

ANNUAL REPORT ON CORPORATE GOVERNANCE

LISTED COMPANIES

ISSUER

YEAR 2011

TAX REGISTRATION NUMBER: A78374725

Name: REPSOL YPF, S.A.

**MODEL FORM OF ANNUAL REPORT ON CORPORATE GOVERNANCE OF
LISTED COMPANIES**

Read the instructions for completion at the end of this report for a better understanding of the model form and assistance for completion.

A OWNERSHIP STRUCTURE

A.1 Complete the following table on the capital of the company:

Date latest modification	Capital (€)	Number of shares	Number of voting rights
12-15-2000	1,220,863,463.00	1,220,863,463	1,220,863,463

State whether there are different classes of shares with different associated rights:

Yes No

A.2 Give details on the direct and indirect holders of significant interests in your company at year-end, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% total voting rights
Sacyr Vallehermoso, S.A.	0	122,208,433	10.010
CaixaBank, S.A.	156,794,359		12.843
Petróleos Mexicanos	0	115,884,041	9.492
Blackrock Inc.	0	37,475,651	3.07

(*) Through

Name of the indirect holder of the stake	Through: Name of the direct holder of the stake	Number of direct voting rights	% total voting rights
Sacyr Vallehermoso, S.A.	Sacyr Vallehermoso Participaciones Mobiliarias, S.L.	122,208,433	10.010
Petróleos Mexicanos	Financial entities	115,884,040	9.492
Petróleos Mexicanos	Pemex Internacional España, S.A.	1	0.000
Blackrock Inc.	Blackrock Investment Management (UK) LTD.	37,475,651	3.07

Indicate the principal movements in the shareholding structure during the year:

Name of shareholder	Date of transaction	Description of transaction
Banco Bilbao Vizcaya Argentaria, S.A.	01/25/2011	Falling below 3% of the share capital
Banco Bilbao Vizcaya Argentaria, S.A.	01/28/2011	Exceeding 3% of the share capital
Banco Bilbao Vizcaya Argentaria, S.A.	02/01/2011	Falling below 3% of the share capital
Banco Bilbao Vizcaya Argentaria, S.A.	02/04/2011	Exceeding 3% of the share capital
Banco Bilbao Vizcaya Argentaria, S.A.	02/21/2011	Falling below 3% of the share capital
Banco Bilbao Vizcaya Argentaria, S.A.	04/06/2011	Exceeding 3% of the share capital
Banco Bilbao Vizcaya Argentaria, S.A.	04/15/2011	Falling below 3% of the share capital
Banco Bilbao Vizcaya Argentaria, S.A.	04/18/2011	Falling below 3% of the share capital
Banco Bilbao Vizcaya Argentaria, S.A.	07/05/2011	Exceeding 3% of the share capital
Banco Bilbao Vizcaya Argentaria, S.A.	09/12/2011	Falling below 3% of the share capital
Barclays PLC	07/01/2011	Exceeding 3% of the share capital
Barclays PLC	07/04/2011	Falling below 3% of the share capital
Blackrock, Inc	03/07/2011	Exceeding 3% of the share capital
BNP Paribas, Societé Anonyme	07/11/2011	Exceeding 3% of the share capital
BNP Paribas, Societé Anonyme	07/15/2011	Falling below 3% of the share capital
BNP Paribas, Societé Anonyme	07/18/2011	Exceeding 3% of the share capital
BNP Paribas, Societé Anonyme	07/19/2011	Falling below 3% of the share capital
Caixa Bank, S.A.	01/19/2011	Exceeding 10% of the share capital
Crédit Agricole, S.A.	08/30/2011	Exceeding 3% of the share capital
Crédit Agricole, S.A.	09/02/2011	Falling below 3% of the share capital
J.P. Morgan Securities Ltd.	06/30/2011	Exceeding 3% of the share capital
J.P. Morgan Securities Ltd.	07/01/2011	Falling below 3% of the share capital
J.P. Morgan Securities Ltd.	07/04/2011	Exceeding 3% of the share capital
J.P. Morgan Securities Ltd.	07/05/2011	Falling below 3% of the share capital
J.P. Morgan Securities Ltd.	07/07/2011	Exceeding 3% of the share capital
J.P. Morgan Securities Ltd.	07/14/2011	Falling below 3% of the share capital
J.P. Morgan Securities Ltd.	07/15/2011	Exceeding 3% of the share capital
J.P. Morgan Securities Ltd.	07/19/2011	Falling below 3% of the share capital

Petróleos Mexicanos	08/30/2011	Exceeding 5% of the share capital
Repinves, S.A.	01/19/2011	Falling below 5% of the share capital
Sacyr Vallehermoso, S.A.	12/21/2011	Falling below 20% of the share capital
Sacyr Vallehermoso Participaciones Mobiliarias, S.L.	12/21/2011	Falling below 20% of the share capital

A.3 Complete the following tables on directors' shareholding interests in the company:

Name of Director	Number of direct voting rights	Number of indirect voting rights (*)	% total voting rights
Antonio Brufau Niubó	237,602	-	0.019
Isidro Fainé Casas	242	-	0.000
Juan Abelló Gallo	1,000	81,926	0.007
Paulina Beato Blanco	100	-	0.000
Artur Carulla Font	33,344	-	0.003
Mario Fernández Pelaz	4,000	0	0.000
Ángel Duráñez Adeva	5,950	-	0.000
Javier Echenique Landiribar	-	17,200	0.001
María Isabel Gabarró Miquel	5,816	1,832	0.001
José Manuel Loureda Mantiñán	50	27,200	0.002
Juan María Nin Génova	242	-	0.000
Pemex Internacional España, S.A.	1	-	0.000
Henri Philippe Reichstul	50	-	0.000
Luis Carlos Croissier Batista	1,200	-	0.000
Luis Suárez de Lezo Mantilla	8,038	-	0.001

(*) Through

Name of the indirect holder of the stake	Through: Name of the direct holder of the stake	Number of direct voting rights	% total voting rights
Juan Abelló Gallo	Arbarin SICAV, S.A.	81,926	0.007

Javier Echenique Landiribar	Bilbao Orvieto, S.L.	17,200	0.001
Jose Manuel Loureda Mantiañan	Prilou, S.L.	27,200	0.002

Total % of voting rights held by the Board of Directors	0.035
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Complete the following tables on directors with stock options in the company:

Name of Director	Number of direct option rights	Number of indirect option rights	Number of share equivalents	% total voting rights

A.4 Indicate family, commercial, contractual or corporate relationships among significant shareholders known to the company, if any, except any that are insignificant and those deriving from ordinary commercial business:

Names of related persons or companies	Type of relationship	Brief description

A.5 Indicate commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, if any, except any that are insignificant and those deriving from ordinary commercial business:

Names of related persons or companies	Type of relationship	Brief description
Caja de Ahorros y Pensiones de Barcelona	Corporate	Repsol YPF and Caja de Ahorros y Pensiones de Barcelona (controlling shareholder of Caixaholding Bank, S.A.U. and CaixaBank, S.A.) participate in Gas Natural SDG, S.A., which has as business purpose, among other activities, supply, production, piping and distribution of any type of combustible gas. Repsol YPF and Caja de Ahorros y Pensiones de Barcelona have also signed an agreement in relation to Gas Natural SDG, S.A., considered by both entities as a concerted action of which the <i>Comisión Nacional del Mercado de Valores</i> (CNMV) has been duly notified.

A.6 Indicate any shareholders' agreements of which the company has been notified in pursuance of Art. 112 of the Securities Market Act. Describe briefly, if any,

indicating the shareholders bound by the agreement:

Yes No

Involved in the shareholder agreement	% of capital affected	Brief description of the agreement
Sacyr Vallehermoso, S.A., Petróleos Mexicanos and PMI Holdings, B.V.	29.502	On August 29, 2011, Sacyr Vallehermoso, S.A. communicated by means of the Material Fact number 149479 the subscription of a shareholders' agreement with Petróleos Mexicanos in relation to Repsol YPF, S.A., having, among others, the purpose of: (i) regulating the jointly exercise of the voting rights between Pemex and Sacyr; and (ii) establishing certain restrictions to the transfer of shares belonging to Sacyr or Pemex.

Indicate any concerted actions among company shareholders of which the company is aware:

Yes No

Involved in the concerted action	% of capital affected	Brief description of the agreement
Sacyr Vallehermoso, S.A., Petróleos Mexicanos and PMI Holdings, B.V.	29.502	On August 29, 2011, Sacyr Vallehermoso, S.A. communicated by means of the Material Fact number 149479 the subscription of a shareholders' agreement with Petróleos Mexicanos in relation to Repsol YPF, S.A., having, among others, the purpose of regulating the jointly exercise of the voting rights between Pemex and Sacyr.

Expressly indicate any change or break-up of those agreements or concerted actions, if any, that has taken place during the year:

On December 20, 2011 Sacyr Vallehermoso, S.A. communicated by means of the Material Fact number 155225: (i) the transfer to certain of its lender banks of 122,086,346 shares of Repsol YPF, S.A: representing a 10% of its share capital; (ii) the subsequent reduction to the 10.01% of the stake holding in Repsol of it fully owned affiliate Sacyr Vallehermoso Participaciones Mobiliarias, S.L.U.; and (iii) the modification of the terms and conditions of the shareholders agreement entered into with Petróleos Mexicanos and PMI Holdings, B.V on August 29, 2011, which should, therefore, be considered terminated.

After that, on January 31, 2012 Sacyr Vallehermoso, S.A. and Petróleos Mexicanos communicated, by means of the Material Fact number 157258, the subscription of an early termination agreement, by virtue of which the parties agreed to early terminate the shareholders' agreement, declaring that they had nothing to claim each other and waiving the exercise of any action or right that they might had in accordance to said shareholders agreement.

A.7 Indicate any individuals or entities that exercise or may exercise control over the company in pursuance of Article 4 of the Securities Market Act:

Yes No

Individual or corporate name

Comments

A.8 Complete the following tables on the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Treasury stock/capital (%)
122,086,346	0	10

(*) Through:

Individual or corporate name of direct shareholder	Number of direct shares
Total:	0

Give details on any significant variations during the year, according to the provisions of Royal Decree 1362/2007:

Date of notice	Total direct shares acquired	Total indirect shares acquired	% of share capital
20/12/2011	122,086,346		10

Gain/(loss) obtained during the year on trading in own shares (thousand euro)	10,248
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A.9. Indicate the terms and conditions of the authorisation granted by the General Meeting to the Board to buy or sell own shares.

The Annual General Meeting of Shareholders of Repsol YPF, S.A. held on second call on April 30, 2010, adopted the following resolution under item six on the Agenda:

“First. To authorize the Board of Directors for the derivative acquisition of shares of Repsol YPF, S.A., by sale, purchase, exchange or any other onerous legal business modality, directly or through controlled companies, up to a maximum number of shares, that added to those already own by Repsol YPF, S.A. and its subsidiaries, not exceeding 10% of the share capital and for a price or equivalent value that may not be lower than the nominal value of the shares nor exceed the quoted price on the stock market.

The shares so acquired may be disbursed among the employees and directors of the Company and its Group or, if appropriate, used to satisfy the exercise of option rights that such persons may hold.

This authorization, which is subject to the compliance of all other applicable legal requirements, shall be valid for 18 months, counted as from the date of the present General Shareholders Meeting, and leaves without effect the authorization granted by the last Ordinary General Shareholders Meeting held on the 14th May 2009.

Second. To authorize the Board of Directors to delegate, pursuant to the provisions of article 141.1 of Joint Stock Companies Act, the delegated powers contemplated in section first of these resolutions."

A.10 Indicate any constraints established in law or the Articles of Association on the exercise of voting rights and legal restrictions on the acquisition and disposal of shares in the capital.

Indicate whether there are any legal constraints on the exercise of voting rights:

Yes No

Maximum percentage of voting rights that may be exercised by one shareholder by legal constraint	3%
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Indicate whether the Articles of Association establish any constraints on the exercise of voting rights:

Yes No

Maximum percentage of voting rights that may be exercised by one shareholder by a constraint under the Articles of Association	
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Description of the constraints established in law or the Articles of Association on the exercise of voting rights
<p>Article 34 of Royal Decree-Law 6/2000 establishes certain constraints on the exercising of voting rights in more than one principal operator in any one market or sector. Among others, it lists the fuel production and distribution, liquefied petroleum gas production and supply and natural gas production and supply markets. The principal operators are the entities holding the five largest shares of the market in question.</p> <p>These constraints are as follows:</p> <ul style="list-style-type: none"> - Individuals or entities directly or indirectly holding more than 3% of the capital or voting rights of two or more principal operators on the same market may not exercise the voting rights corresponding to the excess over that percentage in more than one of such operators. - No principal operator may exercise the voting rights corresponding to an interest of more than 3% in the capital of another principal operator on the same market. <p>These constraints shall not be applicable to parent companies that are principal operators in respect of their subsidiaries that are in the same position, provided this structure is imposed by law or the result of a mere redistribution of securities or assets among group companies.</p> <p>The <i>Comisión Nacional de Energía</i> (CNE), regulator of the energy market, may authorise exercise of the voting rights corresponding to the excess provided this does not favour the exchanging of strategic information or imply any risks of coordination of their strategic actions.</p>

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Indicate whether there are any legal restrictions on the acquisition and disposal of shares in the capital:

Yes No

Description of the legal restrictions on the acquisition or transfer of interests in the share capital

A.11 Indicate whether the General Shareholders' Meeting has resolved to take measures to neutralise a takeover bid under Act 6/2007.

Yes No

If so, explain the measures approved and the terms on which the constraints would become ineffective:

B MANAGEMENT STRUCTURE OF THE COMPANY

B.1 Board of Directors

B.1.1 State the maximum and minimum numbers of Directors stipulated in the Articles of Association:

Maximum number of directors:	16
Minimum number of directors:	9

B.1.2 Complete the following table with details of the members of the Board:

Name of Director	Representative	Position	Date first appointment	Date last appointment	Election procedure
Antonio Brufau Niubó		Chairman	07/23/1996	04/15/2011	Cooptation
Isidro Fainé Casas		Vice-Chairman	12/19/2007	05/14/2008	Cooptation
Juan Abelló Gallo		Vice-Chairman	11/29/2006	04/15/2011	Cooptation
Paulina Beato Blanco		Director	12/29/2005	04/30/2010	Cooptation
Artur Carulla Font		Director	06/16/2006	04/30/2010	General Meeting
Luis Carlos Croissier Batista		Director	05/09/2007	04/15/2011	General Meeting
Mario Fernández Pelaz		Director	04/15/2011	04/15/2011	General Meeting
Ángel Duráñez Adeva		Director	05/09/2007	04/15/2011	General Meeting
Javier Echenique Landiribar		Director	06/16/2006	04/30/2010	General Meeting
María Isabel Gabarró Miquel		Director	05/14/2009	05/14/2009	General Meeting
José Manuel Loureda Mantiñán		Director	01/31/2007	04/15/2011	Cooptation

Juan María Nin Génova		Director	12/19/2007	05/14/2008	Cooptation
Pemex Internacional España, S.A.	José Manuel Carrera Panizzo	Director	01/26/2004	04/30/2010	Cooptation
Henri Philippe Reichstul		Director	12/29/2005	04/30/2010	Cooptation
Luis Suárez de Lezo Mantilla		Director and Secretary	02/02/2005	05/14/2009	Cooptation

Total Number of Directors	15
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Indicate any retirements from the board during the year:

Name of director	Type of director at the time of retirement	Date of retirement
Luis del Rivero Asensio	External Proprietary Director	12/20/2011
Carmelo de las Morenas López	External Independent Director	04/15/2011

B.1.3 Complete the following tables on the types of board members:

EXECUTIVE DIRECTORS

Name of director	Committee proposing appointment	Position in company's organisation
Antonio Brufau Niubó	Nomination and Compensation Committee	Executive Chairman
Luis Suárez de Lezo Mantilla	Nomination and Compensation Committee	General Counsel and Secretary of the Board of Directors

Total number of executive directors	2
Executive directors / total directors (%)	13.33

EXTERNAL PROPRIETARY DIRECTORS

Name of director	Committee proposing appointment	Name of significant shareholder represented or that proposed appointment
Isidro Fainé Casas	Nomination and Compensation Committee	Caixa Bank, S.A.
Juan Abelló Gallo	Nomination and Compensation Committee	Sacyr Vallehermoso, S.A.
José Manuel Loureda Mantiñán	Nomination and Compensation Committee	Sacyr Vallehermoso, S.A.
Juan María Nin Génova	Nomination and Compensation Committee	Caixa Bank, S.A.
Pemex Internacional España, S.A.	Nomination and Compensation Committee	Petroleos Mexicanos

Total number of proprietary directors	5
Institutional dir. / total directors (%)	33.33

INDEPENDENT NON-EXECUTIVE DIRECTORS

Name of director	Profile
Paulina Beato Blanco	Phd Economics, University of Minnesota, Professor of Economic Analysis, Commercial Expert and Economist of the State. Former Executive Chairperson of Red Eléctrica de España, Director of CAMPSA and major financial institutions. Formerly Chief Economist in the Sustainable Development Department of Inter-American Development Bank and Consultant in the Banking Supervision and Regulation Division of the International Monetary Fund. Currently she is advisor to the Iberoamerican Secretary General (Secretaría General Iberoamericana), professor for Economic Analysis and member of a special Board for promoting Knowledge Society in Andalusia.
Artur Carulla Font	Graduate in Economics. His professional activity began in Arbora & Ausonia, S.L. in 1972, where he held several positions until he was appointed Executive Director. In 1988 he joined Agrolimen, S.A. like Strategy Director. In 2001 he is appointed Managing Director of Agrolimen, S.A. Currently, he is Chairman of Agrolimen, S.A. and its participated companies; Affinity Petcare, S.A., Preparados Alimenticios, S.A. (Gallina Blanca Star), Biocentury, S.L., The Eat Out Group, S.L. and Reserva Mont-Ferrant, S.A.; Director and Secretary of Arbora & Ausonia and Consorcio de Jabugo, S.A.; Member of the Regional Board of Telefónica in Catalonia, member of Advisory Board of EXEA Empresarial, S.L. and member of Advisory Board of Roca Junyent. He is also Vice-Chairman of Círculo de Economía, Vice-Chairman of Foundation ESADE, Member of Foundation Lluís Carulla, Member of IAB (International Advisory Board) of the Generalitat de Catalunya, Member of the Management Board of Instituto de la Empresa Familiar, Member of Foundation MACBA (Museo de Arte Contemporáneo de Barcelona) and Member of FUOC (Fundació per a la Universitat Oberta de Catalunya).
Luis Carlos Croissier Batista	He has been the professor in charge of economic policy of the Universidad Complutense of Madrid. During his long professional tenure, amongst other positions, he was Subsecretary of the Ministry of Industry and Energy, President of the National Institute of Industry (Instituto Nacional de Industria, I.N.I.), Minister of Industry and Energy and President of Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores). Currently he is Director of Adolfo

	Dominguez, S.A., Testa Inmuebles en Renta, S.A., Eolia Renovables de Inversiones SCR, S.A., Grupo Copo de Inversiones, S.A., and Sole Director of Eurofocus Consultores, S.L.
Mario Fernández Pelaz	Graduate in Law at Deusto University in 1965. He has been Professor of Mercantile Law in the Faculty of Law of Deusto University and in the Faculty of Business Science at the same University, and Professor of different Masters at Deusto University. In his long professional career, he has served, among other charges, as Minister and later Vice-president of the Basque Government, Chairman of the Central Administration-Basque Government Transfers Mixed Committee, Chairman of the Basque Financial Council, Chairman of the Economic Committee of the Basque Government, Member of the Arbitration Committee of the Basque Autonomous Community. He was also Executive Director of BBVA Group and member of the Executive Committee from 1997 to 2002, and Main Partner of Uría Menéndez from that date to June 2009. Currently he is Chairman of BBK (Bilbao Bizkaia Kutxa) and Executive Chairman of Kutxabank, S.A. He has also published on mercantile and financial matters.
Ángel Durández Adeva	BA Economics, Professor of Commerce, chartered accountant and founding member of the Registry of Economic Auditors. He joined Arthur Andersen in 1965 where he was Partner from 1976 to 2000. Up to March, 2004 he headed the Euroamerica Foundation, of which he was founder, entity dedicated to the development of business, political and cultural relationships between the European Union and the different Latin American Countries. Currently he is Director of Mediaset España Comunicación, S.A., Director of Quantica Producciones, S.L., Member of the Advisory Board of FRIDE (Foundation for the international relations and the foreign development), Chairman of Arcadia Capital, S.L. and Información y Control de Publicaciones, S.A., Member of Foundation Germán Sánchez Ruipérez and Foundation Independiente and Vicepresident of Foundation Euroamérica.
Javier Echenique Landiribar	Ba Economics and Actuarial Science. Former Director-General Manager of Allianz-Ercos and General Manager of BBVA Group. Currently Chairman of Banco Guipuzcoano, Vice chairman of Banco Sabadell, S.A., Director of Telefónica Móviles México, Actividades de Construcción y Servicios (ACS), S.A., Grupo Empresarial Ence, S.A. and Celistics, L.L.C., Delegate of the Board of Telefónica, S.A. in the Basque region, Member of the Advisory Board of Telefónica Spain, Member of Foundation Novia Salcedo, Foundation Altuna

	and Member of the <i>Círculo de Empresarios Vascos</i> .
María Isabel Gabarró Miquel	Graduate in Law at the University of Barcelona in 1976. In 1979 she joined the Bar of Notaries. She has been a board member of important entities in different sectors: financial, energy, telecommunications, infrastructure and also property, where she was also a member of the Nomination and Compensation Committee and of the Audit and Control Committee. Currently, she is registered on the Bar of Notaries of Barcelona, since 1986, and is a member of the <i>Sociedad Económica Barcelonesa de Amigos del País</i> .
Henri Philippe Reichstul	Ba Economics, University of São Paulo and Phd at Hertford College, Oxford. Former Secretary of the State Business Budget Office and Deputy Minister of Planning in Brazil. From 1988 to 1999 he held the position of Executive Vice President of Banco Inter American Express, S.A. From 1999 to 2001 he was Chairman of Brazilian State Oil Company Petrobrás. He is Member of the Strategic Board of ABDIB, Member of Coinfra, Member of the Advisory Board of Lhoist do Brasil Ltda., Member of the Supervisory Board of Peugeot Citroen, S.A., Member of the International Advisory Board of Group Credit Agricole, Member of the Board of Directors of Gafisa, Member of the Board of Directors of Foster Wheeler and Vice-Chairman of the Board of the Brazilian Foundation for Sustainable Development.

