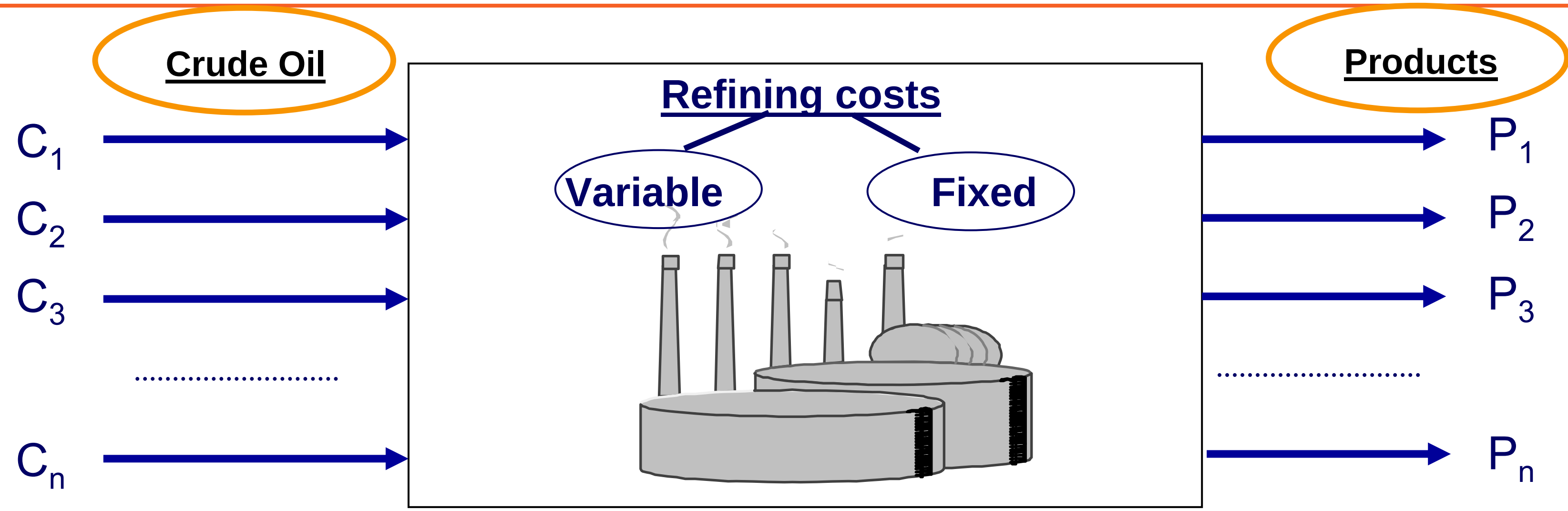
SPAIN	Marketing	Chemicals	Lube Oils	Asphalt
Cartagena	●		●	●
La Coruña	●			●
Puertollano	●	●	●	●
Tarragona	●	●		●
Bilbao	●			●

Market Environment

- Increase in demand for middle distillates in Europe and specially in Spain with a short of 12 Mt at 2004 and around 13,7 Mt in 2005.
- Reduction of demand for gasoline in Europe (4% annually).
- European surplus of gasoline and naphtha exported to USA and Asia.
- Reduction of fuel oil consumption.
- Higher quality requirements for products.
- Growing demand for coke in Spain, with a nearly 4 Mt deficit in 2004.
- World crude oil demand growth, with an increasing heavy/sour crude oil offer.
- Shortage of refining and conversion capacity.

Higher Refining Margins

Refining Margin: Concepts

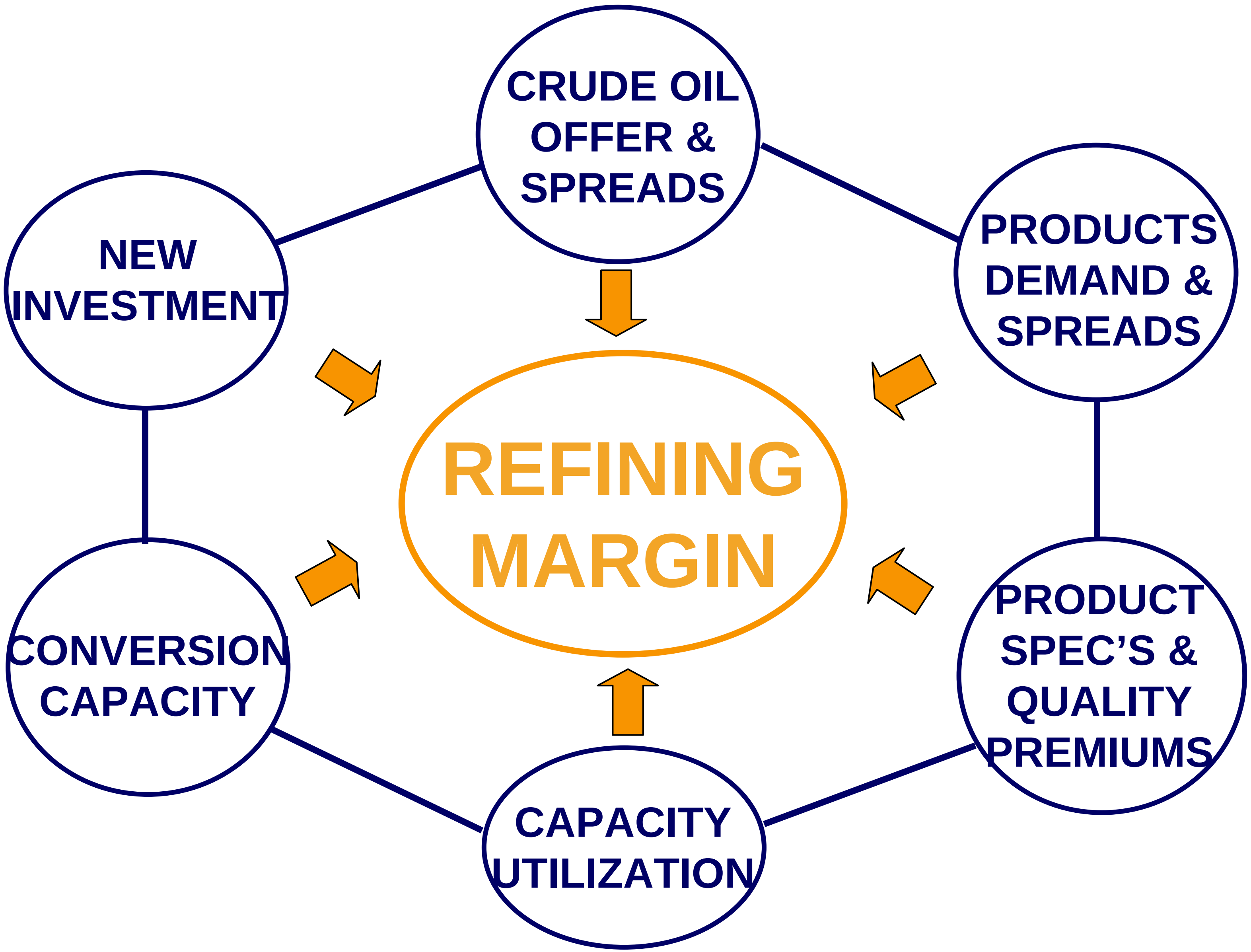


Refining margins affected by:
- ✓ Crude oil mix (spreads vs Brent)
- ✓ Products slate (spreads vs Brent)
- ✓ Refinery complexity (conversion)
- ✓ Variable costs (cost optimization)

$$\textbf{REFINING MARGIN (U\$/Bbl)} = \frac{\sum_{i=1}^{i=n} \textbf{(Products volumes x Price)}_i \ \textbf{- Variable Costs}}{\sum_{i=1}^{i=n} \textbf{(Crude Oil volumes x Price)}_i}$$

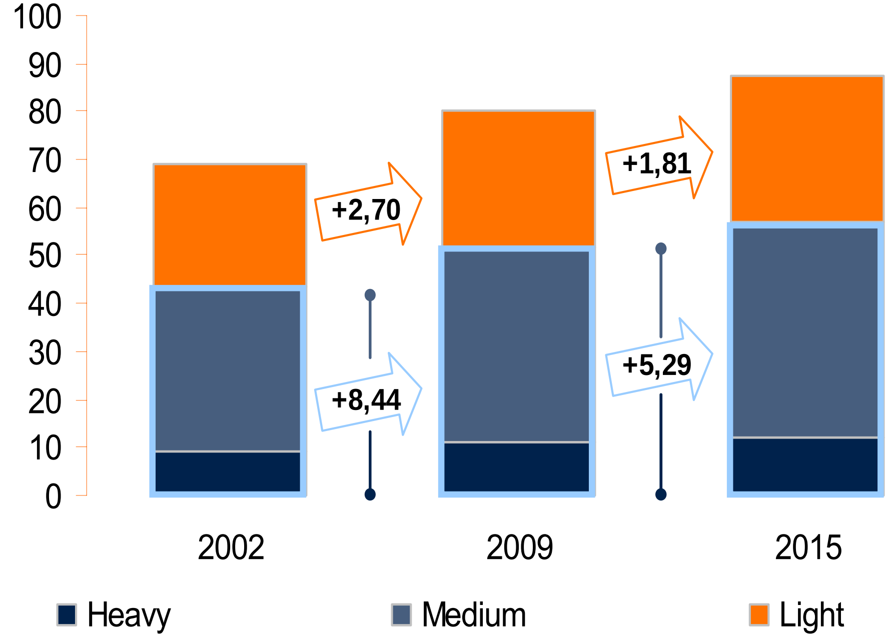
REFINING MARGIN INDEX: Refining margin calculated with our specific refining scheme

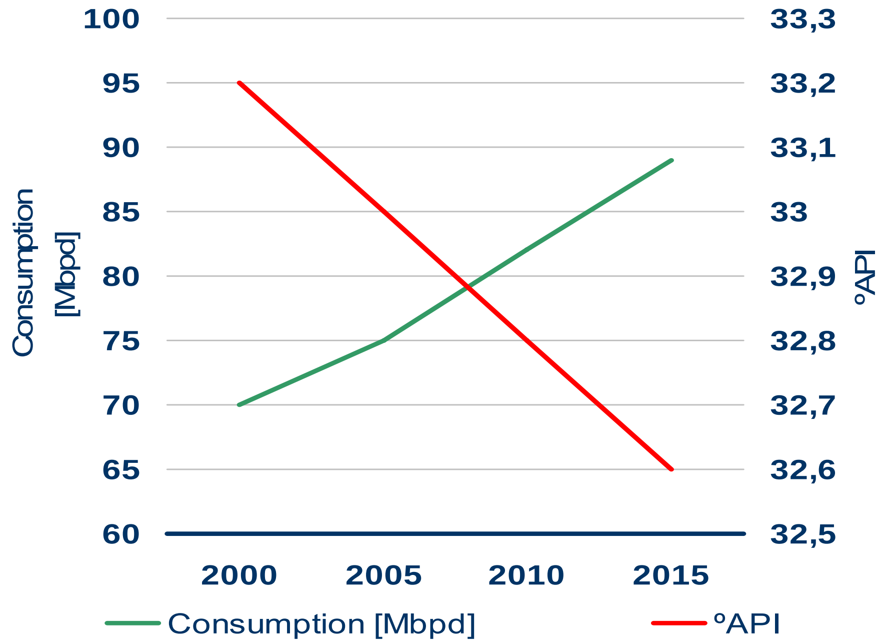
Refining Margin Drivers



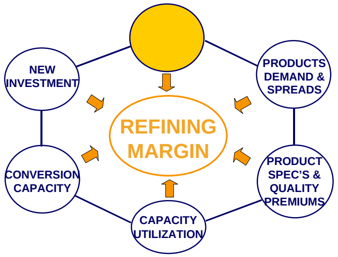
Refining Margin Drivers: Crude Oil Offer

