





Milestones 2008



Compliance with the Strategic Plan -

In February 2008, the Chairman of the Repsol Group, Antonio Brufau, presented the Strategic Plan to 2012, which establishes the company's lines of growth and is based on ten key projects such as extension of the Cartagena refinery, development of the BM-S-9 block (Carioca and Guara) in Brazilian deep waters, the I/R field in Libya and the Shenzi field in the Gulf of Mexico. The 2008–2012 Strategic Plan, which is developed based on an established schedule, forecasts that in 2012 Repsol's net profit will multiply by 2.8 and EBITDA by 1.8.

The largest industrial investment in the history of Spain is underway -

In December 2007 an investment of over €3.2 billion was approved to increase the capacity of the Cartagena refinery, a project which will make this industrial complex one of the most modern in the world and double its production capacity to 220,000 barrels a day.

Throughout 2008 the necessary administrative permits were obtained for the extension, an initiative which has been most favourably received by the region and the administrations, as it will boost the economy of the Region of Murcia.

The works will provide employment for over 6,000 people and when

operative the new refinery will generate around 700 jobs. More than 50% of production will be middle distillates, which will contribute to significantly reduce the shortage of these products in Spain. Extension of the Cartagena refinery, which is the largest industrial investment in the history of Spain, is one of the key initiatives in the 2008–2012 Strategic Plan.



Dividend increases by 5%

Net profit of the Repsol Group in 2008 amounted to €2.711 billion. This figure enabled the Board of Directors to propose to the Annual Shareholders Meeting payment of a total gross dividend for 2008 of 1.05 euros per share, an increase of 5% on the dividend paid in the previous year.

The overall sum designated for payment of the total gross dividend for the year 2008 is € 1.282 billion, which represents 47.3% of the net profit obtained in 2008. This rise is in line with the policy of increasing shareholder remuneration planned by the company.

Large discoveries in Brazilian deep waters

In June 2008 a second oil field was discovered in the BM-S-9 block, located in deep waters in the Brazilian Santos basin. The megafield, called Guara, is next to the Carioca field, discovered at the end of 2007. Preliminary examinations indicate that both contain a high potential of high-quality oil resources and confirm this basin as one of the world's deep water areas with the greatest potential.

The new Guara deposit, discovered by the consortium formed by Petrobras (45% and the operator), BG (30%) and Repsol (25%) 310 km. off the coast of the state of Sao Paulo, proved the presence

of light oil with densities of around 28° API, at a depth of 5,000 metres, in 2,000 metres of water. Development of these projects is another of the ten key growth initiatives included by Repsol in the 2008–2012 Strategic Plan.



Sale of 15% of YPF

In February 2008 Repsol completed the sale of 14.9% of its affiliated company YPF to the Petersen Group for the sum of 2.235 billion dollars. The deal forms part of the company's strategy for enhancing the geographical distribution of its assets and applying global management with a local focus. Within a maximum period of four years from this date, the Petersen Group can also execute a purchase option on an additional 10.1 percent of the equity of YPF. The Petersen Group has already executed an option for 0.1%.

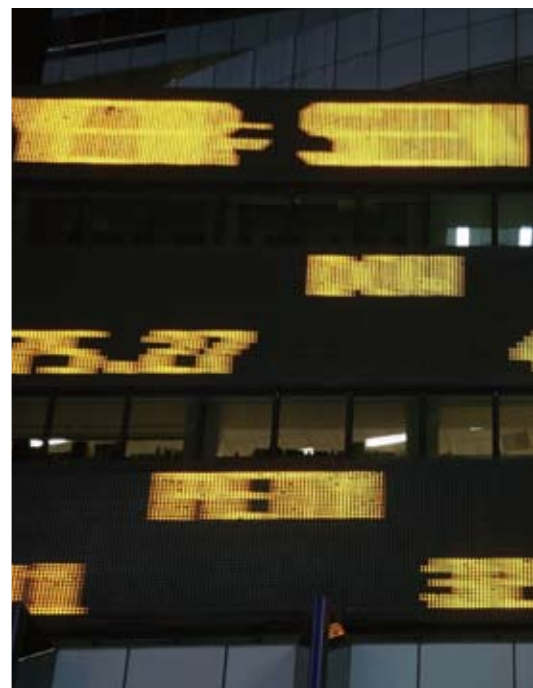
New gas deposits in Algeria, Bolivia, Peru, Brazil and Morocco

In Bolivia, Repsol discovered the Huacaya X-1 well where in 2008 it produced around 800,000 m³ of gas a day (0.3 bcm/year). Repsol is the operator in the consortium for this concession with a share of 37.5%.