Total number of independent directors	8
Independent directors / total directors (%)	53.33

OTHER EXTERNAL DIRECTORS

Name of Director	Committee proposing appointment

Total number of external directors	
external directors / total directors (%)	

State reasons why they cannot be considered external proprietary or independent directors:

Indicate any variations during the year in the type of each director:

B.1.4 Explain why proprietary directors have been appointed at the proposal of shareholders with less than a 5% interest in the company, if appropriate:

Indicate whether any formal requests for presence on the Board have not been met from shareholders with an interest equal to or greater than that of others at whose request proprietary directors have been appointed. If so,

explain why such requests have not been met:

Yes No

Name of shareholder	Explanation

B.1.5 Indicate whether any director has retired from office before the end of his/her term, whether he/she explained the reasons for such retirement to the Board, and how, and if done in a letter addressed to the entire Board, explain at least the reasons stated therein:

Yes No

Name of Director	Retirement reasons
Luis Fernando del Rivero Asensio	On December 20, 2011 Mr. del Rivero communicated to the Company, by means of a letter, his resignation from the position of Director due to the sell, by Sacyr Vallehermoso to its financing entities, of a 10% stake in Repsol.

B.1.6 Indicate the powers delegated to the Managing Director(s), if any:

Name of Director	Brief description

B.1.7 Name the Board members, if any, who are also directors or executives of other companies in the same group as the listed company:

Name of director	Name of group company	Position
Antonio Brufau Niubó	YPF, S.A.	Chairman
Luis Suárez de Lezo Mantilla	YPF, S.A.	Director

B.1.8 Name the company directors, if any, who are on the Boards of non-group companies listed on Spanish stock exchanges, insofar as the company has been notified:

Name of Director	Listed Company	Position
Antonio Brufau Niubó	Gas Natural SDG, S.A.	Vice-Chairman
Isidro Fainé Casas	Abertis Infraestructuras, S.A.	Vice-Chairman
Isidro Fainé Casas	Telefónica, S.A.	Vice-Chairman
Isidro Fainé Casas	Caixa Bank, S.A.	Chairman
Luis Carlos Croissier Batista	Adolfo Domínguez, S.A.	Director
Luis Carlos Croissier Batista	Testa Inmuebles en Renta, S.A.	Director
Ángel Durández Adeva	Mediaset España Comunicación, S.A.	Director
Javier Echenique Landiribar	Banco Sabadell, S.A.	Vice-Chairman
Javier Echenique Landiribar	Actividades de Construcción y Servicios (ACS), S.A.	Director
Javier Echenique Landiribar	Grupo Empresarial ENCE, S.A.	Director
José Manuel Loureda Mantiñán	Testa Inmuebles en Renta, S.A.	Director
Juan María Nin Génova	Caixa Bank, S.A.	Vice-Chairman and Managing Director
Juan María Nin Génova	Gas Natural SDG, S.A.	Director

Luis Suárez de Lezo Mantilla	Gas Natural SDG, S.A.	Director
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B.1.9 Indicate and, if appropriate, explain whether the company has established rules on the number of boards on which its directors may sit:

Yes No

Description of rules

B.1.10 With regard to recommendation number 8 of the Unified Code, indicate the general policies and strategies of the company reserved for approval by the full board:

Investment and financing policy	YES
Definition of the structure of the group of companies	NO
Corporate governance policy	YES
Corporate social responsibility policy	YES
Strategic or business plan, management objectives and annual budget	YES
Pay policy and senior executive performance assessment	YES
Risk management and control policy and regular monitoring of the internal information and control systems	NO
Dividend policy, treasury stock policy, especially limits	YES

B.1.11 Complete the following tables on the aggregate directors' remuneration accrued during the year:

a) In the reporting company:

Remuneration	Thousand euro
Fixed remuneration	8,325
Variable remuneration	7,369
Attendance fees	0
Statutory payments	0
Stock options and/or other financial instruments	0
Others	56
TOTAL:	15,750

Other Benefits	Thousand euro
Advances	0
Loans granted	0
Pension Plans and Funds: Contributions	2,671
Pension Plans and Funds: Obligations contracted	0
Life assurance premiums	294
Guarantees furnished by the company for directors	0

b) For company directors who are on other Boards and/or in the top management of group companies:

Remuneration	Thousand euro
Fixed remuneration	611
Variable remuneration	0
Attendance fees	0
Statutory payments	0
Stock options and/or other financial instruments	0
Others	0
TOTAL:	611

Other Benefits	Thousand euro
Advances	0
Loans granted	0
Pension Plans and Funds: Contributions	0
Pension Plans and Funds: Obligations contracted	0
Life assurance premiums	0
Guarantees furnished by the company for directors	0

c) Total remuneration by type of director:

Types of directors	By company (thousand euro)	By group (thousand euro)
Executive	11,482	611
External proprietary directors	1,840	0
External independent directors	2,428	0
Other external directors	0	0
TOTAL:	15,750	611

d) Regarding profit attributed to the controlling company:

Total directors' remuneration (thousand euro)	16,361
Total directors' remuneration / profit attributed to parent company (%)	0.74

B.1.12 Name the members of top management who are not executive directors and indicate the aggregate remuneration accrued in their favour during the year:

Name	Position
Pedro Fernández Frial	Executive Managing Director Downstream
Nemesio Fernández-Cuesta Luca de Tena	Executive Managing Director Upstream
Miguel Martínez San Martín	Chief Financial Officer and Executive Managing Director of Participated Entities
Cristina Sanz Mendiola	Executive Managing Director of Human Resources and Organization
Antonio Gomis Sáez	Executive Managing Director of Repsol Argentina
Isidoro Mansilla Barreiro	Audit and Control Director
Miguel Ángel Devesa del Barrio	Chief Financial Officer (C.F.O.)
Begoña Elices García	Executive Managing Director of Communications and Chairman's Office
M ^a Victoria Zingoni	Investor Relations Director
Pedro Antonio Merino García	Studies and Analysis of Environment Director

Total remuneration top management (thousand euro)	18,022
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B.1.13 Indicate globally whether any golden handshake clauses have been established for the top management, including Executive Directors, of the company or its group in the event of dismissal or change of ownership. State whether these contracts have to be notified to and/or approved by the governing bodies of the company/group companies:

Number of beneficiaries	12
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	Board of Directors	General Meeting
Body authorising the clauses	YES	NO

Is the General Meeting informed on the clauses?	NO
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B.1.14 Explain the process for establishing the remuneration of the Board members and the relevant articles of the Articles of Association:

Processes for establishing the remuneration of the Board members and articles of the Articles of Association
<p>Article 45 of the Repsol YPF, S.A. Articles of Association provides as follows:</p> <p><i>“Directors, in their position as members of the Board of Directors and due to their carrying out the function of supervision and group decision as befits this body, shall be entitled to receive from the Company an amount equivalent to 1.5% of the clear profit, which may only be allocated after attending to the requirements of the legal reserve and others that may be compulsory, and of providing the shareholders with a dividend of at least 4%. The Board of Directors is responsible for fixing the exact amount to be paid within this limit, as well as its distribution among the various Directors, taking into account the positions held by each Director on the Board and its committees. The Company is authorised to make advance payments on account of future participation in profits.</i></p> <p><i>Directors may be additionally remunerated by means of granting company shares, share options or other securities giving the right to obtain shares, or through remunerative systems linked to the stock market value of the shares. The application of these systems must be approved by the General Shareholders' Meeting, which shall determine the value of the shares to be taken as a reference, the number of shares to be given to each Director, the exercise price of any option rights, the period the</i></p>

agreed system should last and as many conditions as deemed appropriate.

The payments established by this article shall be compatible with and independent of the salary, remuneration, termination compensation, pension or compensation of any kind established for those members of the Board of Directors who carry out executive functions, whatever the nature of their relationship with the Company, be it employment (common or special of top management), commercial or for the provision of services. Information regarding these remunerations shall be disclosed in the Annual Report and in the Annual Report on Corporate Governance.

The Company may take out an insurance policy covering civil liability for the Directors and members of the management team."

With regard to the Directors' compensation, Article 5.3.c of the Regulations of the Board of Directors reserves to the full Board of Directors the decision to approve Directors' compensation and, in the case of Executive Directors, any additional consideration for their management duties and other contract conditions.

Article 24 of the Regulations of the Board of Directors of Repsol YPF, S.A. provides as follows:

"Article 24. Directors' Compensation

1. The position of Director of Repsol YPF, S.A. shall be compensated as provided for in the Articles of Association.

The Nomination and Compensation Committee shall propose the criteria it considers appropriate to achieve the purposes of this article to the Board of Directors, and it is the Board's responsibility to approve said proposal and determine the final distribution of the overall sum, within the limits stipulated in the Articles of Association to that end. Within each term of office the Board may order payments, at the intervals it sees fit, to be credited to the amounts owed to each Director for the work done in said period.

2. Directors' compensation shall be transparent. The Annual Report shall provide an individual breakdown of the compensation received by each Director for the performance of his functions as such during the period, showing the different categories of compensation.

3. External Directors shall in all cases be excluded from the Company-funded benefit systems providing assistance in the event of termination of employment, death, or any other circumstances, as well as from long-term incentive programs such as stock purchase options."

Finally, Article 33 of the Regulations of the Board of Directors provides that the Nomination and Compensation Committee shall propose to the Board its compensation policy, assessing the responsibility, dedication, and incompatibilities demanded of the Directors; and, in the case of the Executive Directors, propose to the Board the additional consideration for their management duties and other contract conditions.

Indicate whether approvals of the following decisions are reserved to the full Board:

Upon recommendation by the chief executive, the appointment and possible removal of senior executives and their compensation clauses.	NO
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Directors' compensation and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.	YES
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B.1.15 Indicate whether the Board of Directors approves a detailed compensation policy and specify the aspects it regulates:

Yes No

Amount of fixed remuneration, indicating the details of attendance fees for Board and Committee meetings and an estimate of the fixed annual remuneration	YES
Variable compensation	YES
Principal features of the welfare systems, estimating the annual cost or equivalent amount	YES
Conditions to be respected in the contracts of those performing top management duties and executive directors	YES

B.1.16 Indicate whether the Board submits to voting at the General Meeting, as a separate item on the agenda and with advisory nature, a report on the director compensation policy. If so, explain the aspects of the report on the compensation policy approved by the Board for future years, the most significant changes in those policies in respect of the policy applied during the year and an overall summary of how the compensation policy was applied during the period. Describe the role played by the Compensation Committee and whether external counselling has been used, and if so, the identity of the external advisers:

Yes No

Issues that the compensation policy report passes upon
The Company plans to submit the approval of the report on the Board remuneration policy to a consultative vote at the next General Meeting of shareholders.
In the Board meeting held on February 23, 2011, the Board examined the report on the remuneration policy that had been previously approved by the Nomination and Compensation Committee on its meeting of February 16, 2011. This report was made available to shareholders when the call to meeting was published for the Annual General Meeting held on April 15, 2011.
The report contains explanations on the general principles behind the Directors' pay policy, and the break-down of the remuneration structure, differentiating between the fixed remuneration due to membership on the Board of Directors of Repsol YPF, the fixed remuneration due to membership on the Board of Directors of subsidiaries and the fixed remuneration for performing executive duties. The annual and multi-annual variable pays are also included.

Role of the Compensation Committee
According to article 33.4.a) of the Board of Directors Regulation, the Nomination and Compensation Committee is responsible for proposing the Board the remuneration policy for said Board, evaluating in its proposal the responsibilities, dedication, and incompatibilities required to the Directors, as well as for the Executive Directors, propose the Board their additional remuneration for carrying out their executive functions and other conditions of their agreements.
To these effects, in the meeting held on February 16, 2011, the Nomination and Compensation

Committee informed favourably the Report on the Remuneration Policy of the Repsol YPF's Directors which was subsequently approved by the Board of Directors in the meeting held on February 23, 2011 and made available to the shareholders when the call to meeting was published for the Annual General Meeting held on April 15, 2011.

	Yes	No
Has external counselling been used?	X	
Identity of the external counsels	Hay Group	

B.1.17 Name any Board members who are also directors or executives of companies holding significant interests in the listed company and/or companies in its group:

Name of director	Name of significant shareholder	Position
Isidro Fainé Casas	Caja de Ahorros y Pensiones de Barcelona	Chairman
Isidro Fainé Casas	Caixa Bank, S.A.	Chairman
José Manuel Loureda Mantiñán	Valoriza Gestión, S.A. (Sacyr Vallehermoso Group)	Chairman
José Manuel Loureda Mantiñán	Vallehermoso División Promoción, S.A. (Sacyr Vallehermoso Group)	Director
José Manuel Loureda Mantiñán	Sacyr, S.A.U. (Sacyr Vallehermoso Group)	Director
José Manuel Loureda Mantiñán	Testa Inmuebles en Renta, S.A. (Sacyr Vallehermoso Group)	Director
José Manuel Loureda Mantiñán	Somague S.G.P.S., S.A. (Sacyr Vallehermoso Group)	Director
Juan María Nin Génova	Caja de Ahorros y Pensiones de Barcelona	General Manager
Juan María Nin Génova	Caixa Bank, S.A.	Vice-Chairman and Managing Director

Describe any significant relationships other than those contemplated in the previous section between board members and significant shareholders and/or companies in their group:

Name of director	Name of significant shareholder	Description of relationship
Juan Abelló Gallo	Sacyr Vallehermoso, S.A.	Representative of Nueva Compañía de Inversiones, S.A. in the position of Vice-Chairman of Sacyr Vallehermoso, S.A.
Juan Abelló Gallo	Sacyr Vallehermoso, S.A.	Indirect holder of 9.623% of the share capital of Sacyr Vallehermoso, S.A.
Luis Carlos Croissier Batista	Sacyr Vallehermoso, S.A.	Director of Testa Inmuebles en Renta, S.A.
José Manuel Loureda Mantiñán	Sacyr Vallehermoso, S.A.	Indirect holder of 12.65% of the share

		capital of Sacyr Vallehermoso, S.A. through Prilou, S.L. and Prilomi, S.L.
José Manuel Loureda Mantiñán	Sacyr Vallehermoso, S.A.	Representative of Prilou, S.L. in the position of Director of Sacyr Vallehermoso, S.A.

B.1.18 Indicate whether any modifications have been made during the year to the Regulations of the Board of Directors:

Yes No

Description of amendments
<p>On February 23, 2011 the Board of Directors amended Articles 9 (<i>Calling and place of meeting</i>), 25 (<i>President of the Board of Directors</i>) and 32 (<i>Audit and Control Commission</i>) of the Board of Directors Regulation in order to: (i) include in the corporate governance system of Repsol the position of the Lead Independent Director following the best practices on this matter; and (ii) adapt Article 32, regarding the Audit and Control Commission, to the wording provided in the Additional Rule number 18 of the Securities Market Act regulating the Auditing Committee in entities issuing securities listed in regulated markets by virtue of the Reformation Auditing Act (Act 12/2010 of June 30).</p> <p>Additionally, on September 28, 2011, the Board of Directors amended Articles 19 (<i>Non compete obligation</i>) and 22 (<i>Related-party transactions</i>) of the Board of Directors Regulation in order to increase the existing protection mechanisms for non-compete obligations and related-party transactions. Article 19 was amended to reinforce the actions to be taken in those cases in which a Director of the Company carries out, either on its own account either on behalf of a third party, activities competing with those carried out by the Company. The aim of the amendment of Article 22 was to reinforce the approval regime for related-party transactions between the Company and its directors, relevant shareholders or related persons. These amendments were made in accordance to the latest law developments on this matter, the international principles on corporate governance such as the American Law Institute Principles and the Green Paper of the European Commission “The EU Corporate Governance Framework” of April 5, 2011.</p>

B.1.19 Describe the procedures for appointment, re-election, assessment and removal of directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

Appointment

Board members are appointed by the General Meeting, without prejudice to the right of the Board to nominate shareholders to fill any vacancies that arise, up to the next succeeding General Meeting.

No-one who is affected by the prohibitions established in section 213 of the Stock Company Act or who is incompatible under prevailing legislation, particularly under the Senior Central Government Positions (Incompatibilities) Act 5/2006 of April 10 and the Senior Positions in the Madrid Regional

Government (Incompatibilities) Act 14/1995 of April 21, may be a director or hold any senior position in the company.

Directors shall be persons who, apart from meeting the requirements stipulated for the position in the law and the Articles of Association, have recognised prestige and sufficient professional experience and expertise to perform their duties as such.

Within its powers of proposal to the General Meeting or appointment by cooptation, the Board may not propose as candidates or appoint as Directors any persons affected by any of the incompatibilities or prohibitions established in law, the Articles of Association or regulations or any persons, companies or entities in a situation of permanent conflict of interest with the company, including competitors of the company or their directors, executives or employees, or any persons related to or proposed by them.

Furthermore, persons may not be nominated or appointed as External Independent directors if they:

- a) Have been employees or Executive Directors of Group companies, unless 3 or 5 years, respectively, have passed since the end of that relationship.
- b) Receive from the Company, or its Group, any sum of money or benefit whatsoever other than Directors' compensation, unless such sum or benefit is insignificant.

Dividends and pension supplements received by Directors by virtue of a former professional or employment relationship shall not be counted for the purpose of this section, provided such supplements are unconditional and, therefore, the company paying them cannot suspend, modify or revoke them at its own discretion, unless the director in question has defaulted his obligations.

- c) Be or have been in the past 3 years a partner of the External Auditor or person responsible for the auditors' report during that time, of the Company or any other company in its Group.
- d) Be Executive Directors or Senior Executive of any other company in which any Executive Director or Senior Executive of the Company is an External Director.
- e) Have or have had in the past year any significant business relationship with the Company or with any company in its Group, directly or as a significant shareholder, Director or Senior Executive of an entity having or that has had such a relationship.

Business relationships shall be those of suppliers of goods or services, including financial services, or of advisers or consultants.

- f) Be significant shareholders, Executive Directors or Senior Executives of a company that receives, or has received in the past 3 years, significant donations from the Company or its Group.

Those who are mere sponsors or trustees of a Foundation receiving donations shall not be considered included in this group.

- g) Be the spouse, persons having equivalent emotional ties or relatives up to the second degree of an Executive Director or Senior Executive of the Company.
- h) Not have been proposed for appointment or re-election by the Nomination and Compensation Committee.
- i) Be in any of the cases contemplated in paragraphs a), e), f) or g) above in respect of any significant shareholder or shareholder represented on the Board. For the blood relationship contemplated in g), the limitation shall be applicable not only to the shareholder, but also to its External Proprietary Directors in the Company.

External Proprietary Directors who lose this status when the shareholder they represent sells its shares in the Company may only be re-elected as External Independent Directors when the shareholder they represented up to that time has sold all of its shares in the Company.

A Director who holds a shareholding interest in the Company may be appointed as External Independent Director, provided he meets all the conditions established in this article and does not hold a significant interest.

The Nomination and Compensation Committee, consisting exclusively of External Directors, shall assess candidates' adequate knowledge, experience and expertise to sit on the Board; define, in consequence, the duties and qualifications required of candidates to fill any vacancy and assess the time and dedication required to adequately perform their duties

This Committee shall also ensure that whenever new vacancies are foreseen or on appointing new directors, the selection procedures are not affected by implicit bias that could entail some kind of discrimination and that women who meet the professional profile sought are deliberately sought and included among the potential candidates, informing the board on the initiatives taken in this respect and the results thereof.

Nominations for the appointment of directors submitted by the Board to the General Meeting and appointments made by cooptation must be approved by the Board (i) upon proposal of the Nomination and Compensation Committee, in the case of External Independent Directors, or (ii) subject to a report by said Committee for other directors.

Any Director affected by proposals for appointment, re-election or retirement shall abstain from participating in the discussions and voting of such matters.

Voting on proposals for appointment, re-election or retirement shall be by secret ballot.

Re-election

Directors shall hold office for a maximum of four years, after which they shall be eligible for re-election for one or several periods with an equal maximum duration. Directors appointed by cooptation shall hold office up to the first General Meeting following their appointment, at which their appointment shall be subject to ratification.

The Nomination and Compensation Committee shall be responsible for assessing the quality of their work and dedication of the directors proposed during their previous term in office.

Proposals to the General Meeting for the re-election of Directors shall be approved by the Board (i) upon proposal of the Nomination and Compensation Committee, in the case of External Independent Directors, or (ii) subject to a report by said Committee for other directors.

Assessment

At least once a year, the Board of Directors shall assess its functioning and the quality and efficiency of its work. It shall also annually assess the work of its Committees, based on the reports they submit to it.

The Chairman shall organise and coordinate this regular assessment of the Board with the Chairmen of the Committees.

Cessation

Directors shall retire from office upon expiry of the term for which they were appointed and in all other cases stipulated in law, the Articles of Association and the Regulations of the Board of Directors.

The Board shall not propose the removal of any External Independent Director before the end of the period for which he was appointed, unless it has justified reasons for doing so, based on a report by the Nomination and Compensation Committee. In particular, such a proposal shall be justified if the Director (i) has defaulted the duties corresponding to his position; (ii) is in any of the situations described in section B.1.20 below; or (iii) falls into any of the circumstances described above, by virtue of which he may no longer be considered an External Independent Director.

The removal of External Independent Directors may also be proposed following takeover bids, mergers or other similar corporate operations causing a change in the capital structure of the Company, insofar as may be necessary to establish a reasonable balance between External Proprietary Directors and External Independent Directors, according to the ratio of capital represented by the

former to the rest of the capital.

Directors shall also tender their resignations in any of the circumstances defined in the following section.

B.1.20 Indicate the events in which directors are obliged to retire.

Directors shall tender their resignations and step down from the Board, should the latter consider this appropriate, in the following events:

- a) If they fall into circumstances of incompatibility or prohibition contemplated in law, the Articles of Association or applicable regulations.
- b) If they receive a serious warning from the Nomination and Compensation Committee or the Audit and Control Committee for defaulting their obligations as directors.
- c) If, in the opinion of the board, in view of a report by the Nomination and Compensation Committee:
 - (i) Their remaining on the Board could jeopardise the interests of the company or adversely affect the functioning of the Board or the standing and reputation of the Company; or
 - (ii) If the reasons why they were appointed disappear. Directors shall find themselves in this position, particularly in the following cases:
 - External Proprietary Directors, when the shareholder they represent or that nominated them directors transfers its entire shareholding interest. They shall also offer their resignation and, should the Board deem fit, step down from the Board, in the corresponding proportion, if the shareholder reduces its shareholding interest to a level requiring a reduction in the number of its External Proprietary Directors.
 - Executive Directors, when they cease to hold the executive positions outside the board to which their appointment as director was linked.