Future Crude oil availability: increase Medium/Heavy – Sour crude





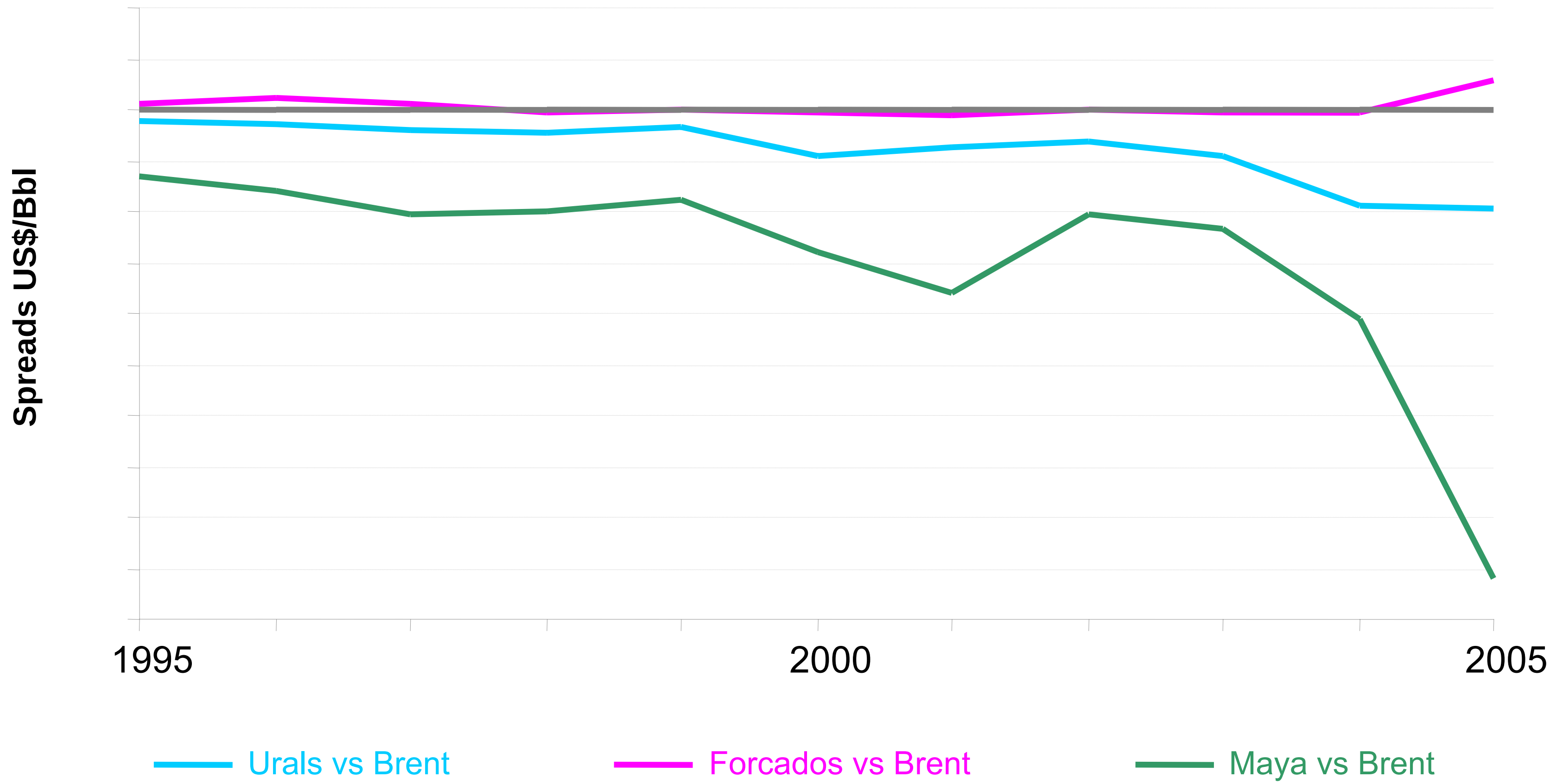
Most of the rise in oil produced in the next years will consist of medium/heavy-sour crude.

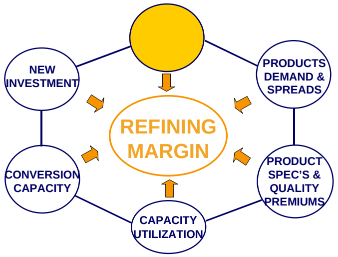


Source: Pira Energy Group. Compiled by Repsol YPF Research Department

Refining Margin Drivers: Crude oil spread

Spread Light/Heavy crude oil

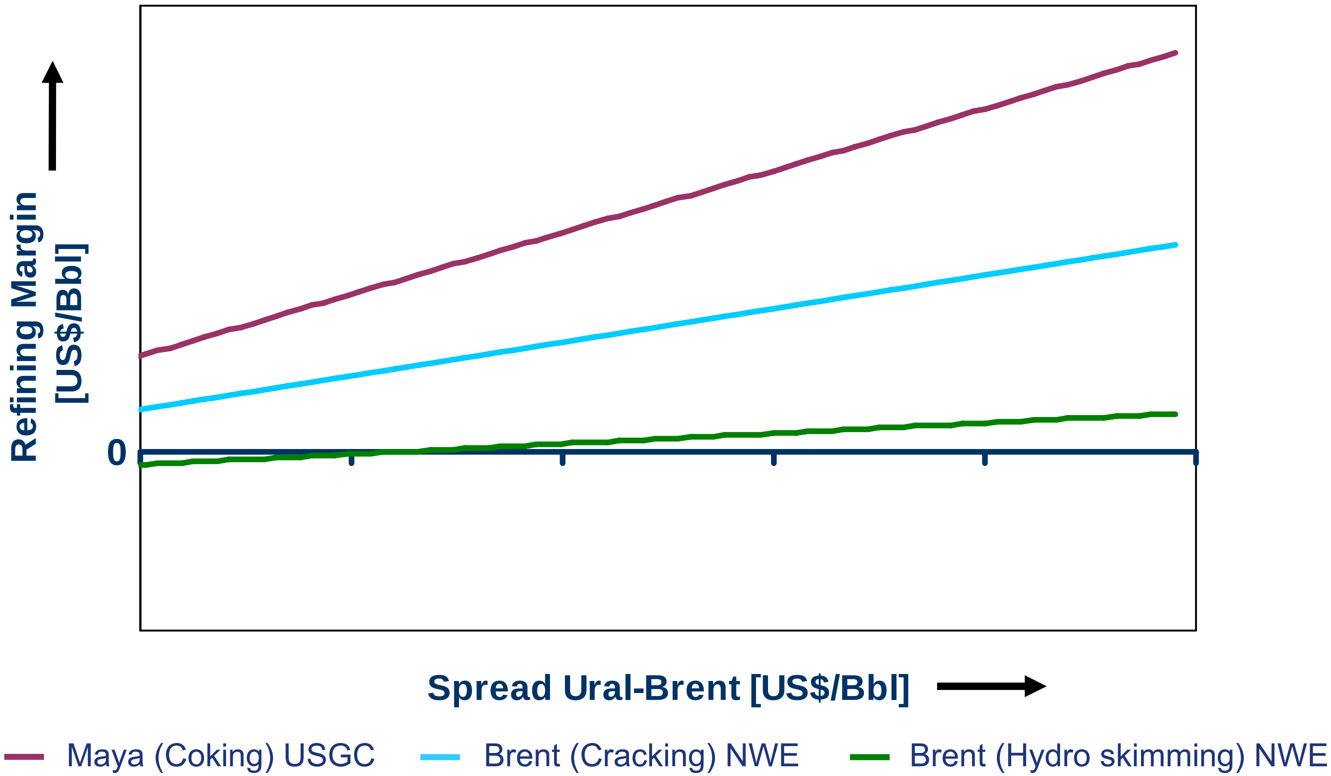


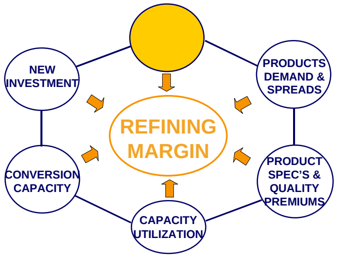


Source: Platt's

Refining Margin vs Spreads

Refining margin, in refineries with a high conversion ratio, grows as light-heavy differentials does.