At the beginning of 2008 a new gas discovery was made in Peru at the Kinteroni X1 well, in block 57. Preliminary production tests showed flows of 1 million m³ of gas a day (0.365 bcm/year) and 198 m³ per day of associated liquid hydrocarbons (72,270 m³/year). Repsol is the operator of the consortium which will exploit the Kinteroni X1 field.

At the end of January 2009, Repsol announced three new gas discoveries in the Algerian Sahara

desert: one in the Reggane basin, another in the adjacent Ahnet basin and a third in the Berkine basin. All of these show an initial joint flow in excess of one million m³/day of gas – equivalent to 1% of gas consumption in Spain – and preliminary tests indicate a high potential. At the beginning of 2009 new discoveries were also made in the Brazilian Santos basin (Piracuca, Panoramix and Iguazu), in the Tangier-Larache exploration area (Morocco) and, again, in Ahnet (Algeria).



New Repsol Guide

On 3 December 2008, the Repsol Guide 2009 was launched with a new image and offering innovative travel proposals through quality gastronomy. The name change takes full advantage of the potential of the Repsol brand in Spain and worldwide and strengthens the position of this publication as the reference guidebook for planning trips in Spain, the south of France, Andorra and Portugal. The new Repsol Guide maintains the prestige of the previous publication, the Guia Campsa, which has provided information on gastronomy and tourism for over 30 years.

Growth in the Gulf of Mexico

On 6 February 2009 Repsol announced an important new oil discovery in the Gulf of Mexico: the Buckskin deepwater well, located in Keathley Canyon, 300 kilometres off the coast of Houston. Repsol is the exploration operator of this new deposit. In the same area, production of oil and gas commenced in March 2009 in the Shenzi field, considered one of the world's deepwater areas of greatest interest and with the most potential.

Sale of non-strategic assets

In 2008 Repsol sold its service station networks in Ecuador and Brazil as well as its stake in the Brazilian Manguinhos refinery. In June Repsol signed an agreement with the Peruvian-Chilean company Primax for the sale of the Ecuadorean companies Recesa and Oiltrader. In Brazil, Repsol reached an agreement with the Brazilian group AleSat Combustiveis for the sale of its fuel distribution operations, which included the purchase by this group of the network of 327 Repsol brand service stations.



Six world championships

For yet another year, Repsol participated in the world's top motor sport competitions – the best testing grounds for its fuels and lubricants – and won six world championships: the women's Outdoor Trial and the men's Indoor Trial; the GP2 series – the threshold to Formula 1 – and the World Touring Car Championship, in both the driver's championship and manufacturer's championship. 2009 could not have got off to a better start for Repsol: Marc Coma took victory in the first Dakar Rally to be held in South America, in the year in which the company celebrates 40 years in the world of motor sport.

Reinforced presence in the Murzuq basin in Libya

In the second quarter of 2008 Repsol commenced production at the I/R field in Libya, one of the ten key growth projects defined by the company in its 2008–2012 Strategic Plan. Current gross production is 16,000 barrels/day, although a figure of 90,000 barrels/day is expected to be reached.

On 17 July 2008, Repsol signed a new agreement with NOC, the Libyan national oil company, extending its exploration and production contracts in the country.

This extends the term of the contracts for the NC-115 and NC-186 blocks, in the Murzuq basin, to the year 2032. The agreement guarantees Repsol exploitation of the substantial resources discovered in both blocks. In December Repsol then announced a new exploration discovery, also in the Murzuq basin, the most prolific region for hydrocarbon discoveries in this North African country.



Exploration in Canada -

In November 2008 Repsol was awarded the hydrocarbon exploration rights on three blocks in the offshore area of Newfoundland (Terranova) and Labrador, in Canada. This represents a step forward in the company's plans to increase its presence in gas and oil exploration and production in member countries of the Organization for Economic Cooperation and Development (OECD).

New K6 cylinder

As part of its goal to enhance products and services, Repsol has launched a new 6 kilo butane cylinder format. Called the K6, it is more modern, lighter and easier to manage, with an ergonomic design to make it easier to transport. The cylinder is compatible with installations using the traditional 12.5 kilo cylinder. The new format aims to meet the needs of customers who require more convenience and autonomy, both in traditional domestic use and in the professional and leisure sectors. This launch coincides with the 50th anniversary of Repsol Butano.

The most transparent oil company -

For the third year running, Repsol was ranked the most transparent of the world's large oil companies by the prestigious Dow Jones international indexes. This endorses the policies of maximum transparency and stringency introduced by the management team. The group also received the highest ranking in customer relations, climate change and biodiversity.