B.1.21 Explain whether the Chairman of the Board is the Chief Executive Officer of the company. If so, state what measures have been adopted to limit the risks of one single person accumulating powers:

Yes No

Measures for limiting risks
According to Article 25 of the Regulations of the Board of Directors of Repsol YPF, S.A., the Chairman of the Board shall be the Chief Executive Officer of the Company. Notwithstanding this, section 5 of said articles provides also that: <i>“When the Chairman of the Board of Directors holds the role of CEO, the Board shall appoint, upon proposal by the Appointments and Remuneration Committee, an independent director who, under the</i>

name of Lead Independent Director, may perform the following tasks:

- a) Request to the Chairman of the Board, when he deems appropriate, the calling of the Board.
- b) Request the inclusion of items on the Board's meetings agenda according to Article 9.3 of these Regulations.
- c) Coordinate and give voice to the concerns of external directors.
- d) Lead the Board's evaluation of the Chairman.
- e) Call and chair meetings of independent directors as he deems necessary or desirable."

Additionally, Article 9 of the Regulations of the Board of Directors provides that "The Chairman may call additional Board meetings whenever he deems appropriate. The call shall be mandatory when requested by the Lead Independent Director or by at least one-quarter of the directors, without prejudice to the provision of Article 17.2.e) of these Regulations. The Chairman shall draw up the agenda for meetings, although any of the directors may, prior to call, request the inclusion of any business they consider ought to be transacted at the meeting. Such inclusion is mandatory when the request has been made 48 hours prior to the date specified for the meeting."

On the other hand, said article 25 also stipulates that the Chairman of the Board shall act at all times in accordance with the decisions and criteria established by the General Shareholders' Meeting and the Board of Directors.

Article 4 of the Regulations of the Board of Directors reserves the following duties and powers to this corporate body:

"The Board shall approve the company strategy and the organisation needed to put it into practice, and oversee and ensure that Management meets the targets set and respects the company's objects and social interest; approve acquisitions and disposals of assets which are, for whatsoever reason, considered especially important for the company or its subsidiaries; establish its own organisation and procedures and those of the Top Management and, in particular, amend these Regulations; exercise any powers that the General Meeting has granted to the Board -which the Board may delegate solely if expressly so indicated in the resolution adopted by the General Meeting- and any other powers granted to it in these regulations."

Similarly, Article 5 of the Regulations of the Board reserves to the Board in full the following issues:

1. Submission of the Annual Accounts and Management Report of Repsol YPF, S.A. and consolidated companies, as well as any other proposals which must legally originate with the Company's administrators, to the Ordinary Shareholders Meeting.
2. The general strategies and policies of the Company, such as:
 - a) The Strategic Plan of the Group, management objectives and Annual Budgets;
 - b) The investment and financing policy;
 - c) The corporate governance policy;
 - d) The corporate social responsibility policy;
 - e) Top Management pay policy;
 - f) Risk management and control policy; and
 - g) Dividend policy, treasury stock policy and, especially, the limits thereon.
3. The following decisions:
 - a) Appointment of Directors in the event of vacancies, up to the next succeeding General Meeting, and acceptance of resignations tendered by Directors;
 - b) Appointment and removal of the Chairman, Vice-Chairmen, Secretary and Vice-Secretary of the Board and the Directors who are to sit on the different

Committees contemplated in the Regulations of the Board, and the delegation of powers to any of the Board members, on the terms stipulated in the law and Articles of Association, and revocation of such powers;

- c) Directors' compensation and, in the case of executive directors, additional consideration for their management duties and other contract conditions.
4. The annual and half-year financial reports, which Repsol YPF, being a listed company, is obliged to publish.
5. The following investments and transactions, save when approval corresponds to the General Meeting:

- a) Incorporation of new companies and entities or initial acquisition of stakes in existing companies and entities whenever they entail a long-standing investment of more than six million euro for the Repsol YPF Group or are unrelated to the main activity of the company.

In other cases, the first paragraph of e) below will be applicable. By exception, decisions on investments in the incorporation of new companies and entities or initial acquisition of stakes in existing companies or entities provided for in sufficient detail in the Group's annual budgets and strategic plan shall be left up to the Chairman.

- b) Creation or acquisition of shares in special purpose vehicles whenever they go beyond the ordinary administration of the company.
- c) Mergers, takeovers, spin-offs or concentrations of strategic importance of interest for any of the major subsidiaries or investees in which any of the companies in the Repsol YPF group has a direct interest.
- d) Sale of shares in companies or other fixed assets with a value of over thirty million euro; the Delegate Committee shall approve such sales valued at between fifteen and thirty million euro, informing the board at the next meeting of all sales authorised.
- e) Approval of investment projects with a value of over thirty million euro; the Delegate Committee shall approve projects valued at between fifteen and thirty million euro, informing the Board at the next meeting of all investments approved.

By exception, the Chairman shall decide, after discussion by the Management Committee if necessary, whether to approve the following investment projects

- Those involving the prospecting or working of oil fields in fulfilment of commitments deriving from the corresponding contracts, concessions or licences.
- Those performed in fulfilment of legal provisions binding on the company concerned, concerning environmental protection, safety of installations, product specifications or similar.
- Those provided for in sufficient detail in the group's annual budgets and strategic plan.

In these cases, the Chairman shall report on the approval of these investments to the Board or Delegate Committee, depending on their values and as established in the first paragraph of this point e), wherever possible before commencement of the respective projects.

- f) Notes, debentures or other issues made by Repsol YPF, S.A. or its majority-owned or controlled subsidiaries.
- g) Granting of guarantees to secure the obligations of entities not controlled by the group.

<p>h) Assignment of rights over the trade name and trade marks, and over any other patents, technology and any form of industrial or intellectual property of economic importance belonging to Repsol YPF, S.A. or group companies.</p> <p>i) Creation, investment and supervision of the management of employee pension schemes and any other commitments to employees involving long-term financial responsibilities for the Company.</p> <p>j) Signing of long-term commercial, industrial or financial agreements of strategic importance for the Repsol YPF Group.</p> <p>6. Any other business or matter reserved in these Regulations for approval by the full Board.</p> <p>The Chairman, or otherwise the Vice-Chairmen, shall implement the resolutions adopted by the Board in accordance with this article, report on any authorisation or approval given where appropriate or issue instructions to carry out the actions required by the resolutions adopted.</p> <p>Should circumstances so require, the powers of the Board contemplated in 3c), 4 and 5 above may be exercised by the Delegate Committee and subsequently ratified by the full Board.</p> <p>Apart from all this, the Chairman of the Board of Directors shall receive reports and proposals from the Audit and Control Committee, the Nomination and Compensation Committee and the Strategy, Investment and Corporate Social Responsibility Committee, on matters within their respective competence. For greater guarantee, all the members of these Committees shall be External Directors.</p>
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Indicate and, if appropriate, explain whether rules have been established to enable one of the independent directors to request the calling of the Board or the inclusion of new items on the agenda, to coordinate and echo the concerns of external directors and to direct the assessment by the Board of Directors:

Yes No

Explain the rules
<p>The Board of Directors of Repsol YPF, in its meeting held on February 23, 2011, agreed to amend its regulations to, among other matters, incorporate into Company's system of corporate governance the figure of Lead Independent Director. According to current Article 25,5 of the Regulations of the Board of Directors:</p> <p><i>"When the Chairman of the Board of Directors holds the role of CEO, the Board shall appoint, upon proposal by the Nomination and Compensation Committee, an independent director who, under the name of Lead Independent Director, may perform the following tasks:</i></p> <p>a) Request to the Chairman of the Board, when he deems appropriate, the calling of the Board.</p> <p>b) Request the inclusion of items on the Board's meetings agenda according to Article 9.3 of these Regulations.</p> <p>c) Coordinate and give voice to the concerns of external directors.</p> <p>d) Lead the Board's evaluation of the Chairman.</p> <p>e) Call and chair meetings of independent directors as he deems necessary or desirable."</p> <p>Additionally, Article 9 of the Regulations of the Board of Directors provides that <i>"The Chairman may call additional Board meetings whenever he deems appropriate. The call shall be mandatory when requested by the Lead Independent Director or by at least one-quarter of the directors, without prejudice to the provision of Article 17.2.e) of these Regulations. The Chairman shall draw up</i></p>

the agenda for meetings, although any of the directors may, prior to call, request the inclusion of any business they consider ought to be transacted at the meeting. Such inclusion is mandatory when the request has been made 48 hours prior to the date specified for the meeting."

B.1.22 Are special majorities differing from those stipulated in law required for any type of decision?:

Yes No

Explain how resolutions are adopted on the Board, indicating at least the quorum and the majorities required for adopting resolutions:

Adopting resolutions		
Description of resolution	Quorum	Type of majority
Amendment of Article 19 of the Board of Directors Regulation	Half plus one of the Directors	Three quarters of the Board members
Amendment of Article 22 of the Board of Directors Regulation	Half plus one of the Directors	Three quarters of the Board members

B.1.23 Are there any specific requirements, other than those established for directors, to be appointed Chairman?

Yes No

Description of requirements

B.1.24 Indicate whether the Chairman has casting vote:

Yes No

Matters in which there is a casting vote
According to Article 36 of the Articles of Association, save where greater majorities have been specifically established, resolutions of the Board shall be approved by the absolute majority of directors attending, and in the event of a tie, the Chairman or acting chairman shall have the casting vote.

B.1.25 Indicate whether the Articles of Association or the board regulations establish any age limit for directors:

Yes No

Age limit Chairman

Age limit managing director Age limit director

B.1.26 Indicate whether the Articles of Association or the board regulations establish any limit on the term of office for independent directors:

Yes No

Maximum term of office

B.1.27 If there are few or no female directors, explain why and what actions have been taken to remedy this situation.

Explanation of reasons and actions
<p>The appointment of all the Board members has been made objectively, taking account the prestige, expertise and professional experience required to perform their duties, and without any kind of discrimination.</p> <p>On December 19, 2007, the Board of Directors of Repsol YPF, S.A. approved a new consolidated text of its Regulations, which, among other matters, assigned to the Nomination and Compensation Committee the duty of assessing the necessary knowledge, expertise and experience of the Board, defining in consequence the duties and qualifications required of the candidates for filling each vacancy and assessing the time and dedication required to adequately perform their duties.</p> <p>Furthermore, Article 33 of the Regulations of the Board of Directors expressly provides that the Nomination and Compensation Committee ensure that whenever new vacancies are foreseen or on appointing new directors, the selection procedures are not affected by implicit bias that could entail some kind of discrimination and that women who meet the professional profile sought are deliberately sought and included among the potential candidates, informing the board on the initiatives taken in this respect and the results thereof.</p>

In particular, state whether the Nomination and Compensation Committee has established procedures to ensure that the selection procedures are not affected by implicit bias that could hamper the selection of female directors and that women with the required profile are deliberately included among the candidates:

Yes No

Describe the main procedures

B.1.28 Indicate whether there are any formal processes for proxy voting in the board of directors. If so, briefly describe these.

Without prejudice to the directors' duty to attend the meetings of the bodies they belong to or, if they are unable for justified reasons to attend the meetings to which they have been called, to issue the appropriate instructions to the director who is to represent them, if any, each Board member may grant a proxy to another member, with no limit on the number of proxies that may be held by any director for attendance of Board meetings.

Absent directors may grant proxies by any written means, including telegram, telex or telefax addressed to the Chairman or Secretary of the Board.

B.1.29 State the number of meetings held by the Board of Directors during the year, indicating, if appropriate, how many times the Board has met without the Chairman:

Number of Board meetings	12
Number of Board meetings held without the Chairman	0

Number of meetings held by the different Committees of the Board:

Number of meetings of the Delegate Committee	5
Number of meetings of the Audit Committee	10
Number of meetings of the Nomination and Compensation Committee	5
Number of meetings of the Nomination Committee	
Number of meetings of the Compensation Committee	

B.1.30 Indicate the number of meetings held by the Board of Directors during the year without the attendance of all its members, counting as non-attendance any proxies made without specific instructions:

Number of non-attendances by directors during the year	1
Non-attendances / total votes during the year (%)	0.52

B.1.31 Indicate whether the individual and consolidated annual accounts presented for Board for approval are previously certified:

Yes No

If appropriate, name the person(s) who certify the individual or consolidated annual accounts of the company before they are approved by the Board:

Name	Position
Antonio Brufau Niubó	Chairman
Miguel Martínez San Martín	Chief Financial Officer and Executive Managing Director of Participated Entities

B.1.32 Explain the mechanisms, if any, established by the Board to avoid a qualified auditors' report on the individual and consolidated accounts laid before the General Meeting.

The Audit and Control Committee, set up on 27 February 1995, has as main duty, the supporting to the Board in its supervisory duties, through regular checking of the preparation of economic and financial reporting, the effectiveness of its executive controls and the independence of the external auditors, as well as supervising the internal audit department, and checking the compliance with all the legal provisions and internal regulations applicable to the Company.

This Committee has the following duties, among others:

- Supervise the integrity and process of preparing the financial information on the company and its group, ensuring compliance with all requirements, adequate definition of the consolidated group and correct application of the accounting principles.
- Regularly check the internal control and risk management systems, ensuring that the principal risks are identified, handled and reported on adequately.
- Prior to their submission to the board, analyse the financial statements of the company and its consolidated group included in the annual, half-year and quarterly reports and any other financial information that the company is

obliged to publish regularly by virtue of being a listed company, with the necessary requirements to ensure that they are correct, reliable, adequate and clear. For this purpose it shall have all the necessary information and such degree of aggregation as it may deem fit, assisted as necessary by the top management of the group, particularly its financial management and the company's auditor. It shall, in particular, see that the annual accounts that are to be submitted to the board are certified by the Chairman, the Managing Director(s), if any, and the Chief Finance Officer (CFO) pursuant to the internal or external regulations applicable from time to time.

- Regularly receive information from the external auditors on the audit plan and results of their work, and check that the executives heed their recommendations.
- Regularly require the auditors, at least one a year, to assess the quality of the group's internal control procedures.
- Be informed of any situations requiring adjustments that may be detected during the work of the external auditors whenever they are significant, considering this to mean any situations which, per se or in combination with others, may cause a material impact or damage to the net worth, results or reputation of the group. This consideration shall be left to the discretion of the external auditors, who shall, in case of doubt, opt for notification. The Chairman of the Committee shall be notified accordingly as soon as the auditors become aware of the situation in question.
- Oversee the degree of fulfilment by the audited units of the corrective measures recommended by the internal audit department in previous audits.

The committee shall be informed of any significant irregularities, anomalies or defaults detected by the internal audit department in the course of its work.

For this purpose, the members of this Committee shall have the necessary experience, capacity and dedication to perform their duties. Moreover, the Chairman shall have experience in business management and a working knowledge of accounting procedures, and at least one of the members shall have the financial experience that may be required by the regulatory bodies of the stock markets on which the stocks or shares of the company are listed.

B.1.33 Is the Secretary of the Board a Director?

Yes No

B.1.34 Explain the procedures for appointment and removal of the Secretary of the Board, indicating whether a report is issued by the Nomination Committee and whether they are approved by the full Board.

Procedure for appointment and removal

As provided in Article 42 of the Articles of Association, the Board chooses its Secretary and Vice-Secretary, if any, who may or may not be Directors.

Moreover, pursuant to Articles 5 and 33 of the Regulations of the Board of Directors, the Board shall appoint or remove its Secretary and Vice-Secretary, subject to a report by the Nomination and Compensation Committee.

Does the Nomination Committee issue a report on the appointment?	YES
Does the Nomination Committee issue a report on the removal?	YES
Does the full Board approve the appointment?	YES
Does the full Board approve the removal?	YES

Is the Secretary of the Board commissioned especially to see that the good governance recommendations are heeded?

Yes No

Remarks
Article 42 of the Articles of Association establishes that the Secretary will ensure that the Board actions comply in form and substance with the law and that the company's procedures and rules of governance are respected.
Furthermore, in pursuance of Article 27 of the Regulations of the Board of Directors, the Secretary of the Board is commissioned to ensure compliance with any provisions issued by regulatory bodies and heeding of their recommendations, if any, and to ensure that the corporate governance principles of the company are observed.

B.1.35 Describe any mechanisms established by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

One of the powers of the Audit and Control Committee contemplated in Article 39 of the Articles of Association is that of receiving information on any issues that may jeopardise the independence of the External Auditors.

In development of this provision of the Articles of Association, the Regulations of the Audit and Control Committee establish, as one of its duties, ensuring the independence of the External Auditors, in two ways:

- a) Avoiding any factors that may compromise the warnings, opinions and recommendations of the External Auditors, and
- b) Establishing and overseeing any incompatibilities between auditing and consultancy services and any others, the limits on concentration of the External Auditor's business and, in general, all other rules established to guarantee the independence of the auditor.

According to these duties, in 2003 the Audit and Control Committee agreed on a procedure to approve previously all the services, auditing or otherwise, provided by the External Auditor, whatever their extent, scope and nature. This procedure is regulated in an Internal Rule mandatory for the whole of the Repsol YPF Group.

In addition, article 32 of the Regulations of the Board of Directors (the *Audit and Control Committee*) provides that the Committee shall receive, annually, from the External Auditor written confirmation of its independence towards the Company or entities related to the same directly or indirectly, as well as the information of the additional services of any type provided to these entities by said Auditors or companies, or by the people or entities linked to the latter, in accordance with that established in the regulations governing the activity of auditors. The Committee shall issue annually, prior to the delivery of the Auditing report, a report stating an opinion on the independence of the Auditors. In any case, this report must make a declaration on the additional services provided and referred to.

Furthermore, Repsol YPF Group has the Investor Relations Division whose responsibilities include ensuring that the information supplied by the Company to the market (financial analysts and investment banks, amount other) is transmitted fairly, commensurate and in useful time and, according with the Repsol YPF Group Internal Conduct Regulations Regarding the Securities Market, that such information is accurate, clear, complete and, when required by the nature of the information, quantified, and shall by no means be misleading or confusing.

B.1.36 State whether the Company has changed its external auditor during the year. If so, name the outgoing and incoming auditors:

Yes No

Outgoing auditor	Incoming auditor

Did the Company have any disagreements with the outgoing auditor? If so, explain what they consisted of:

Yes No

Description of the disagreement

B.1.37 State whether the firm of auditors does any work for the Company and/or its Group other than standard audit work and if so, declare the amount of the fees received for such work and the percentage it represents of the fees invoiced to the company and/or its group:

Yes No

	Company	Group	Total
Cost of work other than auditing (thousands of euro)	455	808	1263
Cost of work other than auditing / Total amount invoiced by the auditors (%)	21.41	14.07	16.05

B.1.38 State whether the auditors' report on the Annual Accounts of the previous year contains any qualifications. If so, indicate the reasons given by the Chairman of the Audit Committee to explain the contents and scope of those qualifications.

Yes No

Description of reasons

B.1.39 State the number of years in succession that the current firm of auditors has been auditing the annual accounts of the company and/or its group. Indicate the ratio of the number of years audited by the current auditors to the total number of years that the annual accounts have been audited:

	Company	Group
Number of years in succession	21	21

	Company	Group
Number of years audited by current auditors / No. years that the company has been audited (%)	100	100

B.1.40 Indicate the company board members' shareholdings, reported to the company, in companies engaging in the same or similar activities as those within the company's or group's scope of business. Indicate their positions or duties in these companies:

Name of director	Name of company	% stake	Position or duties
Antonio Brufau Niubó	Gas Natural SDG, S.A.	0.008	Vice-Chairman
Isidro Fainé Casas	Gas Natural SDG, S.A.	0.011	-
José Manuel Loureda Mantiñán	Valoriza Gestión, S.A.	0.000	Chairman
José Manuel Loureda Mantiñán	Vallehermoso División Promoción, S.A.	0.000	Director
Juan María Nin Génova	Gas Natural SDG, S.A.	0.000	Director
Luis Suárez de Lezo Mantilla	Gas Natural SDG, S.A.	0.002	Director
Luis Suárez de Lezo Mantilla	Repsol - Gas Natural LNG, S.L.	0.000	Director

B.1.41 Indicate, with details if appropriate, whether there is an established procedure for directors to receive external advice:

Yes No

Details of procedure
The Regulations of the Board of Repsol YPF, S.A. expressly recognise the directors' right to advisory services. Article 23 provides as follows: - The Directors shall likewise have the power to propose to the Board, by majority vote,

the contracting at the Company's expense of legal advisers, accountants, technical, financial, and commercial experts, and experts of any other kind they consider necessary to the Company's interests, to provide assistance in the performance of the Directors' functions in regard to concrete problems of some magnitude and complexity relating to their positions.

- Said proposals must be submitted to the Chairman of the Company through the Secretary of the Board. The Board of Directors may veto their approval on the grounds that they are unnecessary to the performance of the assigned functions, or that the number is disproportionate to the importance of the problem and to the Company's assets and income, or that the technical assistance in question could be adequately provided by experts within the Company.

Furthermore, the Regulations of the Board of Directors establish that the Audit and Control Committee, the Nomination and Compensation Committee and the Strategy, Investment and Corporate Social Responsibility Committee may obtain counselling from lawyers or other independent professionals, in which case the Secretary of the Board shall, at the request of the Chairman of the Committee, take whatever action may be necessary to engage the services of such lawyers or other professionals, which shall be provided directly to the corresponding Committee.

B.1.42 Indicate, with details if appropriate, whether there is an established procedure for directors to obtain sufficiently in advance any information they may need to prepare the meetings of the governing bodies:

Yes No

Details of procedure

The Regulations of the Board of Directors of Repsol YPF, S.A. establish that the notice of call to Board meetings shall be sent to each director at least 48 hours prior to the date specified for the meeting, and shall include the agenda. The minutes of the previous meeting shall be enclosed, regardless of whether they have been approved, and any information considered necessary and that is available.

The Regulations of the Board of Directors of Repsol YPF, S.A. contemplate procedures to ensure that directors have the necessary information sufficiently in advance to prepare Board meetings. In this regard, Article 23 provides as follows:

- The Directors shall have access to all the Company's services and may obtain, with the broadest possible powers, the information and advising they need on any aspect of the Company provided they request it in connection with the performance of their functions. The right to information extends to the subsidiaries, whether national or foreign, and shall be channelled through the Chairman or the Secretary of the Board of Directors or of the appropriate Board Committee, who shall respond to Directors' requests and directly furnish them the information, offering them access to appropriate sources or taking all necessary measures to answer questions.

B.1.43 Indicate, with details if appropriate, whether the company has established rules obliging directors to report and, if necessary, resign in any cases that could be detrimental to the company's reputation:

Yes No

Explain the rules

According to Article 16 of the Regulations of the Board of Directors, Directors shall offer

their resignation and, should the board deem fit, step down as directors if, in the opinion of the Board, in view of a report by the Nomination and Compensation Committee, their remaining on the board could jeopardise the interests of the company or adversely affect the functioning of the board or the standing and reputation of the company.

In this regard, Article 17 of the Regulations of the Board of Directors provides that Directors shall notify the board as soon as possible and keep it up to date on any situations in which they may be involved and that could be detrimental to the standing and reputation of the company, to enable the board to assess the circumstances, particularly in pursuance of the preceding paragraph.