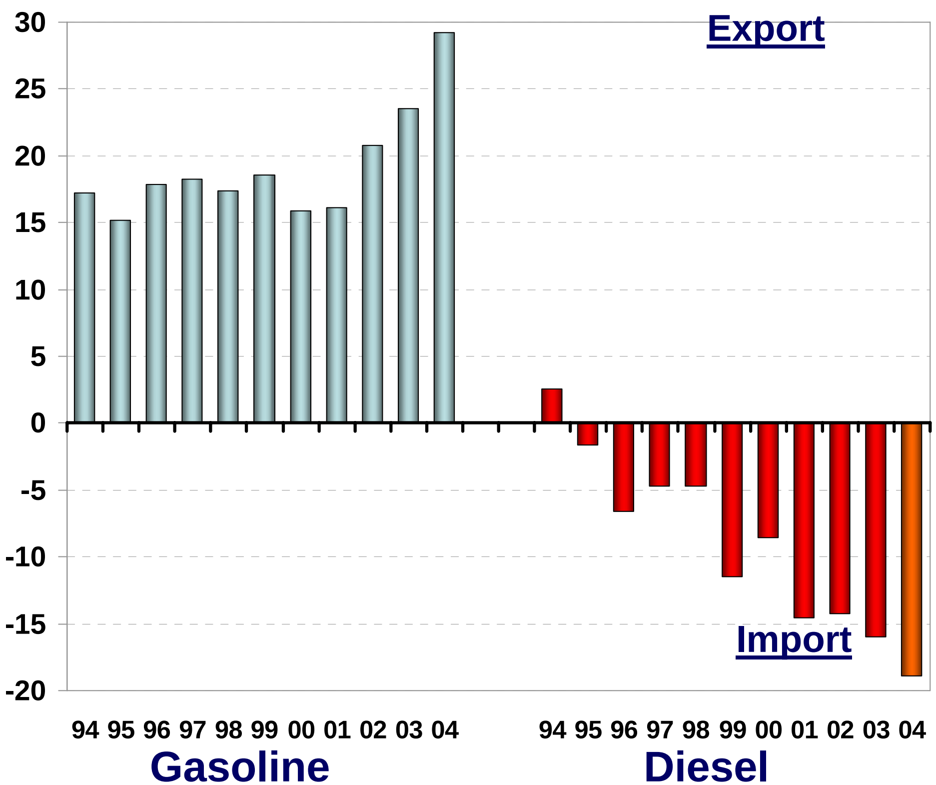




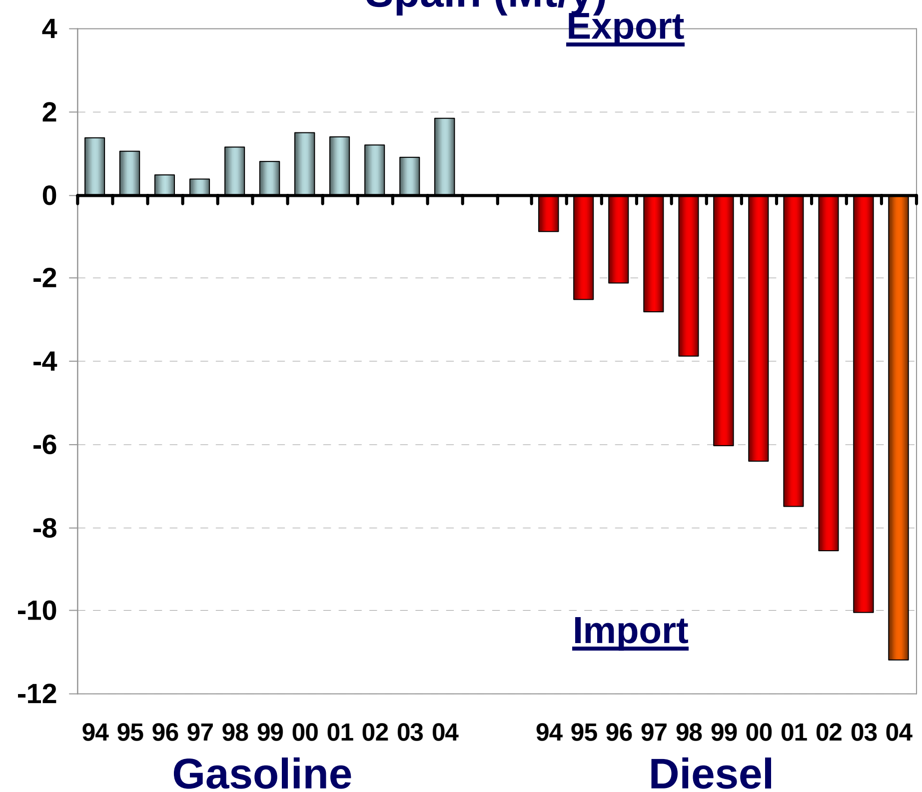
Source: IEA & Repsol YPF

Refining Margin Drivers: Product Demand

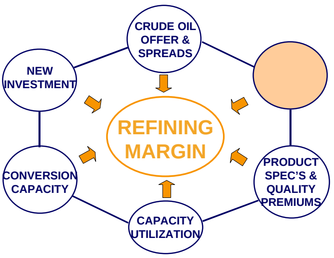
EU-12 (Mt/y)



Spain (Mt/y)

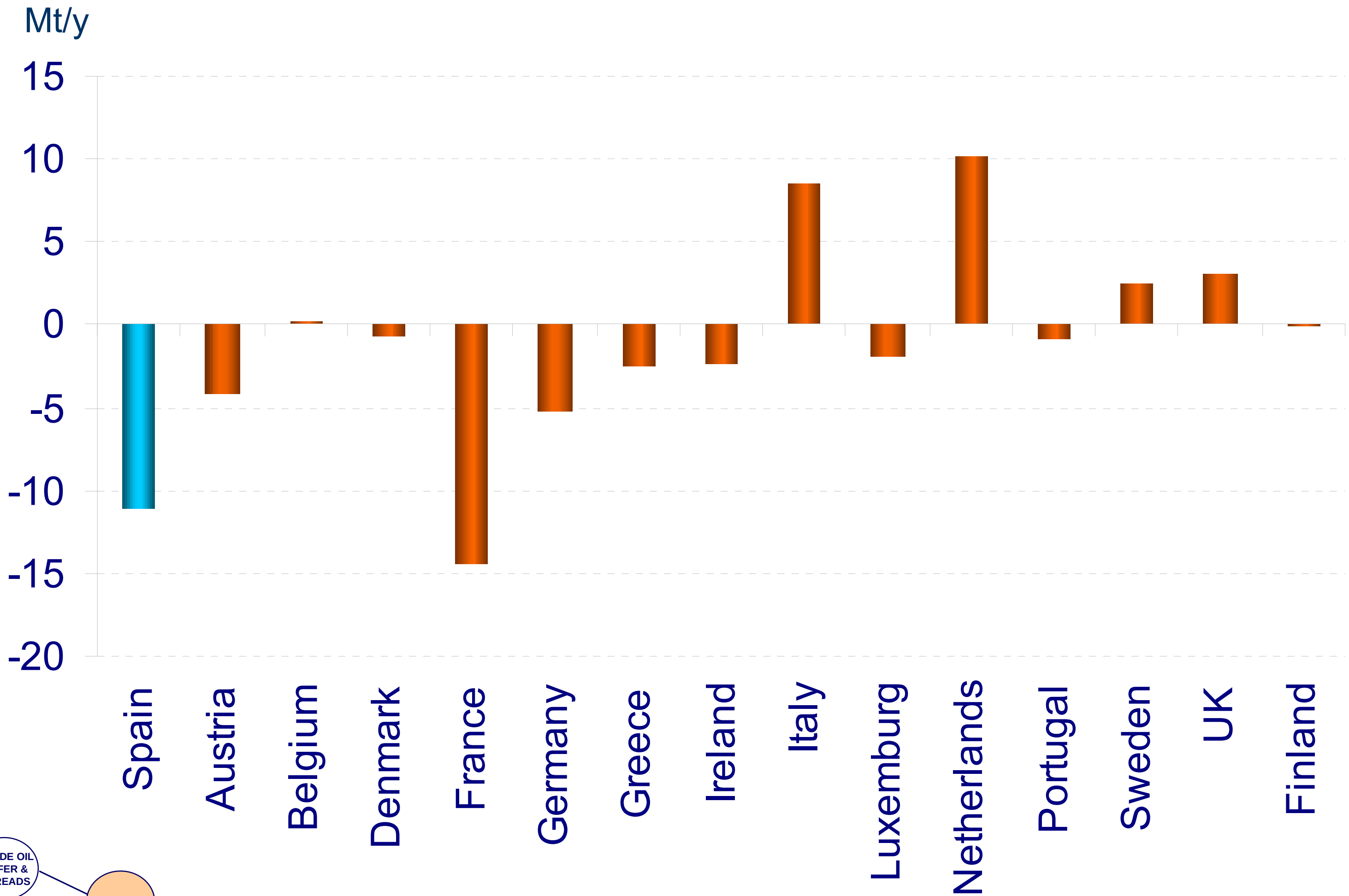


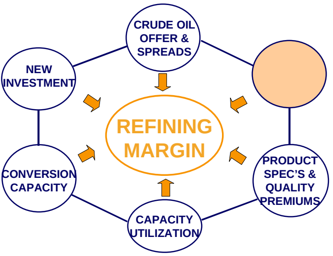
The gasoline market continued to decline and the diesel market pursued its progressive expansion. In EU-12 gas-oil net imports saw strong growth in 2004 up by more than 18 % to over 19 Mt. Net surplus of gasoline increased by almost 6 Mt.



Source: IEA

More than 50% of diesel European deficit coming from Spain.

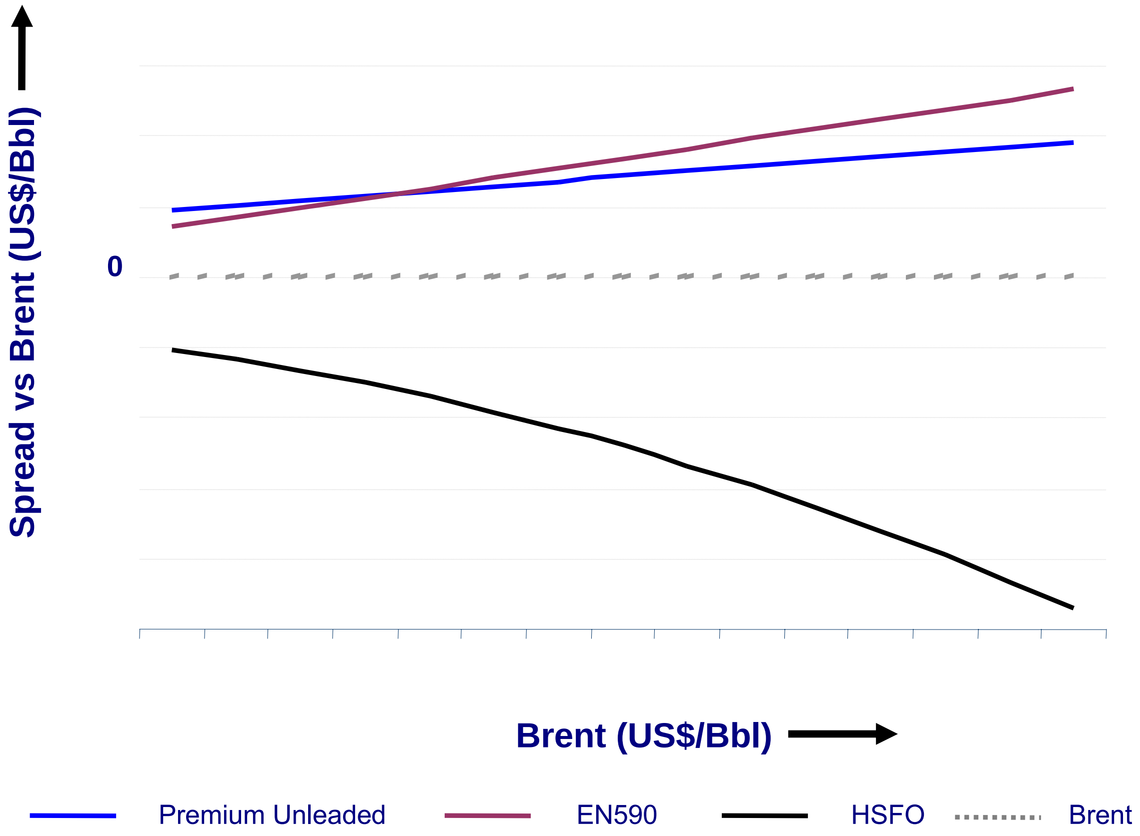


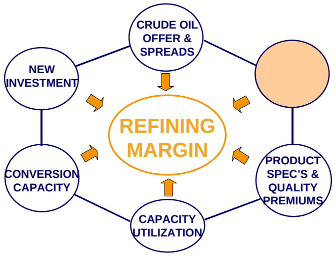


Source: IEA 2004

Refining Margin Drivers: Products Spreads

Higher crude oil prices: higher spread light/heavy products , higher refining margin in conversion refineries.