B.1.44 Indicate whether the Company has been notified by any Board member that he has been sued or is being tried for any of the offences contemplated in Article 124 of the Joint Stock Companies Act:

Yes No

Name of Director	Criminal Case	Comments

Indicate whether the Board has studied the case. If so, give a reasoned explanation of the decision made as to whether or not the director in question should remain in office.

Yes No

Decision made Should or shouldn't remain in office	Reasoned explanation

B.2. Board of Directors Committees

B.2.1 List all the committees of the Board of Directors and their members:

DELEGATE COMMITTEE

Name	Position	Type
Antonio Brufau Niubó	Chairman	Executive
Isidro Fainé Casas	Member	Proprietary
Juan Abelló Gallo	Member	Proprietary
Javier Echenique Landiribar	Member	Independent
Artur Carulla Font	Member	Independent
Pemex Internacional España, S.A.	Member	Proprietary
Henri Philippe Reichstul	Member	Independent
Luis Suárez de Lezo Mantilla	Member & Secretary	Executive

AUDIT AND CONTROL COMMITTEE

Name	Position	Type

Ángel Durández Adeva	Chairman	Independent
Paulina Beato Blanco	Member	Independent
Javier Echenique Landiribar	Member	Independent

NOMINATION AND COMPENSATION COMMITTEE

Name	Position	Type
Artur Carulla Font	Chairman	Independent
María Isabel Gabarró Miquel	Member	Independent
José Manuel Loureda Mantiñán	Member	Proprietary
Juan María Nin Génova	Member	Proprietary
Mario Fernández Pelaz	Member	Independent

STRATEGY, INVESTMENT AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Name	Position	Type
Juan María Nin Génova	Chairman	Proprietary
Juan Abelló Gallo	Member	Proprietary
Luis Carlos Croissier Batista	Member	Independent
María Isabel Gabarró Miquel	Member	Independent
José Manuel Loureda Mantiñán	Member	Proprietary
Pemex Internacional España, S.A.	Member	Proprietary

B.2.2 Indicate whether the following duties correspond to the Audit Committee:

Supervise the integrity and process of preparing the financial information on the company and its group, ensuring compliance with all requirements, adequate definition of the consolidated group and correct application of the accounting principles	YES
Regularly check the internal control and risk management systems, ensuring that the principal risks are identified, handled and reported on adequately	YES
Guarantee the independence and efficiency of the internal audit department; propose the selection, appointment, re-election and removal of the chief audit officer; propose the budget for this department; receive regular information on its activities; and check that the top management heeds the conclusions and recommendations of its reports	YES
Establish and oversee a mechanism whereby employees may report, confidentially and, if appropriate, anonymously, any potentially important irregularities, especially financial and accounting irregularities, that they may detect within the company	YES
Submit proposals to the Board for the selection, appointment, re-election and replacement of the external auditors and the terms and conditions of their engagement	YES

Regularly receive information from the external auditors on the audit plan and results of their work, and check that the executives heed their recommendations	YES
Guarantee the independence of the external auditors	YES
In the case of groups, encouraging the group auditors to audit the group companies.	YES

B.2.3 Describe the rules of organisation and procedure and the responsibilities attributed to each Committee.

Delegate Committee

The Delegate Committee consists of the Chairman of the Board and up to a maximum of seven directors from the three existing categories (executive, proprietary and independent), endeavouring to maintain a similar proportion to that existing on the Board of Directors. Its members shall be appointed with a majority of at least two-thirds of the current Board members.

All the powers of the Board are permanently delegated to the Delegate Committee, except those that may not be lawfully delegated and those considered as such by the Articles of Association or the Regulations of the Board of Directors.

The Chairman of the Delegate Committee shall be the Chairman of the Board and the Secretary shall be the Secretary of the Board, who may be assisted by the Vice-Secretary.

Whenever the business is sufficiently important, in the opinion of the Chairman or three members of the Delegate Committee, the resolutions adopted by the Delegate Committee shall be submitted to the full Board for ratification. The same shall be applicable in any business referred by the Board to be studied by the Delegate Committee, while reserving the ultimate decision thereon. In all other cases, the resolutions adopted by the Delegate Committee shall be valid and binding with no need for subsequent ratification by the Board.

At the end of the meeting, the Secretary issues the minutes of the resolutions adopted, that will be reported to the Board at the following full Board meeting, and makes available to the Board members a copy of the minutes. Five meetings were held in 2011.

Audit and Control Committee

The Audit and Control Committee consists of at least three directors appointed by the Board on the basis of their experience and expertise in accounting, auditing or risk management. Executive directors may not sit on this Committee.

The Board shall appoint the members of this Committee for a term of four years.

Without prejudice to one or several re-elections, they shall retire at the end of that term, when they retire from the Board or whenever so resolved by the Board, subject to a prior report by the Nomination and Compensation Committee. The chairman shall hold office as such for a maximum of four years, after which he shall not be eligible for re-election until one year has passed, without prejudice to his continuation or re-election as member of the Committee.

This Committee, set up on 27 February 1995, supports the Board in its supervisory duties, through regular checking of the preparation of economic and financial reporting, executive controls, supervision of the systems for recording and controlling the company's hydrocarbon reserves, the internal audit department and the independence of the external auditors, as well as checking compliance with all the legal provisions and internal regulations applicable to the company. This Committee is competent to submit proposals to the Board regarding the appointment of external auditors, extension of their appointment, their removal and the terms of their engagement. It shall also inform the General Meeting, through its Chairman, on any issues raised by shareholders regarding matters within its competence.

Its duties shall also include knowing and guiding the company's environmental and safety policies and objectives and drawing up an Annual Report on its activities, on which it shall report to the Board.

The Committee shall appoint one of its members to be Chairman, who shall necessarily be an External Independent Director; the Secretary shall be the Secretary of the Board.

The Committee shall meet as often as necessary, in the opinion of the Chairman, to perform the duties commissioned to it, although an annual calendar of meetings shall be drawn up before the end of each year for the following year, as well as an Action Plan for each year, informing the Board accordingly. Meetings shall be called whenever so requested by any two of its members. Ten meetings were held in 2011.

The Chairman of the Committee shall regularly report to the Board on the actions taken by the Committee.

At least once a year, the Committee shall assess its functioning and the quality and efficiency of its work, reporting to the full Board.

The Secretary of the Committee shall issue minutes of the resolutions adopted at each meeting, which shall be made available to Board members.

Nomination and Compensation Committee

This Committee consists of no fewer than three directors appointed by the Board, taking account of the expertise, skills and experience of the directors and the duties of the Committee. Most of its members shall be External Independent Directors.

The Board shall appoint the members of this Committee for a term of four years. Without prejudice to one or several re-elections, they shall retire at the end of that term, when they retire from the Board or whenever so resolved by the Board, subject to a prior report by the Audit and Control Committee.

This Committee, which was set up on 27 February 1995, has the duties of proposing and reporting to the Board on the selection, appointment, re-election and removal of Directors, Managing Director, Chairman, Vice-Chairman, Secretary, Vice-Secretary and the Directors who are to sit on the different Committees of the Board; proposing the Board compensation policy and, in the case of Executive Directors, the additional consideration for their management duties and other contract conditions; reporting on the appointment of Senior Executives of the Company and their general pay policy and incentives; reporting on the compliance by Directors of the corporate governance principles or the obligations established in the Articles of Association or the Regulations of the Board; and, in general, proposing and informing on any other business related with the above at the request of the Chairman or the Board of Directors.

The Chairman of this Committee shall be one of its members, who shall necessarily be an External Independent Director, and the Secretary shall be the Secretary of the Board.

The Committee shall meet whenever the Board or Chairman of the Board requests reports or proposals within the scope of its duties, and whenever called by the Chairman of the Committee, requested by two Committee members or when reports are required to be able to adopt the corresponding resolutions. Five meetings were held in 2011.

The Chairman of the Committee shall regularly report to the Board on the actions taken by the Committee.

At least once a year, the Committee shall assess its functioning and the quality and efficiency of its work, reporting to the full Board.

The Secretary of the Committee shall issue minutes of the resolutions adopted at each meeting, which shall be made available to Board members.

Strategy, Investment and Corporate Social Responsibility Committee

On December 2007, the Board of Directors of Repsol YPF, S.A. resolved, within the modification of its Regulations, to change the name of the Strategy, Investment and Competition Committee, set up on 25 September 2002, to Strategy, Investment and Corporate Social Responsibility Committee.

The Strategy, Investment and Corporate Social Responsibility Committee consists of no fewer than three directors appointed by the Board, taking account of the expertise, skills and experience of the directors and the duties of the Committee. Most of its members shall be External or Non-Executive Directors.

The Board shall appoint the members of this Committee for a term of four years. Without prejudice to one or several re-elections, they shall retire at the end of that term, when they retire from the Board or whenever so resolved by the Board, subject to a prior report by the Nomination and Compensation Committee.

This Committee has the duties of reporting on the principal highlights, landmarks and reviews of the Group's strategic plan; major strategic decisions for the Repsol YPF Group; and investments or divestments in assets which, by virtue of their value or strategic nature, the Executive Chairman believes should be first considered by the Committee.

It must also be familiar with and steer the policy, objectives and guidelines of the Repsol YPF Group on Corporate Social Responsibility and inform the Board thereon; check and report on the Corporate Responsibility Report of the Repsol YPF Group before it is submitted to the Board; and, in general, perform any other duties related with the matters within its competence and requested by the Board or its Chairman.

One of the members of this Committee shall be appointed Chairman and the secretary shall be the Secretary of the Board.

The Committee shall meet with the established frequency or whenever called by its Chairman or requested by two of its members. Two meetings were held in 2011.

The Chairman of the Committee shall regularly report to the Board on the actions taken by the Committee.

At least once a year, the Committee shall assess its functioning and the quality and efficiency of its work, reporting to the full Board.

The Secretary of the Committee shall issue minutes of the resolutions adopted at each meeting, which shall be made available to Board members.

B.2.4 Indicate, where appropriate, the powers of advising, consultation and, where appropriate, delegations of each Committee:

Committee	Brief description
Delegate Committee	See B.2.3
Audit and Control Committee	See B.2.3
Nomination and Compensation Committee	See B.2.3
Strategy, Investment and Corporate Social Responsibility Committee	See B.2.3

B.2.5 Indicate the existence, if appropriate, of regulations of the board committees, where they are available for consultation and any modifications made during the year. State whether an annual report has been issued voluntarily on the activities of each Committee.

Delegate Committee

The internal regulation of the Delegate Committee is currently set out in the Articles of Association and the Regulations of the Board of Directors.

The Articles of Association and the Regulations of the Board of Directors are entered in the Madrid Trade Registry and accessible to the public through the company's web site (www.repsol.com).

Audit and Control Committee

The internal regulation of the Audit and Control Committee is currently set out in the Articles of Association and the Regulations of the Board of Directors.

The Articles of Association and the Regulations of the Board of Directors are entered in the Madrid Trade Registry and accessible to the public through the company's web site (www.repsol.com).

The Audit and Control Committee has drawn up a Report of its activities during 2011.

Strategy, Investment and Corporate Social Responsibility Committee

The internal regulation of the Strategy, Investment and Corporate Social Responsibility Committee is currently set out in the Regulations of the Board of Directors.

The Regulations of the Board of Directors are entered in the Madrid Trade Registry and accessible to the public through the company's web site (www.repsol.com).

Nomination and Compensation Committee

The internal regulation of the Compensation Committee is currently set out in the Regulations of the Board of Directors.

The Regulations of the Board of Directors are entered in the Madrid Trade Registry and accessible to the public through the company's web site (www.repsol.com).

B.2.6 Does the composition of the Delegate Committee reflect the participation on the Board of the different types of Director?

Yes No

If no, explain the composition of your Executive Committee

C RELATED PARTY TRANSACTIONS

C.1 Indicate whether the full Board has reserved approval, subject to a favourable report by the Audit Committee or any other committee commissioned this task, of any transactions that the company may enter into with directors, significant shareholders or shareholders represented on the Board, or with persons related to them:

Yes No

C.2 List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and significant shareholders of the company:

Name of significant shareholder	Name of company or group company	Nature of the relationship	Type of transaction	Amount (thousand euro)
SACYR VALLEHERMOSO, S.A.	GRUPO REPSOL YPF	Commercial	Services received	5,858
SACYR VALLEHERMOSO, S.A.	GRUPO REPSOL YPF	Commercial	Purchase of tangible assets, intangible or other assets	124
SACYR VALLEHERMOSO, S.A.	GRUPO REPSOL YPF	Contractual	Leases	887
SACYR VALLEHERMOSO, S.A.	GRUPO REPSOL YPF	Corporate	Dividends and other distributed profits	256,510
SACYR VALLEHERMOSO, S.A.	GRUPO REPSOL YPF	Commercial	Services rendered	9,873
SACYR VALLEHERMOSO, S.A.	GRUPO REPSOL YPF	Commercial	Sales of goods (finished or outstanding)	68,674
SACYR VALLEHERMOSO, S.A.	GRUPO REPSOL YPF	Commercial	Other incomes	143
SACYR VALLEHERMOSO, S.A.	GRUPO REPSOL YPF	Contractual	Purchase of goods (finished or outstanding)	202
SACYR VALLEHERMOSO, S.A.	GRUPO REPSOL YPF	Contractual	Commitments acquired	41,700
SACYR VALLEHERMOSO, S.A.	GRUPO REPSOL YPF	Contractual	Bonds and guarantees received	35,777
CAIXABANK, S.A.	GRUPO REPSOL YPF	Commercial	Financial expenses	26,418
CAIXABANK, S.A.	GRUPO REPSOL YPF	Contractual	Leases	422
CAIXABANK, S.A.	GRUPO REPSOL YPF	Commercial	Services received	2,004
CAIXABANK, S.A.	GRUPO REPSOL YPF	Commercial	Other expenses	10,639
CAIXABANK, S.A.	GRUPO	Contractual	Financial incomes	35,846

	REPSOL YPF			
CAIXABANK, S.A.	GRUPO REPSOL YPF	Commercial	Sales of goods (finished or outstanding)	124
CAIXABANK, S.A.	GRUPO REPSOL YPF	Commercial	Other incomes	249
CAIXABANK, S.A.	GRUPO REPSOL YPF	Commercial	Services rendered	1,752
CAIXABANK, S.A.	GRUPO REPSOL YPF	Commercial	Sales of tangible assets, intangible or other assets	187,133
CAIXABANK, S.A.	GRUPO REPSOL YPF	Contractual	Financing agreements, loans and capital contributions (lender)	65
CAIXABANK, S.A.	GRUPO REPSOL YPF	Contractual	Financing agreements: loans and capital contributions (borrower)	782,258
CAIXABANK, S.A.	GRUPO REPSOL YPF	Contractual	Bonds and guarantees received	33,826
CAIXABANK, S.A.	GRUPO REPSOL YPF	Contractual	Bonds and guarantees provided	91,764
CAIXABANK, S.A.	GRUPO REPSOL YPF	Corporate	Dividends and other distributed profits	201,099
PETRÓLEOS MEXICANOS	GRUPO REPSOL YPF	Commercial	Services received	357
PETRÓLEOS MEXICANOS	GRUPO REPSOL YPF	Contractual	Purchase of goods (finished or outstanding)	2,750,907
PETRÓLEOS MEXICANOS	GRUPO REPSOL YPF	Commercial	Other expenses	421
PETRÓLEOS MEXICANOS	GRUPO REPSOL YPF	Contractual	Financial incomes	489
PETRÓLEOS MEXICANOS	GRUPO REPSOL YPF	Commercial	Services rendered	29,892
PETRÓLEOS MEXICANOS	GRUPO REPSOL YPF	Commercial	Sales of goods (finished or outstanding)	40,256
PETRÓLEOS MEXICANOS	GRUPO REPSOL YPF	Commercial	Other incomes	3,810
PETRÓLEOS MEXICANOS	GRUPO REPSOL YPF	Contractual	Bonds and guarantees provided	100,291
PETRÓLEOS MEXICANOS	GRUPO REPSOL YPF	Contractual	Commitments acquired	543,524
PETRÓLEOS MEXICANOS	GRUPO REPSOL YPF	Corporate	Dividends and other distributed profits	61,614
PETRÓLEOS MEXICANOS	GRUPO REPSOL YPF	Commercial	Financial expenses	28

C.3 List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and the directors or executives of the company:

Name of director or executive	Name of company or group company	Nature of the transaction	Type of transaction	Amount (thousand euro)
Company Executives	Repsol YPF Group	Contractual	Financing Agreements : credits and capital contributions (lender)	584

- C.4 List any significant transactions with other companies in the group that are not eliminated in the consolidated financial statements and which do not, by virtue of their object or terms, correspond to the normal business of the Company:**

Name of group company	Brief description of the transaction	Amount (thousand euro)

- C.5 Indicate whether any company directors have been in any conflicts of interest during the year, pursuant to Article 127 ter of the Joint Stock Companies Act.**

Yes No

Name of Director	Description of the conflict of interest situation
Antonio Brufau Niubó	<p>a) All the resolutions regarding the Chairman's remuneration have been passed without the participation of the Chairman.</p> <p>b) The resolution regarding the submission to the Annual General Meeting of his re-election as member of the Board has been passed, on the Board's meeting of February 23, 2011, without the participation of said Director.</p> <p>c) The resolutions regarding his re-election as Chairman of the Board and member of the Delegate Committee have been passed, on the Board's meeting of April 15, 2011, without the participation of said Director.</p>
Luis Suárez de Lezo Mantilla	All the resolutions regarding the Secretary's remuneration have been discussed and passed without the participation of the Secretary.
Luis Carlos Croissier Batista	<p>a) The resolution regarding the submission to the Annual General Meeting of his re-election as member of the Board has been passed, on the Board's meeting of February 23, 2011, without the participation of said Director.</p> <p>b) The resolution regarding his re-election as member of the Strategy, Investment and Corporate Social Responsibility Committee has been passed, on the Board's meeting of April 15, 2011, without the participation of said Director.</p>
Luis del Rivero Asensio	a) The resolution regarding the submission to the Annual General Meeting of his re-election as

	<p>member of the Board has been passed, on the Board's meeting of February 23, 2011, without the participation of said Director.</p> <p>b) The resolutions regarding his re-election as First Vice-Chairman of the Board and member of the Delegate Committee have been passed, on the Board's meeting of April 15, 2011, without the participation of said Director.</p> <p>c) The resolutions regarding his dismissal as First Vice-Chairman of the Board and member of the Delegate Committee have been passed, on the Board's meeting of October 26, 2011, without the participation of said Director.</p> <p>d) The resolution related to the authorization for the acquisition of treasury shares representing the 10% of Repsol's share capital was approved on the Board's meeting of December 18, 2011, without the participation of said Director.</p>
<p>Juan Abelló Gallo</p>	<p>a) The resolution regarding the submission to the Annual General Meeting of his re-election as member of the Board has been passed, on the Board's meeting of February 23, 2011, without the participation of said Director.</p> <p>b) The resolution regarding his re-election as member of the Strategy, Investment and Corporate Social Responsibility Committee has been passed, on the Board's meeting of April 15, 2011, without the participation of said Director.</p> <p>c) The resolutions regarding his appointment as Vice-Chairman of the Board and member of the Delegated Committee have been passed, on the Board's meeting of October 26, 2011, without the participation of said Director.</p> <p>d) The resolution related to the authorization for the acquisition of treasury shares representing the 10% of Repsol's share capital was approved on the Board's meeting of December 18, 2011, without the participation of said Director.</p>
<p>Jose Manuel Loureda Mantiñan</p>	<p>a) The resolution regarding the submission to the Annual General Meeting of his re-election as member of the Board has been passed, on the Board's meeting of February 23, 2011, without the participation of said Director.</p> <p>b) The resolutions regarding his re-election as member of the Nomination and Compensation Committee and of the Strategy, Investment and Corporate Social Responsibility Committee have been passed, on the Board's meeting of April 15, 2011, without the participation of said Director.</p> <p>c) The resolution related to the authorization for the acquisition of treasury shares representing the 10% of Repsol's share capital was approved on the Board's meeting of December 18, 2011,</p>

	<p>without the participation of said Director.</p> <p>d) Additionally, the resolution regarding the favourable report on the treasury shares acquisition was passed previously by the Nomination and Compensation Committee on December 18, 2011 without the participation of said Director.</p>
<p>Ángel Durández Adeva</p>	<p>a) The resolution regarding the submission to the Annual General Meeting of his re-election as member of the Board has been passed, on the Board's meeting of February 23, 2011, without the participation of said Director.</p> <p>b) The resolution regarding his re-election as Chairman of the Audit and Control Committee has been passed, on the Board's meeting of April 15, 2011, without the participation of said Director.</p>

C.6 Explain the mechanisms established to detect and resolve possible conflicts of interests between the company and/or its group, and its directors, executives or significant shareholders.

The Regulations of the Board of Directors require directors to avoid any direct or indirect conflicts of interest with the Company's interests, notifying the Board whenever any such conflicts inevitably exist. In the event of a conflict, the director affected shall abstain in the discussion and decision dealing with the issues giving rise to the conflict.

Any directors affected by proposals for appointment, re-election or removal shall abstain in the discussions and voting dealing with those matters. Ballots shall be secret.

Directors shall inform the Nomination and Compensation Committee of any other professional obligations they may have and any material change in their professional situation, as well as any affecting the nature or condition by virtue of which they have been appointed Director.

Finally, directors shall tender their resignations and step down from the Board, should the latter deem fit, whenever they incur in any of the events of incompatibility or disqualification established in law, the Articles of Association or Regulations.

In this regard, Articles 19-22 of the Regulations of the Board of Directors set out the obligations to be met by Directors in respect of non-competition, use of corporate information and assets and taking advantage of business opportunities, and the requirements established in respect of related party transactions between the Company and the Directors, significant shareholders represented on the Board or persons related to them.

Similarly, the Repsol YPF Group Internal Conduct Regulations regarding the Securities Market, applicable to directors, top management and the executives of certain departments and divisions with access to privileged information of the company or its

group and who carry out tasks related with the Securities Market, contemplate the preclusion and solving of conflicts of interest in Articles 8.3. and 8.4., as follows:

"To control potential conflicts of interest, the executives and employees of Repsol YPF Group must inform the person responsible for their respective Area, sufficiently in advance for timely decisions to be made and before conducting the transaction or concluding the business in question, of any situation which may potentially involve, and in each concrete circumstance that actually involves, the appearance of a conflict of interest with Repsol YPF, S.A. or any company of its Group.

If the person affected is a member of the Board of Directors, the conflict must be reported to the Board of Directors, which, if it considers fit, will apply for the opinion of the Audit and Control Committee.

In case of a doubt about the existence of a conflict of interest, the executives and employees of Repsol YPF Group must act prudently and inform the person responsible for their respective Area or the Board of Directors, as the case may be, about the specific circumstances of the case, for the appropriate consideration of the situation by the latter.

The general principle to be considered in the resolution of all kind of conflicts of interest is abstention. Therefore, persons subject to conflicts of interest must refrain from making decisions that could affect the individuals or legal entities with which said conflict is posed. They must likewise refrain from exerting any influence on said decision-making and must act with full loyalty to the Repsol YPF Group in all cases. In any situation of conflict of interest between the executives and employees of Repsol YPF Group and Repsol YPF or any company within the Group, the former must act in all moments with loyalty to the Repsol YPF Group, giving preference to the interest of the Repsol YPF Group over its own interests."

Finally, the Ethics and Conduct Regulation for Repsol YPF Employees stipulates in Article 6.4., with regard to executives, that *"Repsol YPF recognizes and respects the financial and business activities of its employees that are not directly related to the activities carried out for the Company provided that these are legal and do not represent a conflict of interests with their responsibilities as Repsol YPF employees.*

Repsol YPF employees should avoid any situation that could give rise to any conflict between their personal interests and those of the Company and will abstain from representing the Company, taking part in or influencing decisions in any situation in which, the employee or any close relative has a personal interest. Employees should always act in accordance with their responsibilities, loyally and defending the interests of Repsol YPF.

Furthermore, employees may not undertake any tasks, jobs, or render any services in the benefit of companies in the sector or those that engage in activities that may, directly or indirectly, compete, or could compete, with those of Repsol YPF.

Repsol YPF employees, who could be affected by a conflict of interests, will inform the head of their Area before undertaking any transaction or closing any business deal, in order to make the appropriate decisions in each specific case thereby avoiding compromising their impartial job performance."

C.7 Are more than one of the Group companies listed in Spain?

Yes No

Name the subsidiaries listed in Spain:

Listed subsidiaries

State whether they have publicly and accurately defined their respective areas of activity and any possible business relationships among them, as well as those between the listed dependent company and the other companies within the Group:

Yes No

Describe the possible business relationships between the parent company and the listed subsidiary, and between the subsidiary and the other companies within the Group

Describe the mechanisms established to resolve possible conflicts of interest between the listed subsidiary and the other companies within the Group:

Mechanisms for the resolution of possible conflicts of interest

D RISK CONTROL SYSTEMS

D.1 General description of the risk policy of the company and/or its group, including details and assessment of the risks covered by the system, together with justification that those systems adapt to the profile of each type of risk.

Repsol YPF operates in numerous countries, under numerous regulatory frameworks and in all areas of the oil and gas business. Consequently, Repsol YPF is exposed to:

- market risks, deriving from the price volatility of oil, natural gas and by-products, exchange rates and interest rates,
- financial risks, including those related to Repsol's liquidity and solvency positions as well as the counterparty risks, deriving from financial arrangements and commercial commitments with suppliers or clients,
- risks related to the strategy of the Company, portfolio management and allocation of resources connected to internal decisions which shall be approved by the Executive Committee or the Board of Directors,
- regulatory and compliance risks related to regulatory changes and to the compliance of the applicable regulation on legal, tax, security and environmental, reporting and corporate governance matters,
- operating risks related to the effectiveness and efficiency of the transactions which could take place in case the existing internal processes were not suitable or wrong (including the risks of accidents and natural catastrophes, uncertainty regarding the geological characteristics of oil and gas fields, safety and environmental risks and

reputation risks, such as those relating to corporate ethics and the social impact of Repsol YPF's business),

- economic environment risks related with external factors to the Company such as the macroeconomic context, the sector in which it performs its activity, country risk, natural disasters, competitors, relations with partners and the different perceptions of the interested parties .

The Company considers the most important risks to be those that could hamper it in achieving the goals established in its Strategic Plan. Repsol YPF manages its assets and businesses prudently. Nevertheless, many of the risks mentioned above are inherent in the activities it performs, are beyond the control of the company and cannot be entirely eliminated.

Repsol YPF has an organisation, procedures and systems that enable it to identify measure, assess, prioritize and control the risks to which the group is exposed, and decide to what extent those risks are to be assumed, managed, reduced or avoided. Risk analysis is an integral element in the group's decision-making processes, both in the centralised governing bodies and in the management of the different businesses, paying special attention in all cases to the existence of several risks at the same time or the effects of diversification that may occur on an aggregate level.

The following independent analysis, supervision and control units specialise in different areas of risk management exist:

- * Audit Projects Unit, focusing on the permanent assessment and improvement of existing controls to ensure that potential risks of whatsoever nature (strategic, operational, financial, environment, regulatory, etc...) that could hamper achievement of the strategic goals of the Repsol YPF Group are identified, measured and controlled at all times. When performing said duty it is specially foreseen that the existing controls of the Company guarantee properly the compliance with the applicable regulation, the safeguarding of the assets, the reliability of the financial information and the managing and prevention of fraud.
- * Credit Risk Management Unit, responsible for:
 - monitoring and controlling the Group's credit risk,
 - coordinating the development of specific rules and regulations concerning market and credit risks of the different business units and corporate areas of the Group and establishing methods for measuring and assessing such risks according to the best practices,
 - analysing and controlling the credit risk generated by the Group's activities, establishing individual third-party credit risk limits,
 - defining the criteria regarding the funding and use of provisions for insolvency, refinancing and judicial claiming of debts,

- acceptance, validation and guarding of guarantees delivered to third parties,
 - the solvency analysis of the financial counterparties,
 - the approval of extensions in client payment conditions.
- * Market Middle Office Unit, responsible for:
- calculating, monitoring, controlling and assessing at market the liquidity positions, foreign exchange and interest rate risk positions,
 - measuring of the risk position and analysis of sensitivity of the result and the value of products and instruments traded for different risk factors,
 - developing and validation of the methodology for measuring and assessing instruments and positions according to best market practices.
- * Risk Monitoring Unit, responsible for:
- coordinating the development of specific rules and regulations concerning commodities price risk of the different business units and corporate areas of the Group, and establishing methods for measuring and assessing these risks according to best practices,
 - monitoring and controlling Group's commodities price risk.
- * Insurance Unit, responsible for:
- analysing and assessing any accidental risks that could affect the assets and activities of the Group,
 - defining the most efficient financing policy for these risks, through an optimum combination of self-insurance and risk transfer measures,
 - taking out such insurance cover as may be considered convenient in each case,
 - negotiating the compensations deriving from insured accidents.
- * Safety and Environment Unit, responsible for:
- defining and monitoring the company's safety and environmental strategic policies and objectives,
 - establishing the corporate rules and regulations (policy, rules, procedures, manuals and guidelines) on safety and environment throughout the company worldwide and the mechanisms required to publicise them,
 - identifying and leading corporate safety and environment projects, counselling business units in their implementation and monitoring the progress,

- establishing key indicators of performance, monitoring the company's performance in safety and environmental matters and proposing actions for improvement,
 - promoting the creation of working groups and exchanging of the best practices in safety and the environment,
 - coordinating safety and environmental audits and following them up.
- * Corporate Responsibility Unit, within the Direction of Corporate Responsibility and Institutional Services, responsible for advising, promoting and coordinating the joint Company's Corporate Responsibility strategy. The Direction of Corporate Responsibility and Institutional Services is responsible of the following duties:
- Monitoring the Company's performance in the 7 principles of the CR, reporting to the Board of Director's Investment, Strategy and Corporate Responsibility Committee, the Executive Committee and the Corporate Responsibility Committee.
 - Monitoring the tools to coordinate the CR system.
 - Propose to the Corporate Responsibility Committee the strategic guidelines of the CR and coordinate in collaboration with the units of the Company the development of the CR multi-annual plans.
 - Coordinating the dialogue with the Company's stakeholders at corporate level and submitting their expectations to the Corporate Responsibility Committee.
 - Proposing corporate government elements, such as corporate regulations, manuals or guides, goals, indicators and other management tools of CR.
 - Consolidate the CR information in a corporate level and coordinate the development of the Company's communication tools on CR at this level, such as the Annual Report on CR, the Repsol YPF's CR website; and prepare the necessary information for quotation in selective sustainability index or required by the shareholders or investors in relation to ethical and social-environmental criteria.
 - Identification and leading of projects and initiatives on CR, advising the units in its implementation and tracking.
- * Compliance and Risk Unit: responsible for monitoring the models for examining and evaluating the internal control and risk procedures, by means of:
- The Internal Control over Financial Information Reporting System ("SCFIR") responsible for defining, monitoring, and continue evaluation of the design and functioning of the Group's SCFIR (on the basis of the COSO model) which ensures reasonably the reliability of the Group's financial reporting in case it

operates adequately.

- Compliance Regulation Programme: responsible for checking the compliance with the formal legal obligations with Public Entities (Governments, Public Administrations and/or Public Authorities) in relation to the activities performed in different countries which contribute to reduce the compliance risks of the Group.
 - Fraud Prevention Programme for the Spanish companies of the Group (in collaboration with other areas): consisting on a formal framework programme containing all the proceedings, regulations and internal controls of the Spanish companies that are under management which enables, reasonably, to identify, document, evaluate, control, reduce and update the penal risks associated to the activities performed by said companies.
 - Risks Map: responsible for providing the Group of a common and uniform methodology for identifying and evaluating the critical risks by all the areas involved, looking after the correct implementation of the method guidelines provided and reporting, periodically, the results obtained to the relevant Responsible or Bodies of the Group that may be determined from time to time.
- * Reserves Control Unit, which aims to make sure that the estimates of Repsol YPF proved reserves comply with prevailing legislation on the different Securities Markets on which the company is listed. It also makes internal audits of reserves, coordinates reserves external audits and assesses the quality controls on reserve reporting, making the appropriate suggestions within a process of continuous improvement and application of best practices.

There are also several functional and business committees responsible for the oversight of the risk management activities performed within their respective areas of responsibility.

D.2 Indicate whether any of the risks (operating, technological, financial, legal, reputational, tax...) affecting the company and/or its group have actually materialised during the year:

Yes No

If so, indicate the underlying circumstances and whether the established control systems worked adequately.

Risks occurred during the year	Causes of risks	Operation of Control Systems
Risks inherent to the Company's business.	Circumstances of business development.	Control systems established by the Company have worked correctly, making possible to manage the risks appropriately.

D.3 Is there a Committee or other governing body responsible for establishing and supervising the control systems?

Yes No

If so, state its duties.

Name of Committee or governing body	Description of duties
Audit and Control Committee	<p>The main duty of the Audit and Control Committee, as advisory body to the Board of Directors, is to support the Board in its oversight duties, among other actions by regularly checking the risk management and internal control systems, to ensure that the principal risks are identified, managed and adequately publicised.</p> <p>With this aim, the Audit and Control Committee monitors the development of the Annual Corporate Audit Plan, drawn up to assess and oversee the correct functioning and adequacy of the established control systems, to ensure that they are sufficient to identify, manage and/or mitigate the operating, financial and reputation risks of the Repsol YPF Group. The Corporate Audit Department informs the Committee on any material irregularities, anomalies or defaults of the audited units reporting to the Board whenever they are considered to represent a significant risk for the Group.</p> <p>Moreover, the Audit and Control Committee ensures that the procedures and systems for recording and internal control of the measuring, assessment, classification and entering in the accounts of the Group's hydrocarbon reserves are sufficient, adequate and efficient.</p> <p>Finally, the Committee is informed by the corresponding divisions of the company and steers the environmental and safety policies, guidelines and objectives of the Repsol YPF Group.</p>

D.4 Identification and description of processes for compliance with the different regulations affecting the company and/or its group.

The Audit and Control Committee supports the Board in its oversight duties, watching over the compliance with all legal and internal laws and regulations applicable to the company. It oversees compliance with applicable national and international rules and regulations on market conduct and data protection and ensures that the Internal Codes of Conduct and Professional Ethics and of Market Conduct applicable to Group employees meet all the legal requirements and are adequate for the company.

The Audit and Control Committee also supervises the preparation and integrity of the financial information on the Company and the Group, checking compliance with the applicable legal requirements and correct application of the accounting principles.

E GENERAL MEETING

E.1 Indicate whether there are any differences between the quorums for General Meetings and the minimums stipulated in the Joint Stock Companies Act and, if appropriate, explain.

Yes No

	% quorum different from that established in Art. 102 Joint Stock Companies Act for general cases	% quorum different from that established in Art. 103 Joint Stock Companies Act for the special cases of Art. 103
Quorum required on first call		
Quorum required on second call		
Description of differences		

E.2 Explain whether there are any differences between the system used for adopting corporate resolutions and the system stipulated in the Joint Stock Companies Act, and if so give details:

Yes No

	Qualified majority other than that established in section 103.2 of the Joint Stock Companies Act for the cases set forth in section 103.1	Other instances in which a qualified majority is required
% established by the entity for the adoption of resolutions		
Describe the differences		

E.3 Describe any shareholders' rights in respect of General Meetings differing from those established in the Joint Stock Companies Act.

According to Article 23 of the Articles of Association, general meetings may be attended by shareholders holding any number of shares, provided they have been recorded in the corresponding accounting record five days prior to the date of the meeting and the shareholder has obtained the attendance card proving that the above requirements have been met. Attendance cards shall be issued by the institutions indicated in law and shall be non-transferable.

The Regulations of the Board of Directors of Repsol YPF S.A. provide as follows regarding shareholders' right to participate and information:

“6.3. The Board of Directors shall take all the measures it sees fit to ensure that the Shareholders Meeting performs its proper functions. To that end it shall place all the legally demandable information, as well as information which is not legally required but is of interest to the Shareholders and can reasonably be furnished, at the Shareholders' disposal prior to the Shareholders Meeting. It shall likewise respond with the greatest possible diligence to information requests and questions from shareholders prior to the Shareholders Meetings or while they are underway.

6.4. The information given to Shareholders and other financial market participants by the Company shall be complete, accurate, fair, symmetrical, and timely.

To achieve maximum transparency and immediacy in the dissemination of information, the Company shall make use of the generally available procedures and technologies to which companies and private citizens have access. To that end, the Board of Directors shall intensify the use of the Company's Web page and determine the contents to be transmitted through that medium, which shall include among other documents the Articles of Association, the Board of Directors' Regulations, the quarterly and annual reports, the notices of Shareholders Meetings, their regulations and the resolutions or decisions adopted at the previous meeting, and any other information considered of interest."

Furthermore, pursuant to Article 5 of the Regulations of the General Shareholders Meeting, concerning shareholders' right to information and participation, the notice of call to General Meetings shall state *"the place and times at which shareholders may consult the documents to be laid before the general meeting and such other reports as may be required by law or decided by the board, without prejudice to the right of shareholders to request and receive, free of charge, copies of all the above-mentioned documents"*.

Article 5 of the Regulations of the General Shareholders Meeting also provides that *"in addition to the requirements stipulated in law or the Articles of Association, as from the date of publication of the notice of call to the general meeting, the company shall publish on its web site the text of all proposed resolutions submitted by the board in connection with the items on the agenda, including, with regard to proposals for the appointment of directors, the information contemplated in Article 47.13 of the Articles of Association ((i) professional and biographic profile, (ii) list of other boards they are on, (iii) indication of the type of director, indicating, in the case of proprietary directors, the shareholder they represent or with which they have ties, (iv) date of first appointment as company directors, and subsequent appointments, and (v) company shares and options they hold).*

An exception may be made to this rule for proposals which the law and Articles of Association do not require to be made available to shareholders as from the notice of call, if the board considers there are just grounds for not doing so.

If a supplementary notice of call is published, the company shall thereafter publish on its web site the text of the proposals contained in that supplementary notice, provided they have been sent to the company."

Article 6.1. of the Regulations for the General Shareholders Meeting further provides that:

"Through the Shareholders' Information Office of the Company's web page, shareholders may at any time, upon entering proof of identification as such, raise any questions or make suggestions relating to the activities and interests of the Company and which they consider should be discussed at a General Shareholders' Meeting.

Once a General Shareholders' Meeting has been called and up to seven consecutive days before the date set for the meeting on first call, shareholders may utilize the same means to comment upon or make suggestions in writing regarding the proposals included on the Agenda thereof.

The Company's Departments will examine the shareholders' questions, suggestions and comments, and the responses will be disclosed, grouped together as pertinent, on the Company

web page or, if the Board of Directors considers it appropriate, they will be considered at the General Shareholders' Meeting, even if they are not included on the Agenda."

Apart from the foregoing and with a view to facilitating access by shareholders to the information on the company, Repsol set up the Shareholders' Information Office mentioned above, offering shareholders a free call service and an e-mail address at which they may request whatever information they may require. Shareholders may also visit the Office, where they will receive personal attention.

E.4 Describe the measures adopted, if any, to encourage the participation of shareholders at General Meetings.

To encourage shareholders to participate in general meetings, Article 6 of the Regulations of the General Shareholders Meeting, establishes shareholders' right to information and participation, indicating that they may raise any questions or make any suggestions in connection with the company's activities or interests which they consider ought to be discussed by the General Meeting, through the Shareholders' Information Office or the company's web site (www.repsol.com).

Apart from these measures, which are expressly contemplated in the Repsol YPF, S.A. Rules of Corporate Governance, the company also encourages shareholders to participate in general meetings with the following measures:

- Publication of the notice of call sufficiently in advance on the Official Commercial Registry Bulletin (*Boletín Oficial del Registro Mercantil -BORME*), in the media with the widest distribution, inserting a copy on the company's web site (www.repsol.com) and on any other means that the Board of Directors decides in order to provide more publicity to the calling. A copy is also sent to the National Securities Stock Commission (*Comisión Nacional del Mercado de Valores*) and to the stock exchanges on which its shares are listed and to the depositaries of its shares, so that they can issue the necessary attendance cards.
- Warning in the notice of call that the general meeting will be held on second call.
- Practices to encourage attendance, by delivering gifts and even, if appropriate, paying attendance premiums.
- Holding general meetings at a large-capacity location with ideal conditions for the procedure and following of the meeting, providing transport.
- Possibility of exercising or delegating the vote through distance means (post or electronic means), providing for shareholders:
 - * A form prepared for postal votes on the company's web site and at the Shareholders' Information Office.
 - * An application on the web site to exercise or delegate the vote by electronic means, for all shareholders having a recognised or advanced electronic signature based on a recognised, valid electronic certificate issued by the Spanish Public Certification Entity (CERES).

- Possibility of fractioning votes through the voting platform and delegation by post and electronic means.
- Assistance and personalized guidance for all shareholders who wish to participate through staff of the Shareholders' Information Office.
- Possibility of connecting to a live broadcast of the meeting through the company's web site (www.repsol.com).
- Publication through the company's web site (www.repsol.com) of the proposed resolutions corresponding to the items on the Agenda and the Board's report on each of the proposed resolutions to be laid before the General Meeting.
- Enabling, with the occasion of the General Shareholders' Meeting, an Electronic Shareholders Forum in the web site of the Company (www.repsol.com), which will be accessible for both individual shareholders and voluntary associations that may be established in accordance with current regulations, in order to facilitate communication prior to the General Shareholders' Meeting. Proposals claiming to be a complement to the agenda posted on the announcement, applications to support such proposals, initiatives to achieve the percentage sufficient to execute a right for minorities under the law, as well as offers or requests for voluntary representation may be published in the Forum.

E.5 Indicate if the Chairman of the Board chairs the General Meeting. List any measures adopted to ensure the independence and correct operation of the General Meeting:

Yes No

Details of measures
The Board traditionally requests, on its own initiative, the presence of a Notary to attend the General Meeting and issue minutes thereof.
Consequently, neither the Chairman nor the Secretary of the General Meeting participate in the preparation of the minutes, for which a notary or other public attesting officer is engaged, with the consequent guarantee of neutrality for the shareholders.

E.6 Indicate any modifications made during the year to the Regulations of the General Shareholders Meeting.

The Annual Shareholders Meeting held on April 15, 2011, approved the following amendments of its Regulations:

- Section 6 of Article 3 ("Powers of the shareholders' meeting").
- Sections 1 and 9 of Article 5 ("Calling").
- First and second paragraphs of Article 8 ("Representation").
- Section 5 of Article 13 ("Deliberation and passing of resolutions").
- Section (iv) of Article 14 ("Voting of resolution proposals").
- Section 2 of Article 15 ("Minute of the Shareholders Meeting").

The above amendments were made to adapt the text of the Regulations of the General Shareholders Meeting to the Companies Act.

The CNMV was notified of the amendments in a letter dated June 2, 2011 and they have been entered in the Madrid Trade Register.

The Regulations of the General Shareholders Meeting may be consulted on the company's web site (www.repsol.com).

E.7 Give details of attendance of General Meetings held during the year:

Date General Meeting	Details of attendance				Total
	% attending in person	% attending by proxy	% Distance voting		
			Electronic vote	Others	
04/15/2011	0.056	64.81	0.003	2.39	67.259

E.8 Give a brief account of the resolutions adopted at the General Meetings held during the year and percentage of votes with which each resolution was approved.

Only one General Shareholders Meeting of Repsol YPF, S.A., the Annual General Meeting, was held during 2011, on 15 April 2011, at which the following resolutions were adopted with the majorities indicated below:

1. Review and approval, if appropriate, of the Annual Financial Statements and the Management Report of Repsol YPF, S.A., of the Consolidated Annual Financial Statements and the Consolidated Management Report, for the fiscal year ended 31st December 2010, and of the proposal of application of its earnings.

Votes for 664,376,571 shares, votes against 90,653 shares, abstentions 138,863 shares.

2. Review and approval, if appropriate, of the management by the Board of Directors during year 2010.

Votes for 653,525,750 shares, votes against 4,497,642 shares, abstentions 6,582,695 shares.

3. Appointment of the External Auditor of the Company and its consolidated Group for 2011 fiscal year.

Votes for 662,586,049 shares, votes against 1,014,923 shares, abstentions 1,005,115 shares.

4. Amendment of Articles 9, 11, 19, 24, 27, 29, 32, 39, 44, 50 and 56 of the By-Laws; and of articles 3, 5, 8, 13, 14 y 15 of the Regulations for the General Shareholders Meetings.

Votes for 660,677,276 shares, votes against 1,397,189 shares, abstentions 2,531,622 shares.

5. Amendment of Article 52 of the By-Laws, related to the application of the earnings.

Votes for 664,068,124 shares, votes against 130,922 shares, abstentions 407,041 shares.

6. Amendment of Articles 40 and 35 of the By-Laws, related to the posts and meetings of the Board of Directors.

Votes for 659,279,646 shares, votes against 3,972,590 shares, abstentions 1,353,851 shares.

7. Re-election as Director of Mr. Antonio Brufau Niubó.

Votes for 548,540,616 shares, votes against 80,044,446 shares, abstentions 24,460,875 shares.