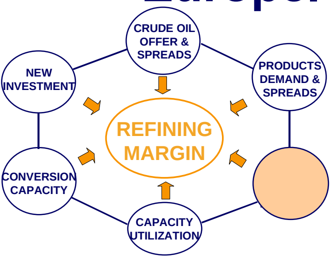


Source: Repsol YPF

Refining Margin Drivers: Products Specifications

Tightening product specs

- The key factor is demand for high-spec transport fuels in both US and Europe.
- The Auto Oil II requirements will influence on yield patterns.
- Investments to meet tighter EU specs are required.
- Tighter specs could restrict imports from countries traditionally middle distillates exporters to Europe.



Gasoline

Sulphur content <50 ppm in 2005

<some quantities of 10 ppm sulphur content gasoline must be available

<10 ppm in 2009

Aromatics < 35 % vol in 2005

Diesel

Sulphur content <50 ppm in 2005

<some quantities of 10 ppm sulphur content diesel must be available

<10 ppm in 2009 (expected)

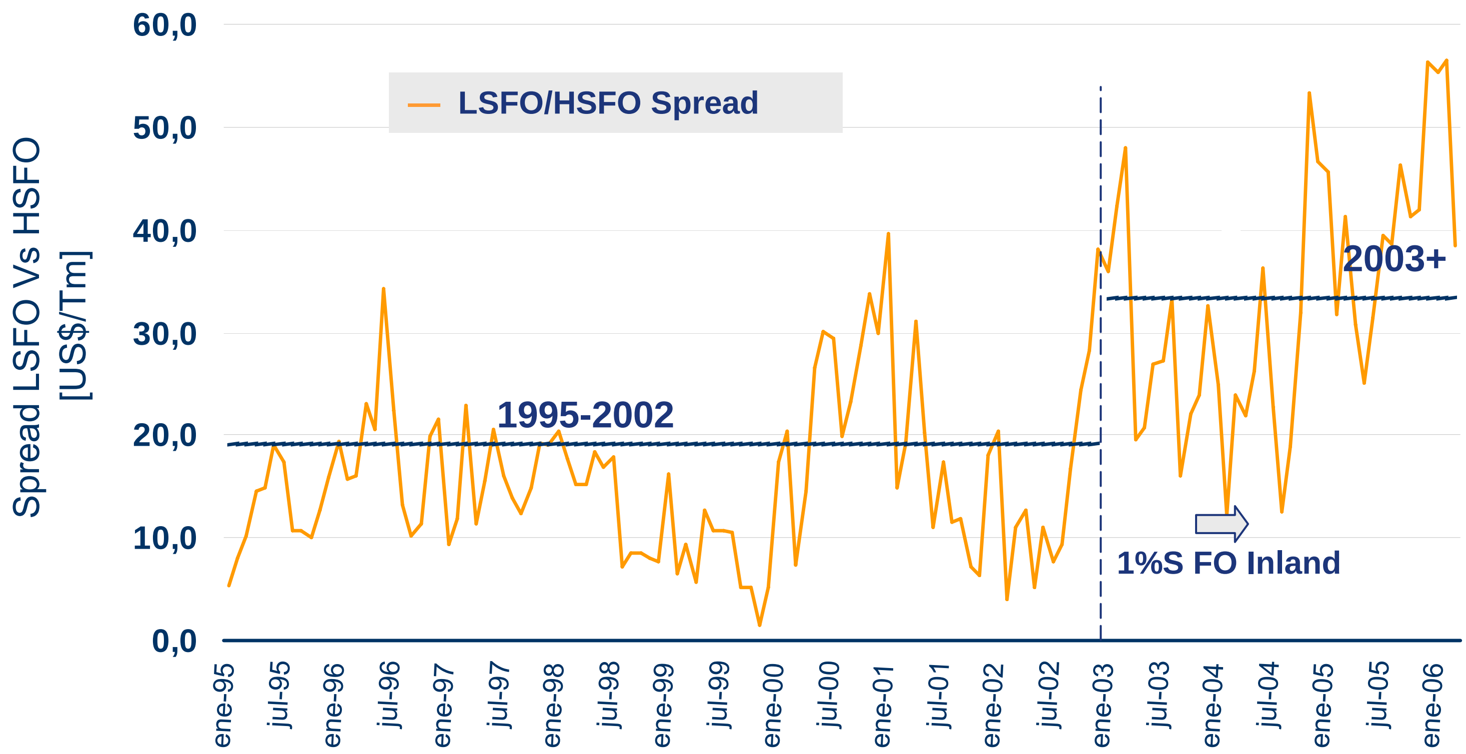
Polyaromatics Uncertainties about the possibility of a lowering

Fuel Oil

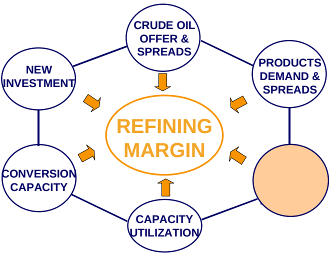
Bunker Sulphur content < 1,5 % in 2007/08 (SOxECA's and passengers boat)

Refining Margin Drivers: Quality Premiums

Demand for low sulphur products involves higher quality premiums, specially at a time of ample sour crude oil availability, increasing refining margin in conversion refineries



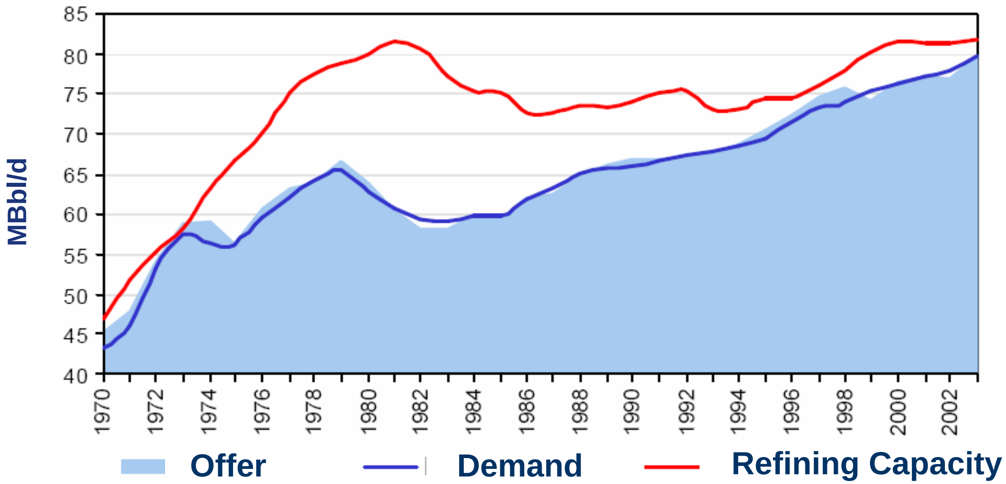
January 2003:	**Sulphur 1% weight max Fuel Oil Inland**
2007- 2008:	**High sulphur bunker banned at SECA's (Baltic Sea, North Sea and English Channel)**



Source: Platt's & Repsol YPF

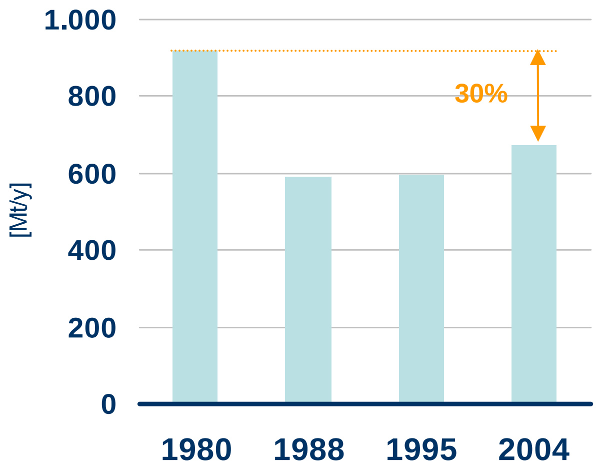
Refining Margin Drivers: Capacity Utilization

Worldwide Capacity Utilization



Source: AIE y EIA

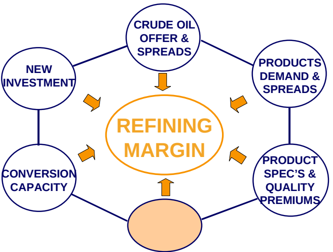
UE-12 Topping Capacity



Source: Report on the situation of oil supply, refining and markets in the European Community (2004 Oil Gas Journal)

- **Refinery utilization rates have reached last 30 years maximum.**
- **Refining capacity same as 25 years ago, while product demand has grown 30%**

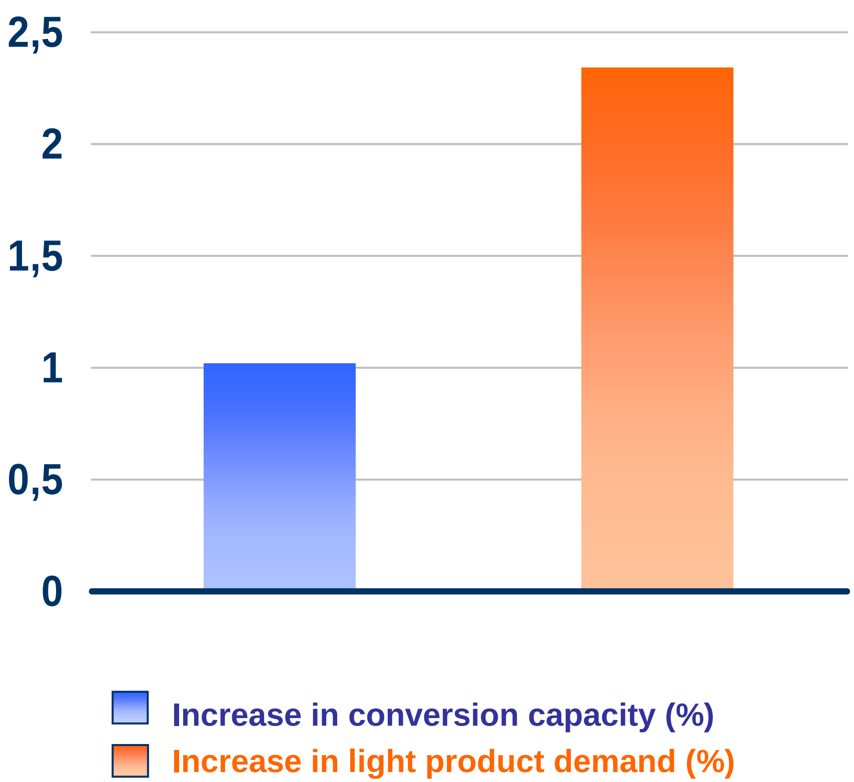
- **Refinery capacity has decreased over 30%, at EU-12, since 1980.**
- **Minor capacity increase by revamp of existing units during the last 15 years.**



Refining Margins Drivers: Conversion Capacity

✓ Increase in conversion capacity clearly lower than light product demand.

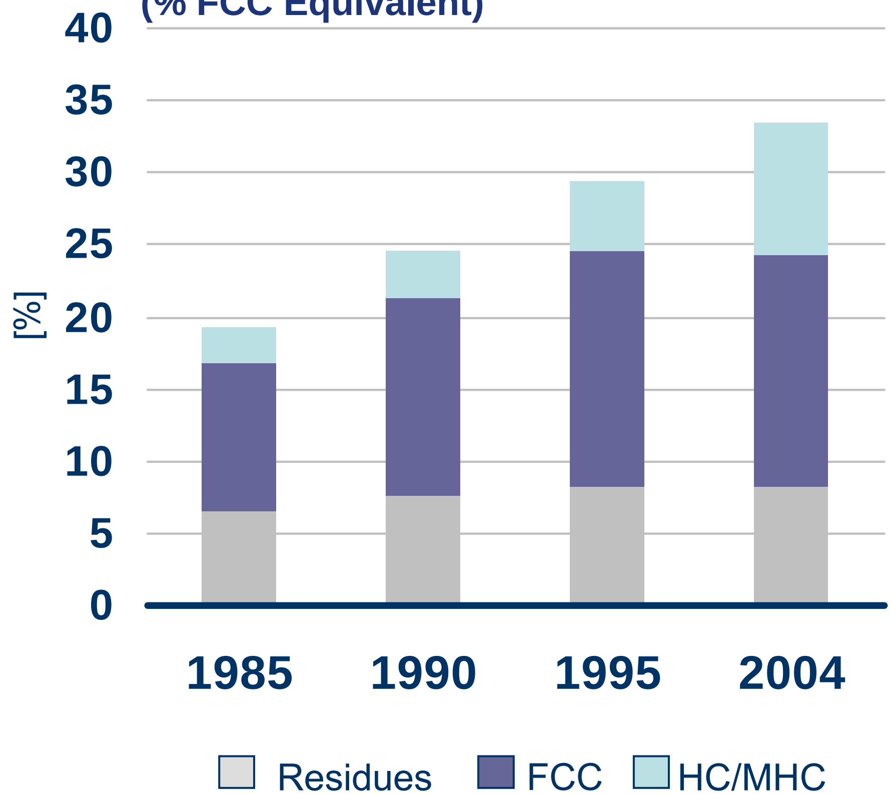
(% cagr from 1992 to 2004)



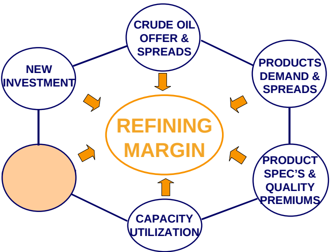
Source: Oil & Gas journal and BP Statistical Review 2004

EU-12 Conversion Capacity

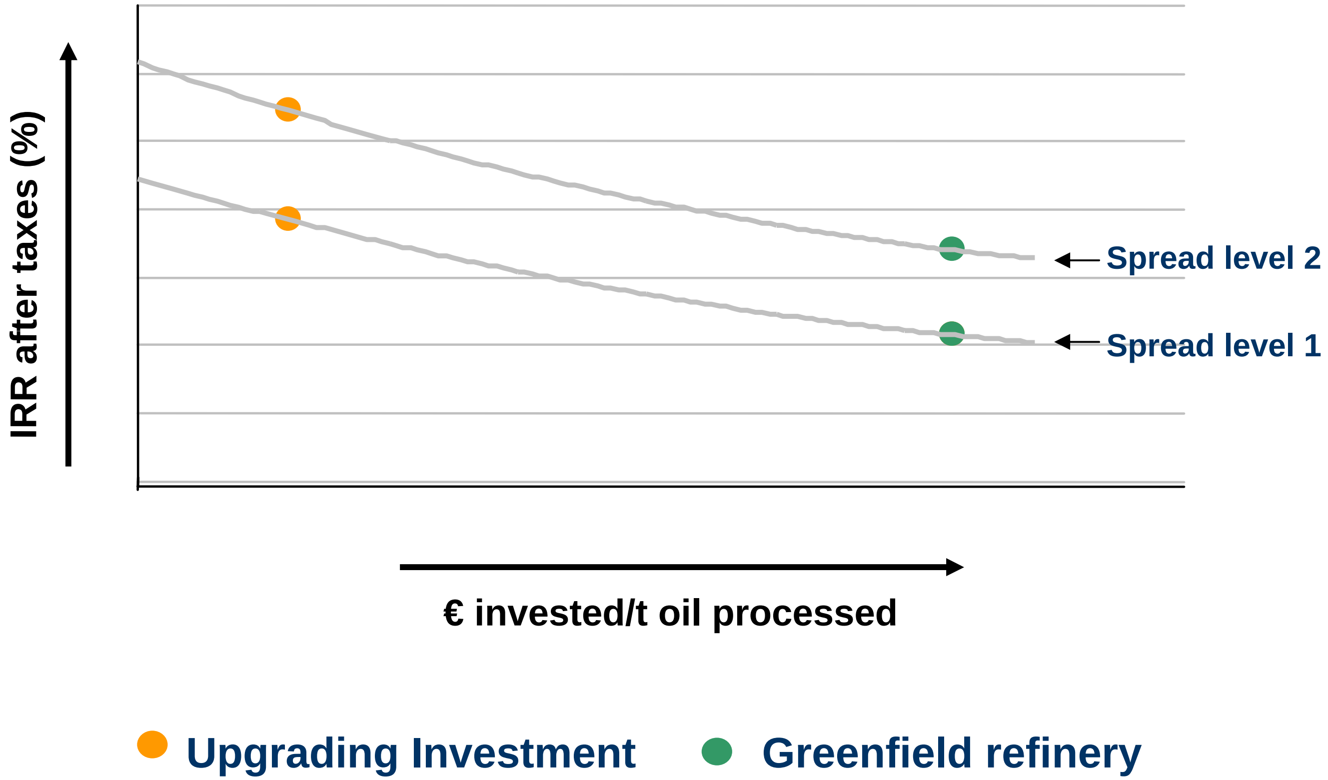
(% FCC Equivalent)



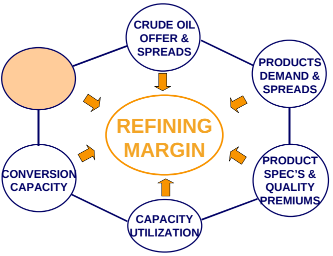
Source: Oil & Gas journal



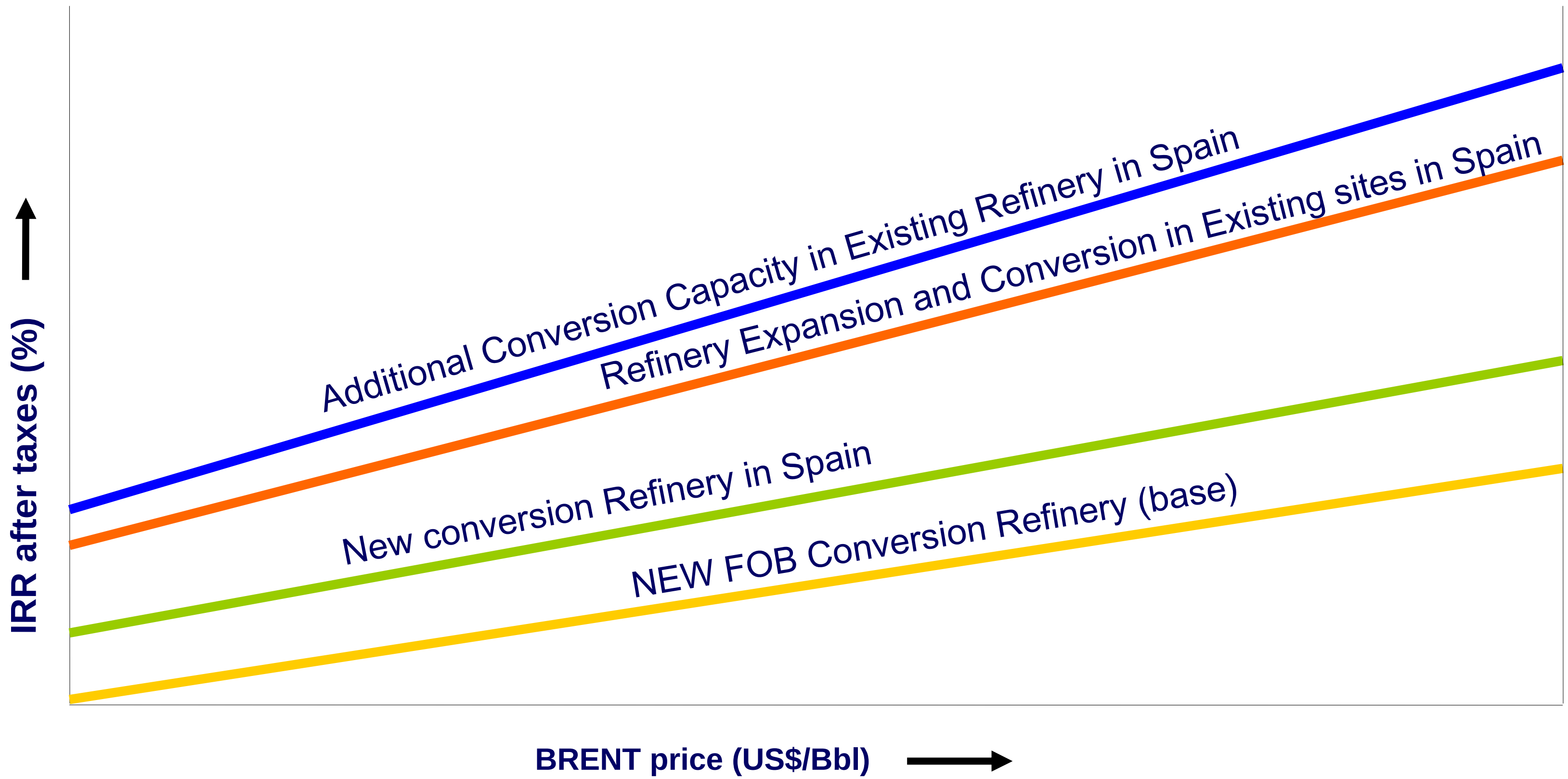
Refining Margin Drivers: New Investments.
Are new Greenfield refineries the potential answer?



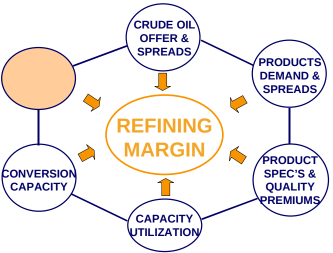
It's more economical to expand existing refineries than build new ones in all the scenes of considered prices.