8. Re-election as Director of Mr. Luis Fernando del Rivero Asensio.

Votes for 652,249,957 shares, votes against 9,084,325 shares, abstentions 3,271,805 shares.

9. Re-election as Director of Mr. Juan Abelló Gallo.

Votes for 652,305,622 shares, votes against 9,024,315 shares, abstentions 3,276,010 shares.

10. Re-election as Director of Mr. Luis Carlos Croissier Batista.

Votes for 661,921,474 shares, votes against 908,115 shares, abstentions 1,776,498 shares.

11. Re-election as Director of Mr. Ángel Durández Adeva.

Votes for 662,138,233 shares, votes against 1,611,048 shares, abstentions 856,806 shares.

12. Re- election as Director of Mr. Jose Manuel Loureda Mantiñán.

Votes for 647,550,869 shares, votes against 11,482,567 shares, abstentions 5,572,651 shares.

13. Appointment as Director of Mr. Mario Fernández Pelaz

Votes for 662,276,701 shares, votes against 653,007 shares, abstentions 1,676,379 shares.

14. Delivery shares plan for the beneficiaries of the multiannual compensation plan.

Votes for 644,301,950 shares, votes against 14,919,212 shares, abstentions 5,384,925 shares.

15. Acquisition shares plan 2010-2012.

Votes for 660,195,839 shares, votes against 2,001,568 shares, abstentions 2,408,680 shares.

16. Authorization for the issue of fix rent securities, convertible and/or exchangeable for shares of the Company or exchangeable for shares of other companies, and warrants, with the power to exclude, in full or in part, the pre-emptive subscription rights of shareholders.

Votes for 639,491,756 shares, votes against 22,014,168 shares, abstentions 3,100,163 shares.

17. Delegation of the Powers to complement, develop, execute, amend and formalize the resolutions adopted by the General Shareholders Meeting.

Votes for 664,120,545 shares, votes against 308,091 shares, abstentions 177,451 shares.

- E.9 State whether any restrictions are established in the Articles of Association requiring a minimum number of shares to attend General Meetings:**

Yes No

Number of shares required to attend General Meetings	
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- E.10 Describe and justify the company's policies on proxy votes at General Meetings.**

According to Article 8 of the Regulations of the General Shareholders Meeting, all shareholders entitled to attend may be represented at general meetings by another person, who need not be a shareholder. Proxies shall be granted in writing or by distance communication, especially for each general meeting.

For this purpose, apart from the possibility of sending proxies for attendance and voting at general meetings through the members of "Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores S.A." (Iberclear), shareholders also have the Shareholders' Information Office, where they may deliver proxies by post or by hand, and another office opened exclusively for this purpose at the registered office, Paseo de la Castellana no. 278, where attendance cards may be received and the corresponding gifts are handed out.

An application is made available on the web site for electronic proxies, available for shareholders who have a recognised or advanced electronic signature based on a recognised, valid electronic certificate issued by the *Entidad Pública de Certificación Española* (CERES).

- E.11 Indicate whether the company is aware of the policies of institutional investors regarding their participation or otherwise in company decisions:**

Yes No

Describe the policy

- E.12 Indicate the address and access to the corporate governance contents on the**

company's web site.

The information on corporate governance, regulated in Article 539 of the Companies Act, Order ECO/3722/2003 of 26 December, and the *Comisión Nacional del Mercado de Valores* (CNMV) Circular 1/2004 of 17 March, is published in the section "Shareholders and investors" on the company's web site (www.repsolypf.com).

F EXTENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with the recommendations of the Unified Good Governance Code.

In the event of non-compliance with any recommendations, explain the recommendations, standards, practices or principles applied by the company.

- 1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.**

See sections: A.9, B.1.22, B.1.23 and E.1, E.2.

Comply

- 2. When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on:**
 - a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;**
 - b) The mechanisms in place to resolve possible conflicts of interest.**

See sections: C.4 and C.7

Not applicable

- 3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Shareholders' Meeting for approval or ratification. In particular:**
 - a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former;**
 - b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;**
 - c) Operations that effectively add up to the company's liquidation.**

Comply

- 4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in Recommendation 28, should be made**

available at the same time as the publication of the Meeting notice.

Comply

5. Separate votes should be taken at the General Shareholders' Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:
- a) The appointment or ratification of directors, with separate voting on each candidate;
 - b) Amendments to the bylaws, with votes taken on all articles or groups of articles that are materially independent.

See section: E.8

Comply

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See section: E.4

Comply

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Comply

8. The board should see the core components of its mission as to approve the company's strategy and authorise the organisational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the board in full should reserve the right to approve:

a) The company's general policies and strategies, and in particular:

- i) The strategic or business plan, management targets and annual budgets;
- ii) Investment and financing policy;
- iii) Design of the structure of the corporate group;
- iv) Corporate governance policy;
- v) Corporate social responsibility policy;
- vi) Remuneration and evaluation of senior officers;
- vii) Risk control and management, and the periodic monitoring of internal information and control systems;

viii) Dividend policy, as well as the policies and limits applying to treasury stock.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

i) On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.

See section: B.1.14.

ii) Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.

See section: B.1.14.

iii) The financial information listed companies must periodically disclose.

iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting;

v) The creation or acquisition of shares in special purpose entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with directors, significant shareholders, shareholders with board representation or other persons related thereto ("related-party transactions").

However, board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

1. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients;
2. They go through at market rates, generally set by the person supplying the goods or services;
3. Their amount is no more than 1% of the company's annual revenues.

It is advisable that related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.

Ideally the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Delegate Committee in urgent cases and later ratified by the full board.

See sections: C.1 and C.6

Partial compliance

The Company complies with this recommendation, except for the following sections:

- a.iii) Owing to the complexity and large number of companies in the Repsol YPF Group at present, it has not been considered convenient to expressly include the contents of this recommendation in the company's internal regulations.
- a.vii) The Company complies with this recommendation, except regarding the periodic monitoring of internal information and control systems. In this regard, since recommendation 50.1 of the Unified Code assigns duties to the Audit and Control Committee involving supervision of the information, internal control and risk management systems, and Repsol YPF has been subject to the US Sarbanes-Oxley Act (Section 404) until June 2011, according to which the Audit Committee must oversee and control the functioning of the Internal Financial Reporting Control system, the Company has considered it convenient to assign that Committee the duty of supervising the risk management, internal control and information systems of the company, without prejudice to reporting to the Board on these matters.
- b.i) The Regulations of the Board of Directors does not reserve to the Board the removal of senior officers. The Company considers that this power over the top management should be reserved for the chief executive, since these positions come under his trust and responsibility, without prejudice to reporting to the Board. Nevertheless, the Board of Directors reserves the power to approve any guarantee or golden parachute clauses for senior executives of the company in cases of dismissals or changes of ownership, when the conditions exceed those normally established on the market.
- b.v) The Company complies with this recommendation, except regarding the creation or acquisition of shares in companies domiciled in countries or territories considered tax havens. In this regard, the Company has opted for the Audit and Control Committee to receive information on these matters and ensure that these transactions correspond to appropriate purposes, and for the Top Management to take the appropriate measures to identify and adequately manage them, without prejudice to reporting to the Board on these matters.

Furthermore, this recommendation includes a vague concept (transactions which might impair the transparency of the Group), which the company has not considered it convenient to include in its internal regulations, owing to the uncertainty that could arise in its application.

9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: B.1.1

Comply

10. External directors, proprietary and independent, should occupy an ample majority of board places, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.2, A.3, B.1.3 and B.1.14.

Comply

- 11. In the event that some external director can be deemed neither proprietary nor independent, the company should disclose this circumstance and the links that person maintains with the company or its senior officers, or its shareholders.**

See section: B.1.3

Not applicable

- 12. That among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the board by proprietary directors and the remainder of the company's capital.**

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

1. In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.
2. In companies with a plurality of shareholders represented on the board but not otherwise related.

See sections: B.1.3, A.2 and A.3

Comply

- 13. The number of independent directors should represent at least one third of all board members.**

See section: B.1.3

Comply

- 14. The nature of each director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination Committee. The said Report should also disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.**

See sections: B.1.3 and B.1.4

Comply

- 15. When women directors are few or non existent, the board should state the reasons for this situation and the measures taken to correct it; in particular, the Nomination Committee should take steps to ensure that:**

- a) The process of filling board vacancies has no implicit bias against women candidates;
- b) The company makes a conscious effort to include women with the target profile among the candidates for board places.

See sections: B.1.2, B.1.27 and B.2.3.

Comply

- 16. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt**

positions; he or she should organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive, along with the chairmen of the relevant board committees.

See section: B.1 42

Comply

17. When a company's Chairman is also its chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the Chairman.

See section: B.1.21

Comply

18. The Secretary should take care to ensure that the Board's actions:

- a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
- b) Comply with the company bylaws and the regulations of the General Shareholders' Meeting, the Board of Directors and others;
- c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Nomination Committee and approved by a full board meeting, the relevant appointment and removal procedures being spelled out in the board's regulations.

See section: B.1.34

Comply

19. The Board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section: B.1.29

Comply

20. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: B.1.28 and B.1.30

Comply

21. When directors or the Secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.

Not applicable

22. The board in full should evaluate the following points on a yearly basis:

- a) **The quality and efficiency of the board's operation;**
- b) **Starting from a report submitted by the Nomination Committee, how well the Chairman and chief executive have carried out their duties;**
- c) **The performance of its committees on the basis of the reports furnished by the same.**

See section: B.1.19

Comply

- 23. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the bylaws or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.**

See section: B.1.42

Comply

- 24. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.**

See section: B.1.41

Comply

- 25. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.**

Comply

- 26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:**

- a) **Directors should apprise the Nomination Committee of any other professional obligations, in case they might detract from the necessary dedication;**
- b) **Companies should lay down rules about the number of directorships their board members can hold.**

See sections: B.1.8, B.1.9 and B.1.17

Partial compliance

The Company complies with this recommendation, except regarding the rules on the number of directorships its directors may hold. It considers the obligations that Directors are to meet by virtue of their office, as stipulated in Article 17 of the Regulations of the Board of Directors, sufficient to guarantee the efficient performance by directors of their duties:

- Constantly devote such time and efforts as may be necessary to regularly oversee the issues concerning administration of the company.
- Be informed and adequately prepare meetings of the board and any other delegated

and advisory committees to which they belong, obtaining sufficient information and such collaboration or assistance as they may deem fit.

- Attend meetings of all committees they are on and participate actively in the debates, such that their opinions may contribute effectively to the decision-making process. If they are justifiably unable to attend any meetings to which they have been called, they shall duly instruct another director to represent them.
- Carry out any specific task commissioned by the board that is reasonably within his dedication commitment.
- Inform the Nomination and Compensation Committee of any other professional obligations they may have and any material changes in their professional situation, as well as any that may affect the nature or condition by virtue of which they have been appointed director.

The Nomination and Compensation Committee shall inform the Board on directors' performance of these obligations.

27. The proposal for the appointment or renewal of directors which the board submits to the General Shareholders' Meeting, as well as provisional appointments by the method of co-option, should be approved by the board:

- a) On the proposal of the Nomination Committee, in the case of independent directors.**
- b) Subject to a report from the Nomination Committee in all other cases.**

See section: B.1.2

Comply

28. Companies should post the following director particulars on their websites and keep them permanently updated:

- a) Professional experience and background;**
- b) Directorships held in other companies, listed or otherwise;**
- c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.**
- d) The date of their first and subsequent appointments as a company director, and;**
- e) Shares held in the company and any options on the same.**

Comply

29. Independent directors should not stay on as such for a continuous period of more than 12 years.

See section: B.1.2

Comply

30. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number

should be reduced accordingly.

See sections: A.2, A.3 and B.1.2

Comply

- 31. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of this Code.**

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Comply

- 32. Companies should establish rules obliging directors to inform the board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.**

The moment a director is indicted or tried for any of the crimes stated in article 124 of the Public Limited Companies Law, the board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43, B.1.44

Comply

- 33. All directors should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking board representation.**

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The terms of this Recommendation should also apply to the Secretary of the board; director or otherwise.

Not applicable

- 34. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.**

See section: B.1.5

Comply

35. The company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:

- a) **The amount of the fixed components, itemised where necessary, of board and board committee attendance fees, with an estimate of the fixed annual payment they give rise to;**
- b) **Variable components, in particular:**
 - i) **The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items;**
 - ii) **Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;**
 - iii) **The main parameters and grounds for any system of annual bonuses or other, non cash benefits; and**
 - iv) **An estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.**
- c) **The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.**
- d) **The conditions to apply to the contracts of executive directors exercising senior management functions. Among them:**
 - i) **Duration;**
 - ii) **Notice periods; and**
 - iii) **Any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between company and executive director.**

See section: B.1.15

Comply

36. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

See sections: A.3, B.1.3

Comply

37. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Comply

38. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Comply

39. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

Comply

40. The board should submit a report on the directors' remuneration policy to the advisory vote of the General Shareholders' Meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 34, except those potentially entailing the disclosure of commercially sensitive information. It will also identify and explain the most significant changes in remuneration policy with respect to the previous year, with a global summary of how the policy was applied over the period in question.

The role of the Remuneration Committee in designing the policy should be reported to the Meeting, along with the identity of any external advisors engaged.

See section: B.1.16

Partial compliance

The company prepared the Report on the Directors' Remuneration Policy, which is made available to shareholders, for their information, at the Ordinary General Shareholders Meeting.

41. The notes to the annual accounts should list individual directors' remuneration in the year, including:

- a) **A breakdown of the compensation obtained by each company director, to include where appropriate:**
 - i) **Participation and attendance fees and other fixed director payments;**
 - ii) **Additional compensation for acting as chairman or member of a board committee;**
 - iii) **Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;**
 - iv) **Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;**
 - v) **Any severance packages agreed or paid;**
 - vi) **Any compensation they receive as directors of other companies in the group;**

- vii) The remuneration executive directors receive in respect of their senior management posts;
 - viii) Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted as a related-party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.
- b) An individual breakdown of deliveries to directors of shares, share options or other share-based instruments, itemised by:
- i) Number of shares or options awarded in the year, and the terms set for their execution;
 - ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
 - iii) Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
 - iv) Any change in the year in the exercise terms of previously awarded options.
- c) Information on the relation in the year between the remuneration obtained by executive directors and the company's profits, or some other measure of enterprise results.

Comply

42. When the company has a Delegate Committee, the breakdown of its members by director category should be similar to that of the board itself. The Secretary of the board should also act as secretary to the Delegate Committee.

See sections: B.2.1 and B.2.6

Comply

43. The board should be kept fully informed of the business transacted and decisions made by the Delegate Committee. To this end, all board members should receive a copy of the Committee's minutes.

Comply

44. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors should form a committee, or two separate committees, of Nomination and Remuneration.

The rules governing the make-up and operation of the Audit Committee and the committee or committees of Nomination and Remuneration should be set forth in the board regulations, and include the following:

- a) The Board of Directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting;
- b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend

meetings, for information purposes, at the Committees' invitation.

- c) Committees should be chaired by an independent director.
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) Meeting proceedings should be minuted and a copy sent to all board members.

See sections: B.2.1 and B.2.3

Comply

45. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Nomination Committee or, as the case may be, separate Compliance or Corporate Governance committees.

Comply

46. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

Comply

47. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

Comply

48. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Comply

49. Control and risk management policy should specify at least:

- a) The different types of risk (operational, technological, financial, legal, reputational...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
- b) The determination of the risk level the company sees as acceptable;
- c) Measures in place to mitigate the impact of risk events should they occur;
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: D

Comply

50. The Audit Committee's role should be:

1. With respect to internal control and reporting systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.

- b) Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.
 - c) Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
 - d) Establish and supervise a mechanism whereby staff can report confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.
2. With respect to the external auditor:
- a) Make recommendations to the board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his engagement.
 - b) Receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations.
 - c) Monitor the independence of the external auditor, to which end:
 - i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
 - ii) The Committee should ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
 - iii) The Committee should investigate the issues giving rise to the resignation of any external auditor.
 - d) In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Comply

51. The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Comply

52. The Audit Committee should prepare information on the following points from Recommendation 8 for input to board decision-making:

- a) The financial information that all listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.

- b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.**
- c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.**

See sections: B.2.2 and B.2.3

Partial compliance

The Company complies with this recommendation, except for paragraph b) on entities resident in tax havens and transactions that might impair the transparency of the group.

In this respect, Article 32 of the Regulations of the Board of Directors establishes that the Audit and Control Committee shall be informed on the creation or acquisition of shares in companies domiciled in countries or territories considered tax havens. The Committee shall also see that these transactions correspond to appropriate purposes and that top management takes the necessary measures to identify and adequately handle them.

Furthermore, this recommendation includes a vague concept (transactions which might impair the transparency of the Group), which the company has not considered it convenient to include in its internal regulations, owing to the uncertainty that could arise in its application.

- 53. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.**

See section: B.1.38

Comply

- 54. The majority of Nomination Committee members - or Nomination and Remuneration Committee members as the case may be - should be independent directors.**

See section: B.2.1

Comply

- 55. The Nomination Committee should have the following functions in addition to those stated in earlier recommendations:**

- a) Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.**
- b) Examine or organise, in appropriate form the succession of the chairman and the chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.**
- c) Report on the senior officer appointments and removals which the chief executive proposes to the board.**
- d) Report to the board on the gender diversity issues discussed in Recommendation**

14 of this Code.

See section: B.2.3

Partial compliance

As mentioned in respect of Recommendation 8 above, the Company considers that the power to remove senior officers of the company should be reserved to the chief executive, since they are positions within his trust and responsibility.

56. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors.

Any board member may suggest directorship candidates to the Nomination Committee for its consideration.

Comply

57. The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:

a) Make proposals to the Board of Directors regarding:

- i) The remuneration policy for directors and senior officers;**
- ii) The individual remuneration and other contractual conditions of executive directors.**
- iii) The standard conditions for senior officer employment contracts.**

b) Oversee compliance with the remuneration policy set by the company.

See sections: B.1.14, B.2.3

Comply

58. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Comply

G OTHER INFORMATION OF INTEREST

If you consider there to be an important principle or aspect regarding the corporate governance practices applied by your company that have not been mentioned in this report, indicate them below and explain the contents.

This section may be used to include any other information, clarification or qualification relating to the previous sections of the report.

In particular, state whether the company is subject to any laws other than the laws of Spain on corporate governance and, if this is the case, include whatever information the company may be obliged to supply that differs from the information included in this report.

1. Note on section A.2.

Due to the fact the company's shares are issued in book-entry form, the company does

not have up-to-date information on the identity of its shareholders or details of their stakes. Therefore, the details set out in this section are obtained from the last information supplied by *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, Sociedad Anónima Unipersonal* (IBERCLEAR), and from the information sent by shareholders to *Comisión Nacional del Mercado de Valores* (CNMV).

Petróleos Mexicanos (Pemex) holds its stake through Pemex Internacional España, S.A. and through several swap instruments (equity swaps) with certain financial entities which enable Pemex to exercise the economic and political rights of a percentage of up to 9.492 % of the share capital of the Company.

2. Note on section A.8.

The amount of 10,248 thousand Euros refers to the patrimonial effect generated due to transactions with shares issued by the Company.

On the other hand, pursuant to the Material Fact of January 11, 2012 with registry number 156304, Repsol YPF has communicated the placement among professional and qualified investors of 61,043,173 of its own shares, representing 5% of the share capital, acquired on December 20th, 2011, retaining 61,043,173 treasury shares, representing 5% of the share capital.

3. Note on section A.10

With regard to the legal restrictions on the purchase or sale of shares in the capital, under Supplementary Provision 11th to the Hydrocarbons Act 34/1998, as drafted in Royal Decree-Law 4/2006 of February 24, prior administrative authorisation by the *Comisión Nacional de Energía* must be sought for certain acquisitions or investments in companies that engage in regulated activities or activities subject to significant oversight by administrative bodies that implies special regulation.

On July 28, 2008, the European Court of Justice determined that Spain had, through the imposition of this requirement of administrative authorisation by the *Comisión Nacional de Energía*, failed to fulfil its obligations under Articles 43 and 56 of the EC Treaty.

4. Note on section B.1.11.

Following the former practice of Repsol YPF, S.A. and to supplement the information supplied in section B.1.11., the sums accrued by members of the Board during 2011, individually and by types of remuneration, or other benefits, are set out in this Annual Report on Corporate Governance.

a) Due to membership of the Board

Under the system established and approved by the Nomination and Compensation Committee, the amounts of the annual remunerations earned in 2010 and 2011 by virtue of membership of each of the Group's managing bodies are as follows:

	Euro	
Governing Body	2010	2011
<hr/>		

Board of Directors	172,287	176,594
Delegate Committee (DC)	172,287	176,594
Audit and Control Committee (ACC)	86,144	88,297
Strategy, Investment and Corporate Social Responsibility Committee (SICRC)	43,072	44,149
Nomination and Compensation Committee (NCC)	43,072	44,149

The amount of the remunerations earned by the members of the Board of Directors for belonging to same in 2011 and payable against the aforesaid assignment in the Articles of Association was EUR 4.974 million, itemised as follows:

Director	Board	Board Committees				TOTAL
		DC	ACC	NCC	SICRC	
ANTONIO BRUFAU NIUBÓ	176,594	176,594	-	-	-	353,188
LUIS SUÁREZ DE LEZO MANTILLA	176,594	176,594	-	-	-	353,188
PEMEX INTERNACIONAL ESPAÑA, S.A.	176,594	176,594	-	-	44,149	397,337
CARMELO DE LAS MORENAS LÓPEZ (1)	58,865	-	29,432	-	-	88,297
HENRI PHILIPPE REICHSTUL	176,594	176,594	-	-	-	353,188
PAULINA BEATO BLANCO	176,594	-	88,297	-	-	264,891
JAVIER ECHENIQUE LANDIRIBAR	176,594	176,594	88,297	-	-	441,486
ARTUR CARULLA FONT	176,594	176,594	-	44,149	-	397,337
LUIS DEL RIVERO ASENSIO (2)	161,878	132,446	-	-	-	294,324
JUAN ABELLÓ GALLO	176,594	-	-	-	44,149	250,175
JOSÉ MANUEL LOUREDA MANTIÑÁN	176,594	-	-	44,149	44,149	264,891
LUIS CARLOS CROISSIER BATISTA	176,594	-	-	-	44,149	220,743
ISIDRO FAINÉ CASAS	176,594	176,594	-	-	-	353,188
JUAN MARÍA NIN GÉNOVA	176,594	-	-	44,149	44,149	264,891
ÁNGEL DURÁNDEZ ADEVA	176,594	-	88,297	-	-	264,891
M ^a ISABEL GABARRO MIQUEL	176,594	-	-	44,149	44,149	264,891
MARIO FERNÁNDEZ PELAZ (3)	117,729	-	-	29,432	-	147,162

(1) Carmelo de las Morenas López resigned from his position of Director on April 15, 2011.