Refining Margin Drivers: New Investments



- **Reinvestment process in conversion refineries will set higher refining margins.**
- **Marginal investments to increase distillation and conversion capacity at existing refineries will be more profitable.**

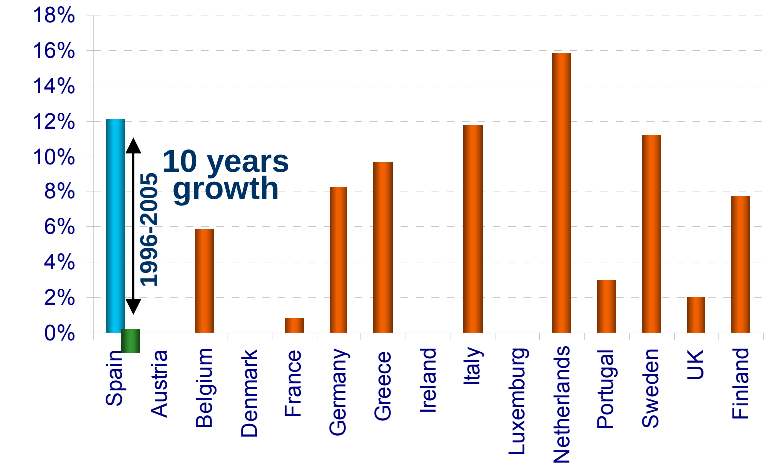


New Investments in VGO Conversion

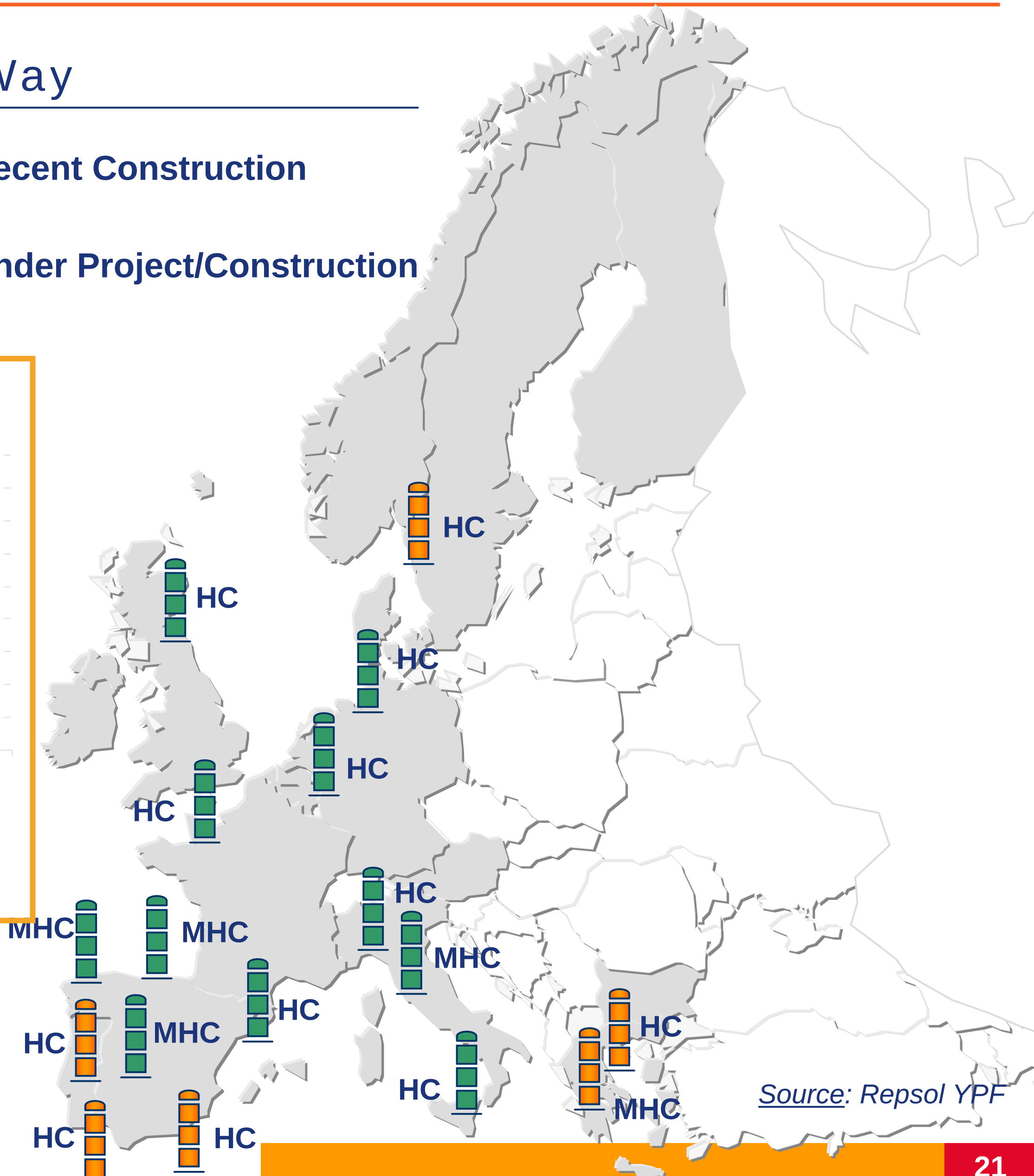
Hydro cracking: Preferred Way

HC	**Hydro cracker**		**Recent Construction**
MHC	**Mild Hydro cracker**		**Under Project/Construction**

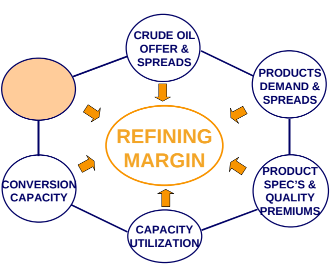
Hydrocracking as percentage of domestic crude capacity



Source: Oil & Gas Journal & Repsol YPF

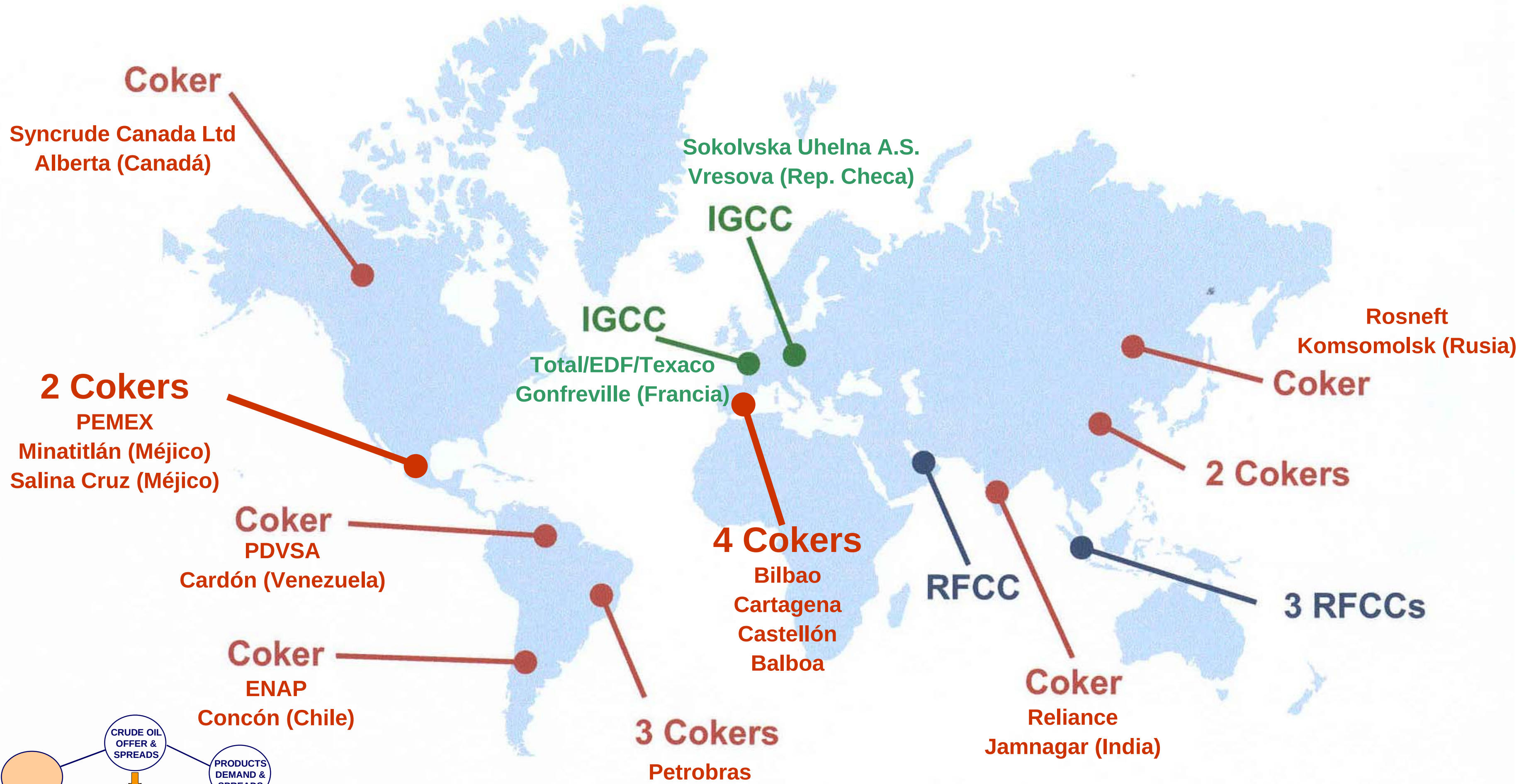


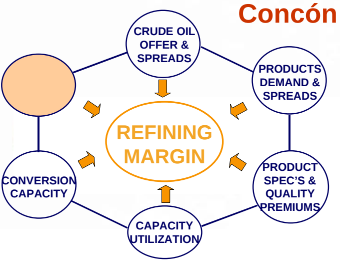
Source: Repsol YPF



New Investments in Residue Conversion

Coking: Preferred Way





Source: Nexant Chemsystems & Repsol YPF

Reinforcing strengths:

- Location advantages in areas with strong deficit of middle distillates
- Extensive inland logistics and coastal refineries
- Flexible refining systems, with conversion index well above average, able to treat heavier and sourer crude slate
- Integrated with petrochemicals and lube oil and asphalt production
- Cost effectiveness

PRODUCTS SPECIFICATIONS
- 2005-2009
- Differentiated products

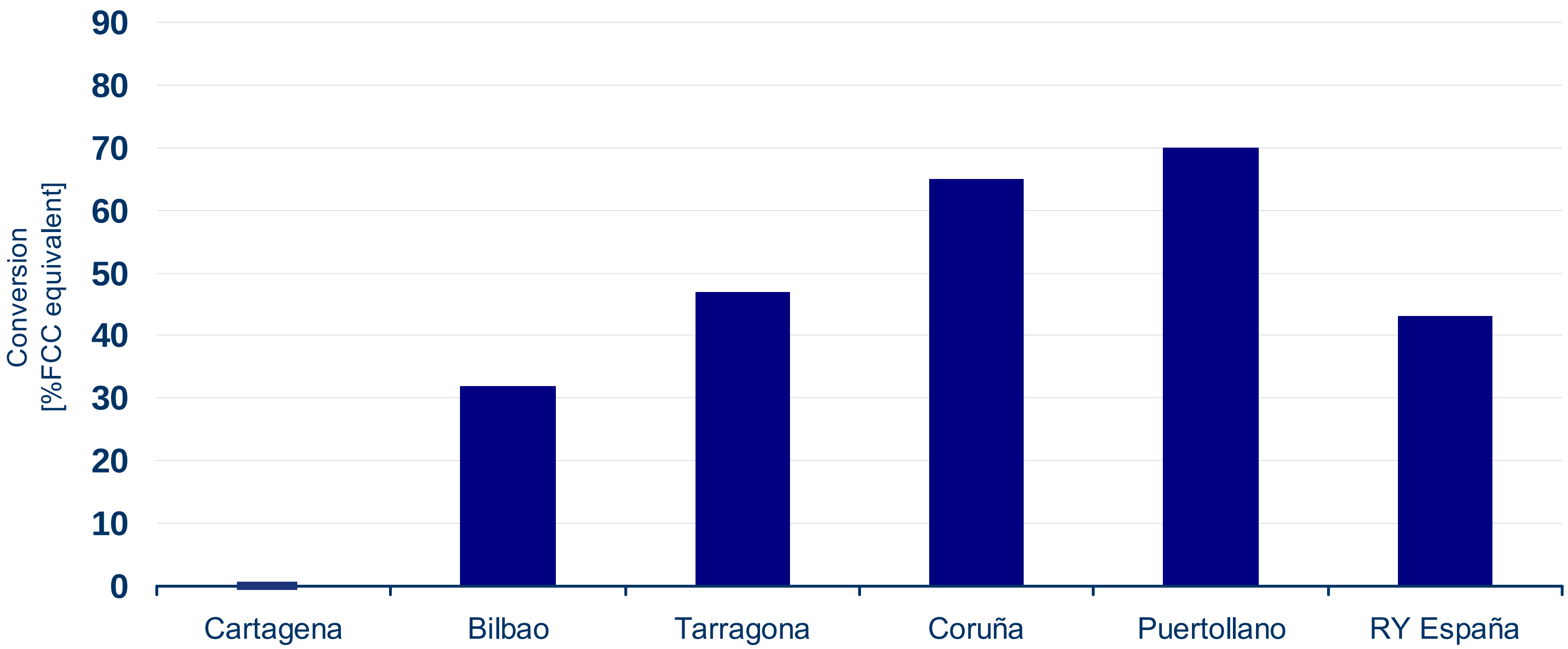
DEMAND EVOLUTION
- More middle distillates
- Less gasoline & fuel oils

INVESTMENT PLAN

COST EFFECTIVENESS & EFFICIENCY & SHE
- 6.5 % energy efficiency improvement

RENEWABLES
- Bio diesel

Current Situation of Repsol YPF Spanish Refineries



Without Conversion in Cartagena and inadequate in Bilbao

Source: Repsol YPF and PFC

Repsol YPF Refining Investment Strategy in Spain

- **Complete the investment program to comply with new specifications (2005-2009).**
- **Increase conversion capabilities of the refining system through the installation of new coking and hydro cracking units.**
- **Increase refining capacity in existing sites.**
- **Bio diesel.**
- **Improve efficiency, safety and environment.**

REPSOL YPF Refining Investment in Spain

STRATEGIC PROJECTS

Major Investments

- New conversion capacity at Bilbao refinery
- New refining and conversion capacity at Cartagena refinery

2,700 M€

Other Investments

- Debottleneckings
- Infrastructure facilities
- Other facilities

300 M€

Product Quality (1)

- 2009+ Product spec's
- HDS/HDA`s and other related projects

270 M€

Energy Efficiency + HS&E

400 M€

Biodiesel

up to 200 M€

3,870 M€ (2)

CAPEX 2005-2009

3,200 M€ (2)

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

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

Refining Spain: 2005 – 2009 Major Investments

Bilbao Refinery = 600 M€

- New coking unit (2,000 kt/y <>34,000 bpd)
- New complementary facilities
- New storage & coke handling facilities
- Existing visbreaking unit modification
- Existing facilities and utilities revamping

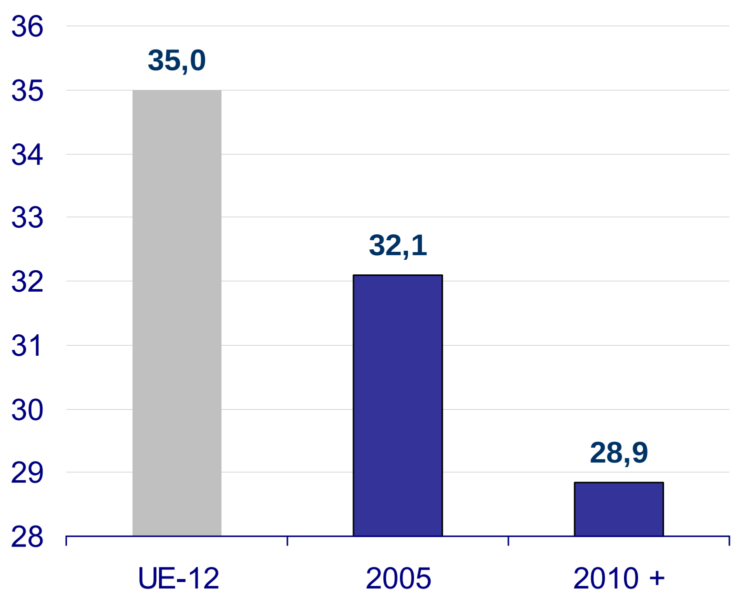
Cartagena Refinery = 2,100 M€

- New crude distillation unit (5,500 kt/y <> 110,000 bpd)
- New vacuum distillation unit (4,900 kt/y <>88,000 bpd)
- New coking unit (3,200 kt/y <>55,000 bpd)
- New hydrocracking unit (2,500 kt/y <>48,000 bpd)
- New HDS units (3,000 kt/y <>62,000 bdp)
- New isomerization unit (300 kt/y <>7,200 bpd)
- New hydrogen plant
- New complementary facilities, utilities, coke handling & infrastructure

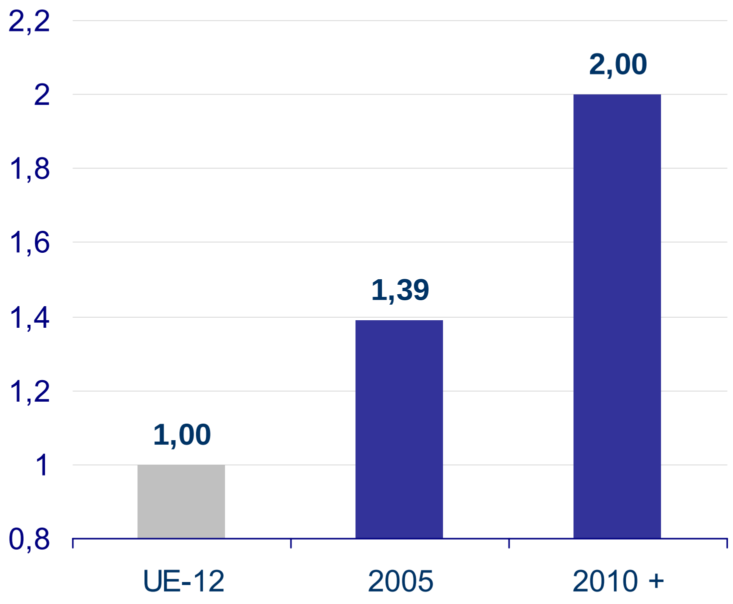
New Investments Effect

Crude Oil Quality

Density [ºAPI]

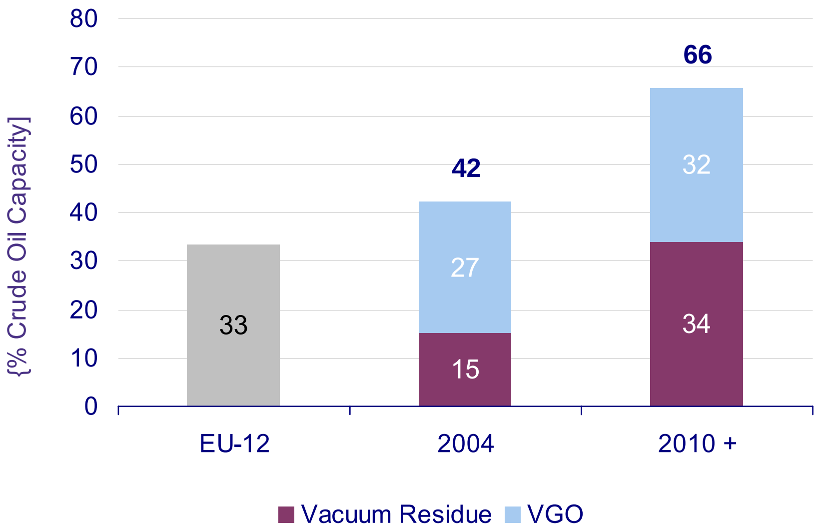


Sulphur [% weight]

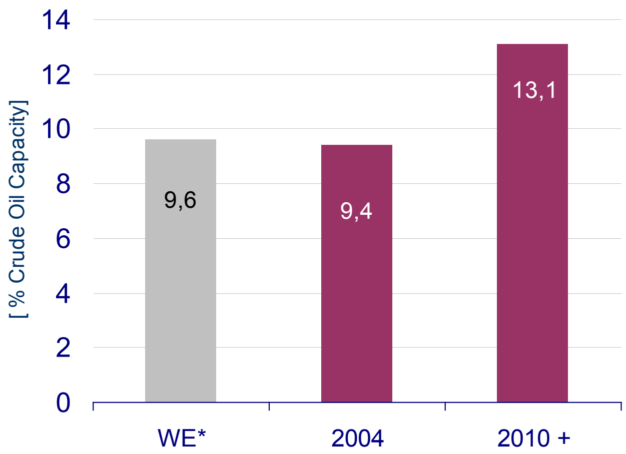


New Investments Effect

Conversion Index (% FCC Equiv.)