(2) Luis del Rivero Asensio resigned from his position of Director on December 20, 2011.

(3) Mario Fernández Pelaz was appointed Director on April 15, 2011.

It should also be noted that:

- The members of the Board of Directors of Repsol YPF, S.A. have not been granted any loans or advances by any Group company, jointly controlled entity or associate.
- No Group company, jointly controlled entity or associate has pension or life insurance obligations to any former or current member of the Board of Directors of Repsol YPF, S.A., except in the case of the Executive Chairman and the General Counsel whose remunerations, as Executive Directors, are governed by the obligations provided for in their contracts for services, which envisage a defined contribution system.

b) Due to the holding of executive positions and performing executive duties

The fixed monetary remuneration earned in 2011 by the Board members who had performed executive duties in the Group during the year totalled EUR 3.351 million, corresponding EUR 2.368 million to Antonio Brufau and EUR 0.983 million to Luis Suárez de Lezo.

Additionally, the remuneration in kind (housing, etc.), annual variable and multi-annual variable calculated on the basis of the degree to which targets of the Medium Term Incentives Program 2008-2011, accrued by Antonio Brufau, totalled EUR 1.942 million. The remuneration in kind, annual variable and multi-annual variable, multi-annual as a participant of the above program, earned by Luis Suárez de Lezo, totalled EUR 1.033 million.

Furthermore, on an extraordinary basis, a special bonus has been accrued in 2011 connected to the increase of results in 2010 of an amount of EUR 2.772 millions for Antonio Brufau and 1.678 millions for Luis Suárez de Lezo.

The referred amounts do not include those indicated in the section e) below.

c) Due to membership of the Boards of Directors of subsidiaries

The remuneration earned in 2011 by the members of the Board of Directors of Repsol YPF, S.A. in their capacity as directors of other Group companies, jointly controlled entities and associates amounted to EUR 0.611 million, according to the following details:

		Euros	
	YPF	Gas Natural	Total
Antonio Brufau	85,281	289,800	375,081
Luis Suárez de Lezo	83,668	151,800	235,468

d) Due to third-party liability insurance premiums

The Board members are covered by the same third-party liability insurance policy as that covering all the directors and executives of the Repsol YPF Group.

e) Due to retirement and disability insurance policies and contributions to pension plans and long service bonus

The cost of retirement, disability and death insurance policies, and contributions to pension plan and the long service bonus, including the corresponding on account payments, if any, incurred by the Company in relation to Board members who discharged executive duties at the Group during 2011 totalled EUR 2.965 million, of which EUR 2.671 million corresponded to Antonio Brufau and EUR 0.294 million to Luis Suárez de Lezo.

f) Indemnity payments to members of the Board of Directors

No director has received any indemnity payment from Repsol YPF in 2011.

g) Transactions with Directors

Apart from the remuneration earned, the dividends corresponding to the shares they hold and, in the case of External Proprietary Directors, the transactions with significant shareholders, the directors of Repsol YPF did not perform any relevant transaction other than in the normal course of business or other than on an arm's-length basis with the Company or with Group companies.

Notwithstanding the above, the Company has implemented the Delivery Share Plan for Beneficiaries of Pluriannual Remuneration Programmes which has been approved by the shareholders on the Annual General Meeting that took place last April 15, 2011. The purpose of said Plan is to enable its beneficiaries (among which are the Executive Directors and the other members of the Executive Committee), to invest in Repsol's shares up to the 50% of the gross amount that they will receive in accordance with the pluriannual remuneration programme so that if the beneficiary holds the shares during a period of three years and the other conditions of the Plan are met, they will have the right to receive from the Company shares in Repsol YPF to the proportion of one share for every three shares acquired initially.

Both the CEO and the General Counsel have adhered to the Plan subscribing the maximum amount permitted.

h) Related with Company's profit

Remuneration accrued by Executive Board Members, as detailed under sections a, b and c of this note, amounted to EUR 11.482 million, representing the 0.52% of the period's profit.

5. Note on section B.1.12.

For the purposes of this Annual Report on Corporate Governance, Repsol YPF considers "senior management" to members of the Executive Committee of Repsol YPF Group, the other executives who report directly to the Executive Chairman and the Director of Audit and Control.

This description, for informational purposes only, does not replace or is configured as interpreting element of other "senior management" concepts establish in the rules applicable to the Company (as Royal Decree 1382/1985), and has not the effect of creating, recognition, modification or termination of rights or legal or contractual obligations.

The information about senior management supplied in paragraph B.1.12 does not include the managerial staff with condition of executive director.

In addition, it should be noted that until June 16, 2011 Miguel Ángel Devesa del Barrio was the CFO and Miguel Martínez San Martín COO. From that date Miguel Martínez San Martín became the CFO and Executive Managing Director of Participated Entities and Ms. M^a Victoria Zingoni, Director of Investor Relations and Mr. Pedro Antonio Merino García, Director of Studies and Analysis of the Environment began to report directly to the Executive Chairman.

The amount of EUR 18.022 million corresponds to the total remuneration of senior management includes the remuneration of senior management mentioned in paragraph B.1.12. This amount includes, extraordinarily, a special bonus connected with the increase of the results in 2010 which has been accrued in 2011.

This amount does not include the cost of contributions to pension plans, life insurance, contingent plans and award for permanency, which totalled EUR 2.056 million.

6. Note on section B.1.18

On January 25, 2012 and according to the Material Fact number 157042 communicated by the Company, the Board of Directors resolved, unanimously, further to the proposal of the Nomination and Compensation Committee and in line with international best practices and recommendations on Corporate Governance, to amend articles 19 and 22 of the Board of Directors' Regulation with the aim of strengthening the mechanisms to protect the Company's corporate interest in the event of conflicts of interest arising from the designation of a competitor as a Director and the approval of related-party transactions.

The new wording of articles 19 and 22 of the Board of Directors' Regulation is the following:

"Article 19. Non compete obligation

1. *Directors may not engage, on their own or someone else's behalf, in activities whose exercise constitute competition with the Company unless the following requirements are met:*
 - (a) *it is reasonably foreseeable that the competitive situation will not cause harm to the Company or that the foreseeable harm shall be compensated by the expected benefit that the Company can reasonably get for allowing this situation of competition;*
 - (b) *that, having received advice from an independent external consultant renowned in the financial community and once the affected shareholder or Director has been heard, the Nomination and Compensation Committee issues a report assessing compliance with the requirement under paragraph (a) above, and*
 - (c) *that the General Shareholders Meeting agrees expressly to waive the prohibition of competition by the affirmative vote of a majority of disinterested social capital, i.e. the capital present and represented on the General Shareholders Meeting net of shares linked to the affected Director. If the General Shareholders Meeting excuses the non-competition obligation without fulfilling this special majority and the report of the Nomination and Compensation Committee has been unfavourable to the waiver, the Directors shall submit to the courts the compatibility of the resolution with the corporate interest.*
2. *At the time of convening the general meeting called to decide on the waiver of the prohibition of competition, the Board shall make available to the shareholders the reports of the Nomination and Compensation Committee and the independent external consultant referred to in paragraph 1. (b) above and, if appropriate, its own report. The resolutions of the General Shareholders Meeting pursuant to the provisions of this Article shall be submitted under a separate item on the agenda.*
3. *If the competition situation appears after the appointment of a Director, the concerned Director must resign immediately from office.*
4. *For the purposes of this article:*
 - (a) *it will be deemed that a person is carrying out, on its own behalf, competing activities with*

the Company when said activities are carried out, directly or indirectly, through controlling companies according to Article 42 of the Commercial Code.

(b) it will be deemed that a person is engaged on another person's behalf in activities that are competitive when the former has a significant stake or holds a management position in a competitor or another concerted company for the development of a common policy and, in any case, when he has been appointed as Director of the Company at the request of one of those, and

(c) it will be deemed not in competition with the Company (i) companies controlled by it (in the sense of Article 42 of the Commercial Code), and (ii) companies with which Repsol YPF, SA has established a strategic alliance, even if they have the same, similar or complementary purpose, provided the strategic alliance is in force. Directors appointed at the request of the Company or in consideration of a participation it has in the capital of a competitor shall not be considered under the prohibition of competition, for this reason alone.

- 5. Directors may not provide advice or representation services to competing entities with the Company, unless the Board of Directors, following a favourable report from the Nomination and Compensation Committee, authorizes them with the affirmative vote of two thirds of the Board members not affected by the conflict of interest. If these requirements are not complied with, the authorization shall be granted by the General Shareholders Meeting. With the same requirements the Board of Directors may also waive the conflict of interest incompatibility referred to in Article 13.1 above.*
- 6. The amendment of this section shall require the affirmative vote of three fourths of the members of Board of Directors. "*

"Article 22 .- Related-party transactions.

- 1. The transactions performed by the Company, directly or indirectly, with directors, significant shareholders represented on the Board or persons related thereto ("related-party transactions"), shall be subject to substantive and procedural requirements provided in this article.*
- 2. Related-party transactions (i) exceeding the amount of the 5% of the assets of the Group according to the last consolidated annual accounts approved by the General Shareholders Meeting; (ii) aimed at strategic assets of the Company, (iii) that involve transfer of technology relevant to the Company, or (iv) aimed at establishing mechanisms for collaboration and strategic alliances and which are not mere execution agreements of alliances previously established, can only be entered into if the following conditions are satisfied:
 - (a) the transaction is fair and efficient from the standpoint of the Company's corporate interest;*
 - (b) after obtaining the relevant report of an independent expert renowned in the financial community on the reasonableness and arm's length terms of the related-party transaction, the Nominating and Compensation Committee issues a report assessing the compliance of the requirement under paragraph (a) above, and*
 - (c) the General Shareholders Meeting authorizes the related-party transaction with the favourable vote of a majority of disinterested social capital, i.e. the capital present and represented on the General Shareholders Meeting net of shares linked to the director or shareholder involved in the transaction. If the General Shareholders Meeting authorizes the related-party transaction without complying with the special majority and the report of the**

Nomination and Compensation Committee has been unfavourable to the authorization, the Directors shall submit to the courts the compatibility of the resolution with the Company's corporate interest. Notwithstanding the above, in those cases in which due to special circumstances it is not advisable to wait until the next General Shareholders Meeting, the transaction may be approved by the Board of Directors provided that: (i) the report of the Nomination and Compensation Committee indicated in section (b) above is favourable, and (ii) the resolution is passed with the affirmative vote of at least two thirds of the Board members not affected by the conflict of interest. In this case the Board will inform the following General Shareholders Meeting about the terms and conditions of the transaction.

At the time of convening the general meeting called to decide on the authorization of the related-party transaction, the Board shall make available to the shareholders the reports of the Nomination and Compensation Committee and the independent external consultant referred to in paragraph (b) above and, if appropriate, its own report.

- 3. Related-party transactions other than those referred to in paragraph 2 above will require only the approval of the Board on the report of the Nomination and Compensation Committee. Exceptionally, when reasons of urgency so require, the appropriate transactions may be authorized by the Executive Committee, with subsequent ratification by the full Board.*
- 4. This authorisation shall not be necessary for related-party transactions that meet the following three conditions:*
 - (i) they are performed under contracts with standard terms and conditions that are generally applied to customers contracting the type of product or service in question;*
 - (ii) they are made at prices or rates generally established by the person acting as supplier of the good or service in question or, for transactions involving goods or services for which there are no pre-established prices or rates, on arm's length terms, similar to the market conditions applied in similar commercial relationships maintained with unrelated customers; and*
 - (iii) the value of the transaction does not exceed 1% of the annual revenues of the company.*

Authorisation by the board shall not be required either in insignificant transactions corresponding to the normal business of the company, made on arm's length terms.

- 5. Related-party transactions shall be assessed from the point of view of equal treatment and market conditions and shall be described in the Annual Corporate Governance Report and the regular reporting of the company pursuant to the terms of applicable laws and regulations.*
- 7. The amendment of this section shall require the affirmative vote of three fourths of the members of the Board of Directors. "*

7. Note on section C.2.

In the case of Sacyr Vallehermoso, S.A. and Petr leos Mexicanos commitments acquired correspond to volume of purchases commitments in force at 31 December, 2011 net of volume of sales commitments.

The guarantees cancelled during 2011 amount to EUR 1,145 thousand.

The lease data refer to those leaseings in which the Group acts as lessee net from those in which it acts as lesser.

Additionally to the related party transactions mentioned above, at 31 December 2011 the Group has another transactions with “la Caixa” Group, totalled EUR 1,321 million, which include short term investments in a sum of EUR 416 million, exchange rate hedging tools in a sum of EUR 173 million and interest rate hedging tools in a sum of 209 million.

8. Good Tax Practice Code

Repsol YPF is adhered to the Good Tax Practice Code, sponsored by the Large Business Forum and the State Tax Agency, and complies with the provisions contained therein.

Binding definition of Independent Director:

Indicate whether any of the independent directors have or have had any relationship with the company, its significant shareholders or its executives, which, if sufficiently significant or important, would have meant that the director could no longer be considered independent, pursuant to the definition set out in section 5 of the Unified Good Governance Code:

Yes No

This annual report on corporate governance was approved by the Board of Directors of the Company on 28 February 2012.

Indicate whether any Directors have voted against or abstained in connection with the approval of this Report.

Yes No

Name of the director that did not vote in favor of the approval of this report	Reasons (opposed, abstained, absent)	Explain the reasons

ANNEX TO REPSOL YPF, S.A.
2011 CORPORATE GOVERNANCE ANNUAL REPORT

This Annex contains information supplementing the Corporate Governance Annual Report pursuant to Article 61 bis of the Securities Market Act 24/1988 of 28 July, as amended by the Sustainable Economy Act 2/2011 of 4 March.

Since the new contents are not included in the current model of Corporate Governance Annual Report approved by the National Securities Market Commission Circular 4/2007 of 27 December, this Annex sets out the additional information required by the Securities Market Act, Article 61 bis.

1. SECURITIES THAT ARE NOT TRADED ON A REGULATED EU MARKET, INDICATING THE DIFFERENT CLASSES OF SHARES, IF ANY, AND THE RIGHTS AND OBLIGATIONS CONFERRED FOR EACH CLASS OF SHARES

All the Repsol YPF, S.A. (the “**Company**”, or “**Repsol YPF**”) shares have the same voting and economic rights; no shareholders have different voting rights.

The Repsol YPF shares are issued in book-entry form and are listed in the electronic dealing system (continuous electronic market) of the stock exchanges of Spain (Madrid, Barcelona, Bilbao and Valencia) and Buenos Aires (Bolsa de Comercio de Buenos Aires). On December 31, 2011 the Repsol YPF shares issued as *American Depositary Shares* (ADSs) are listed on the OTCQX market.

In addition, the shares and ADSs of the subsidiary YPF, S.A. are listed on the Bolsa de Comercio de Buenos Aires and the New York Stock Exchange (NYSE), respectively, and the shares of Refinería La Pampilla, S.A. are listed on the Lima Stock Exchange.

2. RESTRICTIONS ON THE TRANSFERABILITY OF SECURITIES AND VOTING RIGHTS

This information is set out in Section A.10 and the Note to Section A.10 included in point G (*Other Information of Interest*) in the Corporate Governance Annual Report.

3. RULES FOR AMENDING THE COMPANY’S ARTICLES OF ASSOCIATION

The Repsol YPF’s Articles of Association do not establish any conditions differing from those set out in the Companies Act for amending said Articles. Since the last paragraph of Article 27 of the Articles of Association, on the maximum number of votes that may be cast by a shareholder following the reform of the Companies Act is not applicable, the last

paragraph of Article 22 of the Articles of Association on amendment of that Article 27 is not applicable either.

On the other side, Article 22 of the Articles of Association establishes that in order to adopt valid resolutions to modify the Articles of Association, ordinary or extraordinary shareholders' meetings must be attended, in person or by proxy, by shareholders holding at least fifty per cent (50%) of the subscribed voting capital on first call, or twenty-five per cent (25%) of that capital on second call.

When attended by shareholders representing less than fifty per cent (50%) of the subscribed voting capital, resolutions to alter the articles may only be validly adopted with the favourable vote of two-thirds of the capital present or represented at the general meeting.

4. SIGNIFICANT RESOLUTIONS PASSED BY THE COMPANY WHICH ENTER INTO FORCE OR ARE MODIFIED OR TERMINATED IN THE EVENT OF TAKEOVER OF THE COMPANY FOLLOWING A TENDER BID, AND THE ENSUING EFFECTS

The Company participates in hydrocarbon exploration and operation through joint ventures with other state-owned and private oil companies. The contracts regulating the relationships between members of those joint ventures generally grant the other members a right of pre-emption over the interest of any member that is taken over whenever the value of that interest is significant in respect of the total assets of the transaction or when other conditions established in the contracts are met.

In addition, the laws regulating the oil and gas industry in several countries in which the Company operates require prior authorisation by the competent authorities for any transfer of all or part of the licences for exploration or operating concessions granted, and sometimes also for any change in the control of the concessionaire(s), especially for operators of mining areas.

Moreover, the agreements signed between Repsol YPF and Caja de Ahorros y Pensiones de Barcelona in respect of Gas Natural SDG, S.A., announced through regulatory disclosures to the National Securities Market Commission (CNMV); the Industrial Action Agreement between Repsol YPF and Gas Natural SDG, S.A. contemplated in those agreements and announced in a regulatory disclosure on 29 April 2005; and the Shareholders' Agreement between Repsol YPF and Gas Natural SDG regarding Repsol-Gas Natural LNG, S.L. contemplate a change in the control structure of any of the parties as grounds for termination.

5. AGREEMENTS BETWEEN THE COMPANY AND ITS EXECUTIVES AND EMPLOYEES ESTABLISHING INDEMNITIES FOR RESIGNATION, UNFAIR DISMISSAL OR TERMINATION OF THEIR CONTRACTS DUE TO A TAKEOVER BID

The consequences established in law and collective agreements of the termination of employment or service relationships between employees and the company are not homogenous but vary according to the employee(s) in question, the position they hold, the type of contract they have, the laws and regulations governing their employment or services relationship and other factors.

This notwithstanding, the Company has a single legal statute for executives, set down in the Executive Agreement, which regulates the indemnity payable in different cases of termination of employment, establishing as grounds for compensation those stipulated in prevailing laws. For members of the Executive Committee, these grounds include resignation by the executive following a business succession or major change in ownership of the company bringing about a renewal of the governing bodies or alteration of the contents and approach of the company's main business activity. The indemnities of existing members of the Executive Committee are calculated according to each executive's age, seniority and salary.

A deferred economic compensation is contemplated for Executive Directors on termination of their relationship with the Company, provided that termination is not a consequence of default of their obligations or of their own will whenever this is not justified by any of the grounds contemplated in their contracts. The details of compensations are set out in the Compensation Policy Report, which will be submitted to shareholders at the Annual Shareholders' Meeting 2012.

6. DESCRIPTION OF THE PRINCIPAL CHARACTERISTICS OF THE SYSTEM OF INTERNAL CONTROL AND RISK MANAGEMENT OVER THE FINANCIAL REPORTING PROCESS (SIFCR) OF THE REPSOL YPF GROUP

6.1. Introduction

According to the reference frameworks on internal control, companies must have models enabling them to implement, manage and assess their control systems in order to guarantee their effectiveness.

In this regard, the Repsol YPF Group (the “**Group**”) has an internal control model based on the generally accepted reference methodology framework COSO (*Committee of Sponsoring Organizations of the Treadway Commission*), developed through a process consisting of five components:

1. The **company’s control environment** is the foundation for the other components; it is the control awareness within an organisation. The aim pursued with this component is to establish and promote a collective attitude to achieve effective internal control over the organisation’s processes.
2. **Risk assessment** points to the need to assess all risks inherent in the company’s business and consists of identifying and analysing any factors that could hamper achievement of its strategic objectives and, based on that analysis, designing control activities to reduce the risks and determine how they should be managed.
3. The **control activities** refer to the policies and procedures designed to mitigate the risks identified, which should exist in all duties and at all levels of the company, focusing on the prevention and detection of errors and fraud.
4. **Information and communication** focuses on the need to identify, gather and report significant information in such a way and within a time that will enable each part of the organisation to assume its responsibilities. Management must put across a clear message to all employees regarding the importance of the responsibilities of each one in respect of control.
5. **Monitoring the functioning of the system**, since it is necessary to assess the quality of its performance, its adequate design, adaptation, implementation and effectiveness. The aim pursued by observing this component is to assess on the effectiveness, detecting and correcting any deficiencies identified in the internal control system.

As part of this internal control model, the Group has implemented a System of Internal Control over Financial Reporting (“**SICFR**”) in accordance the best practices in internal control over financial reporting, which responds to and complies with the requirements established by Securities Market Law 24/1988 of 28 July, as amended by Sustainable Economy Law 2/2011 of 4 March and other legislation in force.

The SICFR has enabled the Group, since its implementation, to respond to the requirements established in US laws and regulations during the time that Repsol YPF was registered with the U.S. Securities and Exchange Commission (“**SEC**”), particularly the Sarbanes-Oxley Law, following the guidelines issued by the SEC, and the Public Company Accounting Oversight Board (“**PCAOB**”). Among other issues, those regulations require an opinion by the External Auditor on the effectiveness of the SICFR, which has always been unqualified.

The Argentinean subsidiary YPF, S.A. is currently still registered with the SEC so is bound by the requirements established in the US laws and regulations on internal control over financial reporting.

6.2. The company’s control environment

The control environment lays down the guidelines for the Group’s behaviour and has a direct influence on employees’ level of awareness of control. It is the foundation for all other internal control aspects, providing discipline and structure.

The control environment includes the following elements, tangible and intangible:

- Integrity and ethical values
- Commitment to competence in the different organizational units
- Organisational structure and governability
- Management Philosophy and operating style
- Assignment of authority and responsibilities
- Human Resources policies and procedures

The Governing Bodies and the Management have a strong influence over the control environment through the establishing of rules, a code of conduct and other behavioural patterns, through its actions and behaviour, and by effectively promulgating policies and written procedures.

The SICFR is fully integrated within the organisation through the establishment of an outline of roles and responsibilities for the different bodies and functions, which are duly approved and promulgated within the Group, especially the following:

6.2.1. Board of Directors:

According to the Articles of Association, the Repsol YPF Board of Directors is responsible for governing, managing and administering the company's businesses and interests in all aspects that are not specifically reserved for the Shareholders' General Meeting. It focuses on its general function of supervision and the consideration of matters of special importance for the Company.