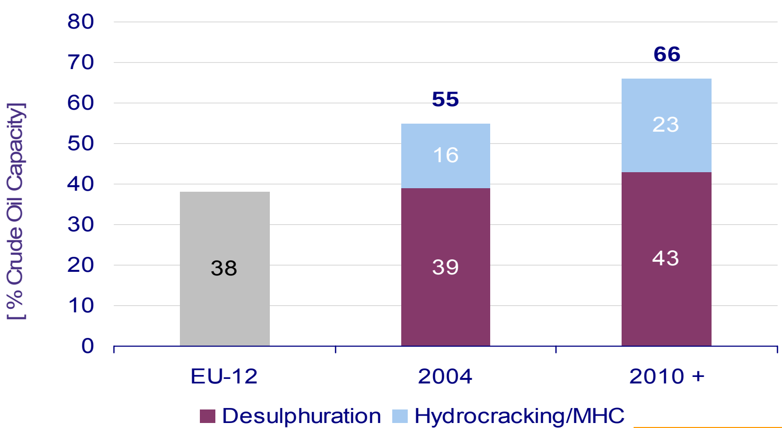


Complexity (Solomon)

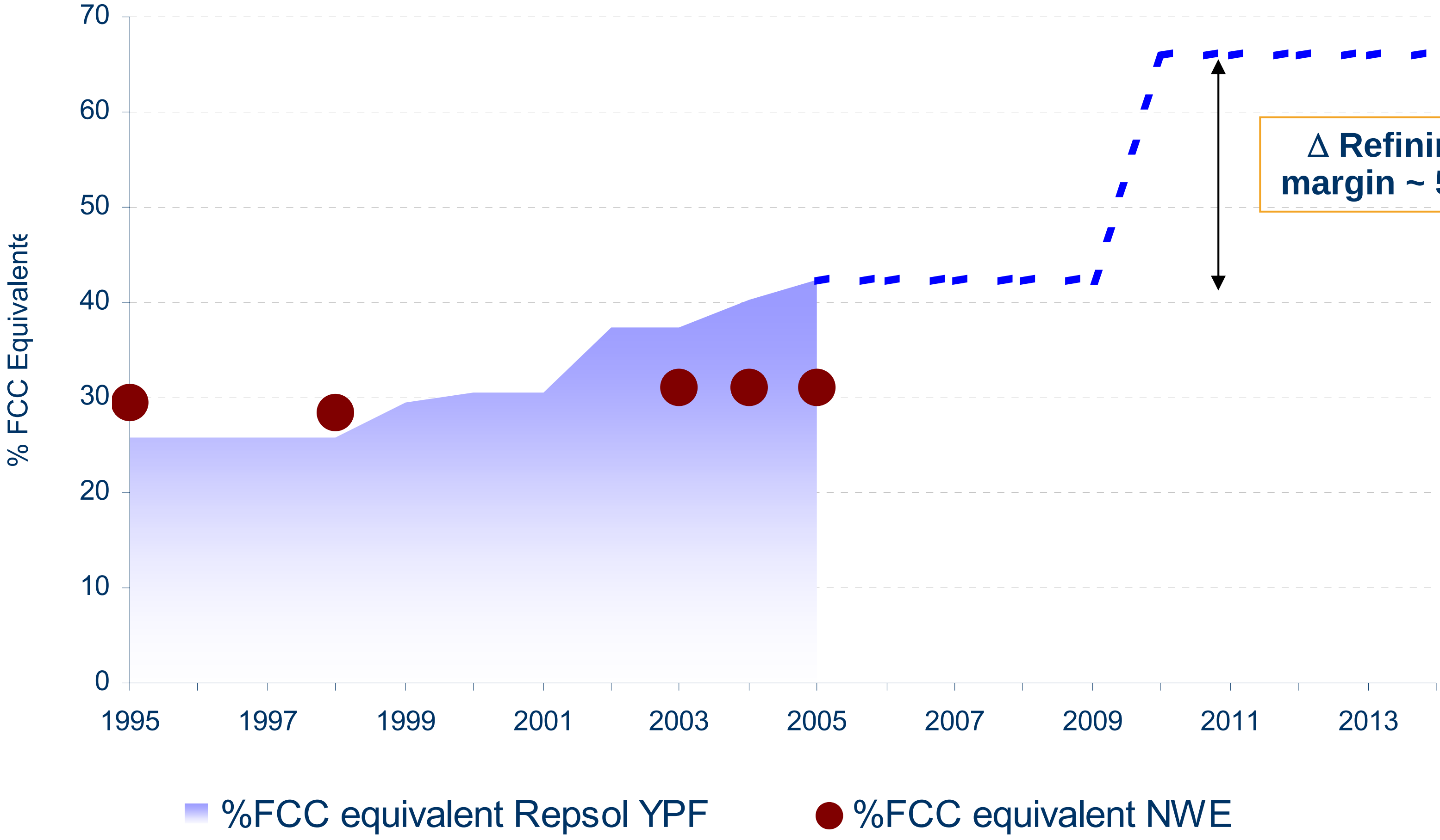


* Solomon 2004 "Western Europe", includes: Norway, Denmark, Finland, Sweden y Switzerland.

Desulphuration Index (Middle distillates and heavy fuels)



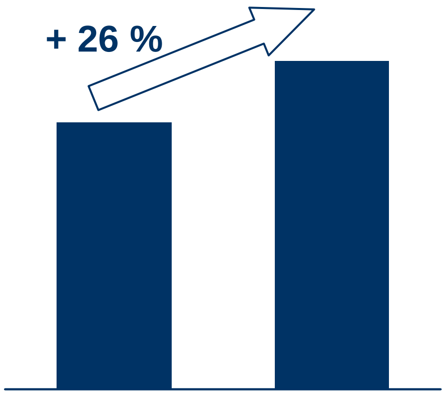
New Investments Effect



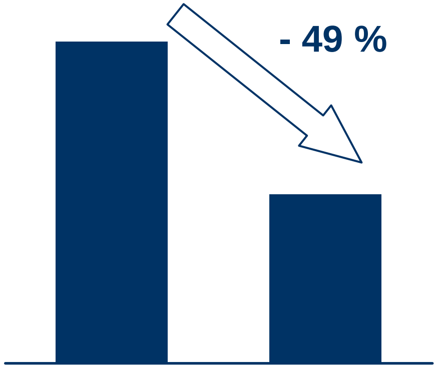
Source: Oil&Gas Journal and Repsol YPF

New Investments Effect

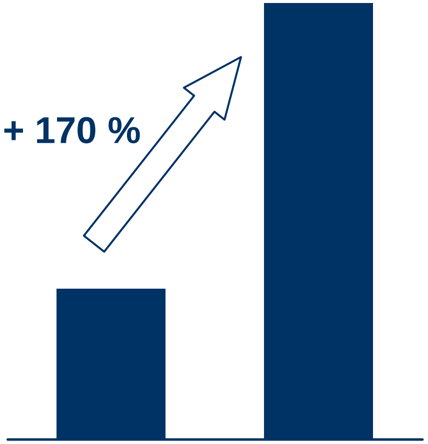
Middle distillates Production Increase 2010 +



Fuel Oil Production Decrease 2010 +



Coke Production increase 2010 +

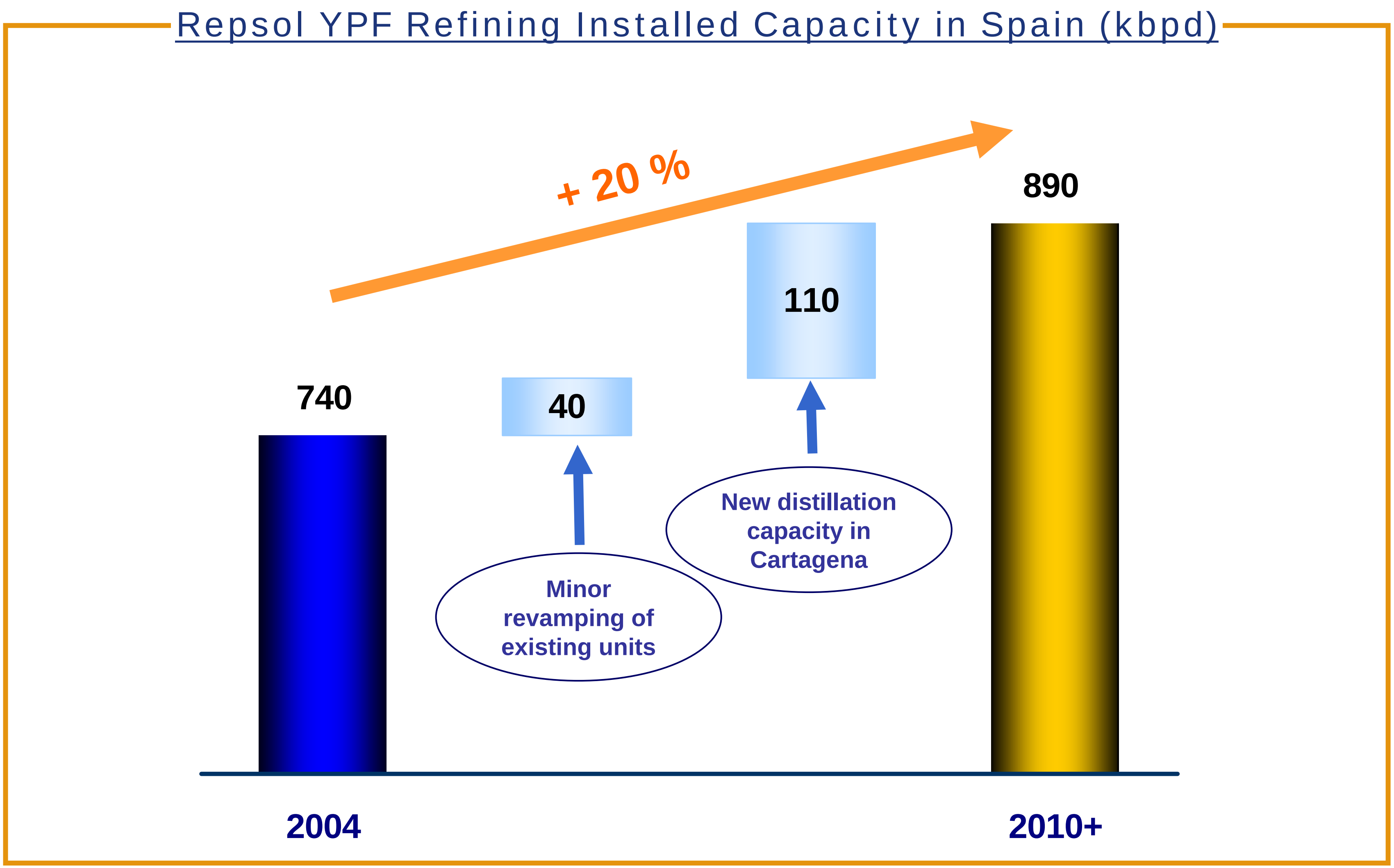


New Repsol YPF refineries scheme in Spain

	Puertollano	La Coruña	Tarragona	Bilbao	Cartagena
Topping	●	●	●	●	●
Vacuum distillation	●	●	●	●	●
Platforming	●	●	●	●	●
HDS	●	●	●	●	●
FCC	●	●		●	
Mild hydro cracker	●	●		●	
Hydro cracker			●		○
Visbreaking			●	●	
Coking	●	●		○	○
Current Conversion (1)	70	65	47	32	--
Future Conversion (1)	70	65	47	63	80

(1) Conversion index as FCC equivalent

New investments effect on refining capacity



Refining Spain

Investor Relations

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

USA
1330 Lake Robbins Drive, Suite 400
The Woodlands Houston,
77380, Texas USA
Tel: +1 281-681-7200

E-mail: ***inversores@repsolypf.com***

Website: ***www.repsolypf.com***

César Gallo
Managing Director

March 10th, 2006