The Regulations of the Board of Directors define the powers to be exercised by the Board, such as presenting the separate and consolidated Annual Financial Statements and Management Reports at the Ordinary Shareholders' Meeting. The Board must draw up those documents in clear, precise terms, endeavouring to avoid a qualified report by the external auditors. The Board must ensure that they give a true and fair view of the equity, financial position and results of the Company and the Group, pursuant to the applicable legal provisions. It must also approve the risk management and control policy and the annual and half-year financial statements which the Company, as a listed company, is obliged to publish regularly.

The Regulations also establish the Board's responsibility for approving the Company's codes of ethics and conduct, regulating its own organisation and functioning and those of the Senior Management, and specific duties related with the Company's trading on stock markets.

The Board deals directly with the members of the Senior Management of the Company and the external auditors, respecting at all times the independence of the latter.

In pursuance of Article 31 of its Articles of Association, at 31 December 2011 the Repsol YPF Board has fifteen members: two executive directors, five proprietary directors and eight independent directors.

The Board of Directors has set up the following Committees, the Delegate Committee with decision-making powers and the others with supervisory, reporting, advisory and proposal duties:

- a) The **Audit and Control Committee** of Repsol YPF, set up on 27 February 1995, which main object, according to the Regulations of the Board of Directors, is to support the Board of Directors in its oversight duties, through regular checking of the financial reporting process, the effectiveness of the executive controls and independence of the External Auditor, as well as checking compliance with all legal provisions and internal regulations applicable to the company.

According to the Regulations of the Board of Directors, the duties of the Audit and Control Committee related with the financial reporting process include the following:

- Supervise the process of preparing and presenting, as well as the integrity of, the regulated financial information on the Company and its Group, compliance with all requirements, adequate definition of the scope of consolidation and correct application of the accounting principles.
- Watch over the independence and efficiency of the internal audit department; analyse and approve, if appropriate, the Annual Internal Audit Plan and oversee the degree of fulfilment by the audited units of the corrective measures recommended by the internal audit department in previous actions. The Audit and Control Committee shall inform the Board of any cases that may entail a major risk for the Group.
- Prior to their submission to the Board, analyse the financial statements of the company and its consolidated Group included in the annual, half-year and quarterly reports and any other financial information that the company is obliged to publish regularly by virtue of being a listed company, with the necessary requirements to ensure that they are correct, reliable, adequate and clear. For this purpose it shall have all the necessary information and such degree of aggregation as it may deem fit, assisted as necessary by the top management of the Group, particularly the Finance and Affiliated Companies Department, and with the opinion and recommendations of the external auditor.
- Provide that the Annual Financial Statements to be submitted to the Board of Directors for authorisation are certified by the Executive Chairman and the Chief Financial Officer and Executive Director Affiliated Companies, pursuant to the internal or external regulations applicable from time to time.
- Check all significant changes in the accounting principles applied and the presentation of financial statements, ensuring that adequate notification is given thereof, expressly stating that the committee has checked them.
- Examine the draft ethic and conduct codes and amendments thereto prepared by the corresponding area of the Group and issue an opinion before proposals are submitted to the corporate bodies.
- Oversee with special diligence compliance with the rules on securities market conduct and supervise all actions of the company's Internal Transparency Committee.

- Supervise the sufficiency, adequacy and effective functioning of the recording and internal control systems and procedures in the measuring, valuation, classification and accounting of the hydrocarbon reserves of the Repsol YPF Group, ensuring that they are included in the Group's regular financial reporting in accordance with the sector standards and applicable laws and regulations.

According to the Regulations of the Board of Directors, the Audit and Control Committee is responsible for receiving confidential, anonymous communications expressing their concern over possible dubious practices in accounting or auditing. The Audit and Control Committee has established adequate procedures, mechanisms and controls to receive, process and follow-up any communications received through the communication channel for the Audit and Control Committee, through which the Committee can be informed on any issues related with accounting, internal control and auditing. This channel is available to employees and third parties through the corresponding applications on the corporate web site and the internal portal.

All the members of the Audit and Control Committee are external independent directors with expertise and experience in accounting and auditing. The Chairman of the Committee also has extensive experience in business, risk and financial management and a thorough knowledge of accounting procedures.

The Board appoints the members of this Committee for a term of four years. Without prejudice to their possible reappointment, they shall step down from the Committee on expiry of the aforesaid term, when they cease to be directors or whenever so resolved by the Board following a report by the Nomination and Compensation Committee. The Chairman is appointed for a maximum term of four years, after which he cannot be re-elected until one year after leaving the position, without prejudice to his continuation or re-election as member of the Committee.

- b) According to the Articles of Association and the Regulations of the Board of Directors, the Delegate Committee of Repsol YPF has been permanently delegated all the powers of the Board of Directors except those whose delegation is prohibited by law, the Articles of Association and/or the aforesaid Regulations.

The Delegate Committee consists of the Chairman of the Board and seven directors from the three different groups of directors (executive, proprietary and independent), in a proportion similar to that existing within the Board of Directors.

- c) According to the Articles of Association and the Regulations of the Board of Directors, the Nomination and Compensation Committee of Repsol YPF, set up on 27 February 1995, has among others, duties related to the appointments and compensation of both Directors and Senior Executives of the Company.

Additionally it shall inform the Board of Directors in cases concerning non-compete obligations, use of corporate information and assets, business opportunities and related-party transactions as well as on compliance by directors with the corporate governance principles or the obligations established in the Articles of Association or Regulations of the Board of Directors.

Finally, it also reviews the Corporate Governance Annual Report before its approval by the Board of Directors to check the nature attributed to each director (executive, proprietary, independent or external).

The Nomination and Compensation Committee is entirely made up of external directors, three of which are independent and the other two proprietary. They all have adequate expertise, skill and experience to perform the duties of the Committee.

d) The Strategy, Investment and Corporate Social Responsibility Committee of Repsol YPF was created on 25 September 2002. According to the Regulations of the Board of Directors, it is responsible, among other duties, for:

- Inform the Board of Directors and/or Delegate Committee on the principal highlights, landmarks and reviews of the Group's strategic plan and any other major strategic decisions within the Group.
- Inform on investments or divestments in assets which, by virtue of their value or strategic nature, the Executive Chairman believes should be first considered by the committee.
- Know and steer the policy, objectives and guidelines of the Repsol YPF Group on corporate social responsibility and inform the board thereon; check and report on the Corporate Responsibility Report of the Repsol YPF Group before it is submitted to the Board.

The Strategy, Investment and Corporate Social Responsibility Committee is made up entirely of external directors, two of whom are independent and the remaining four proprietary. They all have adequate expertise, skills and experience for the Committee's duties.

6.2.2. Internal Transparency Committee:

The Internal Transparency Committee of Repsol YPF was set up on 29 January 2003 and, as established in its Regulations, its main object is to promote and strengthen whatever policies may be necessary to ensure that the information provided for shareholders, markets and regulatory bodies is true and complete, present fairly its financial position and

the results of its operations and is reported within the deadlines and in compliance with any other requirements stipulated in the applicable laws and standards and the general market and good governance rules binding on the Company, providing support for the Executive Chairman and the Chief Financial Officer and ED Affiliated Companies.

According to its Regulations, the Internal Transparency Committee has the following duties, among others:

- Supervise the establishment and maintenance of the procedures for preparing the information that the Company is obliged to publish according to the applicable rules and regulations or, in general, any information it may announce to the markets, and the controls and procedures designed to ensure that (1) such information is recorded, processed, summarised and announced accurately and in due time and that (2) the information is compiled and submitted to the senior management, including the Executive Chairman and the Chief Financial Officer and ED Affiliated Companies, enabling decisions to be made in advance on the information to be publicly announced and proposing such improvements as it may deem fit.
- Check and ensure that the information set out in the documents to be published, especially announcements or disclosures to be made to the regulators and agents operating on the securities markets on which the Repsol YPF shares are traded, are correct, reliable, adequate and clear.

The members of the Internal Transparency Committee are: the Corporate Director of Tax and Economic Affairs, as Chairman, the Corporate Director for Legal Affairs, as Secretary, the Media Director, Strategy Director, Audit and Control Director, Administrative Economic Director, Investor Relations Director, Corporate Governance Affairs Director, Reserves Control Director, Management Control Director, a representative of General Management of Human Resources and Organisation, a representative of General Management Upstream, a representative of General Management Downstream and a representative of the General Management of YPF.

6.2.3. The Audit and Control Department:

Reporting to the General Counsel and Secretary of the Board of Directors, this Department assesses whether the design and functioning of the internal control and risk management systems in the Group are reasonable, helping to improve them and including any processes to ensure that:

- Any risks that may affect the organisation are adequately identified, measured, ranked and controlled, especially those affecting financial reporting.

- All operations are performed efficiently and effectively.
- The operations are performed in accordance with the applicable laws and regulations and the internal policies, rules and procedures established within the Group, assessing their adequacy and guaranteeing their compliance.
- The assets are adequately protected and reasonably controlled.
- The most important financial, management and operating information is adequately prepared.

It also monitors the assessment of design and functioning of the Group's SICFR reporting the Audit and Control Committee about the results obtained

6.2.4. Business Units and Corporate Areas identified as "owners of the controls":

Within the Group, the different Business Units and Corporate Areas identified as "owners of the controls" are responsible of guarantying the present validity, implementation and functioning of the controls and the adequate design of related processes. Of those Units, those with an especially important role in the development, maintenance and operation of the SICFR are described below:

- a) The Unit that prepares the financial statements and corresponding financial report and defines the inventory of SICFR controls and processes required to guarantee the reliability of the financial information, in coordination with the Audit and Control Department, as a result of its process of defining and assessing the Group SICFR.
- b) The unit that is responsible for ensuring compliance with all tax obligations; giving tax advice; monitoring, assessing and implementing changes in legislation; pinpointing, controlling, monitoring and assessing tax risks; handling tax disputes and conflicts and preparing the tax information for financial statements. According to the Code of Good Tax Practices, this unit is also responsible for reporting annually to the Audit and Control Committee on the tax policies applied by the Company.
- c) The Unit that monitors, analyses, reviews and interprets the accounting regulations and standards set out in the different regulatory frameworks applicable to the Group.
- d) The Unit that ensures the continuity and development of business plans, guaranteeing efficient utilisation of financial resources, optimisation of financial results and adequate monitoring and control of financial, market and credit risks.

- e) The Unit that defines the Annual Training Plan, lays down the instructions and criteria for developing the regulatory framework and establishes the guidelines for defining the organisational structure and sizing of the Group.
- f) The Unit that makes sure that the estimates of proved hydrocarbon reserves of the Repsol YPF Group comply with prevailing legislation on the different securities markets on which the Company is listed. It also makes internal audits of reserves, coordinates certification of reserves by external auditors and assesses the quality controls on reserve reporting, making the appropriate suggestions within a process of continuous improvement and application of best practices.
- g) The Units that provide adequate legal assistance to the Group on issues related with corporate governance and business or corporate areas. This assistance is provided through: (i) legal counselling to provide the necessary legal basis for the actions and decisions of the different corporate and business areas; (ii) preventive legal security to see that the Group acts at all times in accordance with all applicable laws and internal regulations; (iii) defence in legal proceedings; and (iv) legal and corporate management.

6.2.5. Other issues concerning the company's control environment

Internal regulations have been developed to define the lines of responsibility and authority related with the organisational structure, establishing the organisational criteria and principles to ensure adequate sizing and distribution of tasks. These internal regulations have been formally approved and distributed throughout the entire Group through the internal communication network.

A specific body of rules has been developed, identifying the units participating in the preparation of the financial statements and the duties and responsibilities assigned to each unit.

Apart from the internal rules and regulations contemplated hereinabove, such as the Articles of Association, the Regulations of the Board of Directors and the Regulations of the Internal Transparency Committee, the Group also has a "*Code of Conduct and Professional Ethics of the Employees of Repsol YPF*", approved by the Board of Directors following a favourable report by the Audit and Control Committee, which is applicable to all the Group's employees. This code develops the ethical values of the Repsol YPF Group (integrity, transparency, responsibility and safety), the minimum rules of conduct that should guide all employees during the performance of their professional work and the penalties applicable when those rules are broken. Among other aspects, the code lays down the basic principles for action in information transparency, processing of reserved and

confidential information and adequate reflection of transactions in the Company's financial records.

As a general rule, the new employees receive a copy of the Code of Conduct and Professional Ethics on joining the Group and sign an acknowledgement of receipt. Employees also regularly receive information on the applicable rules of ethics.

There is a communication channel on the Code of Conduct and Professional Ethics of the Employees of Repsol YPF, which provides an effective means for submitting consultations or reporting possible breaches of conduct under the code. This channel is accessible to both Group employees and third parties, through internal and/or external communication networks, particularly through the corresponding applications on the corporate web site and the internal portal.

The Ethics Committee, formally created on 4 December 2006, oversees compliance with the Code by all employees of the Repsol YPF Group and resolves the communications received through the channel. The Secretary of this Committee is responsible for processing, confidentially, all communications received through this channel.

According to the Regulations of the Repsol YPF Ethics Committee, the committee consists of the General Counsel and Secretary of the Board of Directors, the Managing Director for Human Resources and Organisation, the Audit and Control Director, the Corporate Director of the Repsol YPF Legal Services and the Corporate Director of Industrial Relations, Occupational Legal Management and Safety in the Workplace.

The Group also has an "Internal Code of Market Conduct", approved by the Board of Directors following a favourable report by the Audit and Control Committee, which meets the requirements stipulated in Spanish law, developing aspects such as rules of conduct for dealings in financial instruments and securities issued by the Group, treatment of inside information, reporting of important information, treasury stock dealing, prohibition of price rigging and the handling and management of conflicts of interest. The Company has formally established mechanisms promoting promulgation and compliance with the Code throughout the organisation.

As regards training programmes and regular refresher courses for employees, the Group has a formally approved Training Plan to support and promote the achievement of the Group's challenges and objectives through training and learning, by means of an integral, homogenous management of training requirements, coordination of that training and assessment of its impact and results.

Along these lines, internal regulations have been drawn up establishing powers and responsibilities in respect of training.

The units involved in preparing and checking the financial information and assessment of the SICFR have a special Training Plan designed to meet the specific training needs of these employees to perform their duties correctly.

6.3. Assessment of financial reporting risks

The Group has a risk map structured into five major types: strategic, operational, financial, environmental and regulatory or compliance (the “**Map**”). It defines the units participating in the management, control and supervision of each risk, the parameters and controls established and the applicable rules and regulations.

The Map is updated each year by the head of each of the different risks identified, within a process coordinated by the Audit and Control Department.

Within the compliance risks, the Group has identified a type called accounting and reporting risks.

An inventory of financial reporting risks has been drawn up to cover the principal risks affecting the reliability of the financial reporting, based on the following categories:

- General environment risks
- Risks in monitoring changes in regulation
- Business transaction risks
- Estimate and subjective calculation risks
- Preparation of financial statement risks

This document, which is subject to annual review, identifies, measures, assesses and categorises the Group’s financial reporting risks.

Updates of the inventory of financial reporting risks are subject to final approval by the Executive Committee and the Audit and Control Committee.

This inventory covers the principal risks associated with the process of preparing the financial statements (separate and consolidated) and other different risks (operational, financial, tax compliance, labour, regulatory, etc.) insofar as they have any effect on financial reporting.

The problems associated with the risk of fraud in financial reporting have also been considered an important factor to be taken into account when designing and implementing the SICFR. Accordingly, a model for preventing fraud in financial reporting has been developed, set out in the manual “Management of fraud risks in financial reporting”, based

on the framework established by the AICPA (*American Institute of Certified Public Accountants*) in its document “*Consideration of Fraud in a Financial Statement Audit*”, Section 316 (*Standard Auditing Statement 99*) and by the *Public Company Accounting Oversight Board* (PCAOB) in its document “*An Audit of Internal Control over Financial Reporting that it is Integrated with an Audit of Financial Statements*” (*Auditing Standard number 5*). This model for preventing fraud in financial reporting identifies a significant number of controls to cover the risk of fraud in financial reporting.

The Group has also a *segregation of duties model* to prevent and reduce the risk of fraud in the financial reporting process and matrixes of incompatibilities defined for each of the major processes have been implemented in the reporting systems covered by the SICFR, enabling it to establish continuous, routine monitoring of any conflicts and detect any cases in which the functions are not performed according to the previously defined profiles.

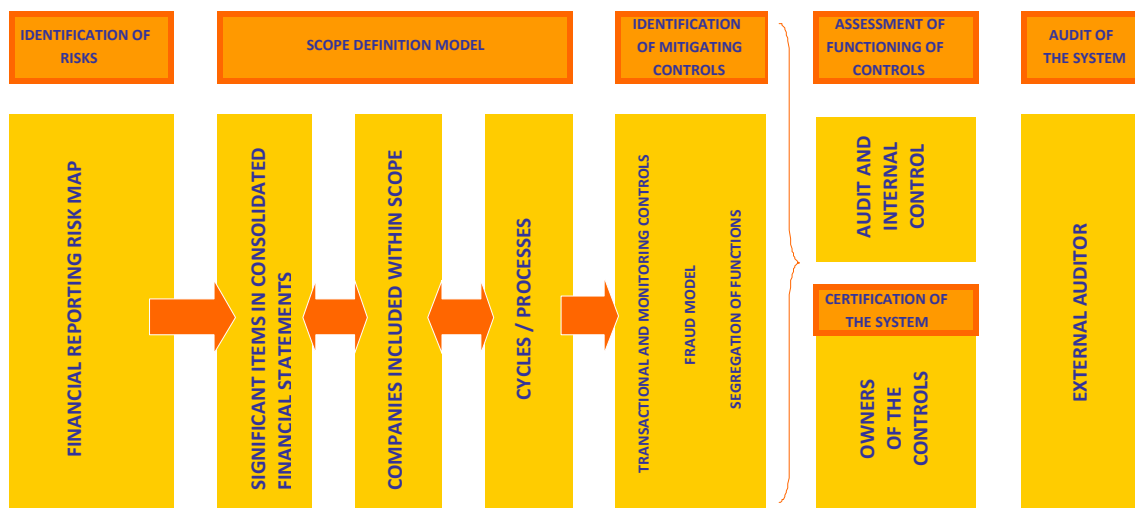
6.4. Control activities

The financial information review and authorisation processes performed by the Board of Directors, Audit and Control Committee and the Internal Transparency Committee have been described hereinabove in the section “The company’s control environment”.

The *Manual of Internal Control of Financial Reporting*, reviewed annually and distributed throughout the Group, describes the methods and main features of the SICFR implemented.

The Group has developed corporate applications covering the processes of monitoring, assessment of functioning and certification of the SICFR, enabling it to maintain and update the model expeditiously and efficiently.

Broadly speaking, the SICFR consists of the following phases:



First of all, the *scope of the model* is defined by identifying the financial reporting risks and associating them with important items, companies and processes of the consolidated financial statements, considering both qualitative and quantitative criteria.

The scope of the Group's SICFR does not include controls over the companies that are integrated in the consolidated financial statements under the method of proportional consolidation, since the Group does not have the exclusive power to implement its own system, modify the existing controls in those companies or to assess their effectiveness. The contribution of the Repsol YPF Group's jointly controlled companies to the main consolidated aggregates at December 31, 2011 is the following:

	Millions of Euros	
	Companies integrated proportionally	Total Group
Current assets	8,275	20,329
Non-current assets	14,520	50,628
Current liabilities	(4,395)	(17,104)
Non-current liabilities	(8,205)	(26,810)
Operating incomes	9,890	63,732
Operating expenses	(7,836)	(58,927)
Net Income attributable to the parent	1,095	2,193

The most relevant companies controlled jointly by the Group on December 31, 2011 are included in Note 25 of the consolidated financial statements

The SICFR model is structured in cycles defined as the set of transaction flows, for which operations are systematized and documented. Business transaction cycles (fixed assets, inventories, acquisitions and income) are identified for the major companies and cross cycles (salaries and human resources, financial management, collections and payments, data processing environment, risk hedging and insurance, environmental management, legal and regulatory management, tax management, financial reporting, credit risk management, estimation of hydrocarbon reserves and *Entity and Company level*) which work in the same way for all the companies included within the scope.

Each cycle consists of *processes*, which are assigned a degree of criticality, and a set of *control objectives* intended to reduce the risks associated with the *potential errors* (validity, valuation, cut-off, integrity, recording and presentation) in the preparation of financial reporting. Following this assignment, the controls that will cover the risks of the process will be defined.

The following types of controls are defined in the SICFR:

- Controls implemented on a process level, used by the Group to guarantee reaching the control objectives of each process.
- Controls implemented on a global level for the entire Group, including general and global controls in relation to the issues included under previous section of this document "The company's control environment", general computer controls, Group-level cross-process controls and anti-fraud controls.

Considering that the information systems affect the Group's transaction flows, some *general computer controls* have been identified to reasonably guarantee the reliability, integrity, availability and confidentiality of the information contained in the most relevant applications for financial reporting.

The general computer controls have a direct effect on the achievement of several control objectives and are considered in the assessment of the SICFR, grouped into the following areas:

- Development of information systems
- Modifications of information systems
- Operations
- Control of access to programmes and data

The controls over applications have the following characteristics:

- They contribute towards guaranteeing the precision, accuracy, authority and validity of the transactions effected in the applications.
- They apply to interfaces with other systems to check that inputs are complete and accurate and outputs are correct.
- In general, they are integrated within the programme logics to prevent and/or detect unauthorised transactions.

The scope of the general computer controls is delimited firstly by the applications covered in the business transaction cycles and cross cycles and secondly by the infrastructure used for those applications, such as technological platforms, servers, data bases or data processing centres.

The Group has internal rules on information systems, which lay down the general guidelines and principles of action for the different processes in this area covered by the general computer controls.

Controls for outsourced activities have been identified within the financial reporting processes to provide reasonable cover for the financial reporting risks and associated control objectives. The Reserves Control Unit engages external firms to audit the reserve estimates made by the operating units within the Group. The most relevant issues identified in these audits serve as basis to determine the reserves, in accordance to the Group Reserves Manual, being presented to the Executive Committee and the Control and Audit Committee.

Methods have also been developed to establish homogenous criteria on estimates and valuations made in the preparation of financial reporting, particularly those concerning crude and natural gas reserves, provisions for lawsuits and other contingencies, calculation of corporate income tax and deferred tax assets, assets impairment test and derivative financial instruments.

The functioning of all the controls of the model is assessed based on their scores in terms of impact on the financial statements and probability of failure. The control tests provide evidence on which to base the report on effectiveness of the SICFR issued by the Group Management at year end.

An internal procedure has also been established defining the calculation methods to be used to assess and classify the deficiencies detected during the assessment of the SICFR. These methods contemplate quantitative and qualitative factors and are based on the reference framework for assessing financial reporting internal control deficiencies developed jointly by the leading firms of auditors, listed companies and other institutions.

At year end, the Company requires the owners of the controls comprising the SICFR to issue a certificate on the validity and effectiveness of the processes and controls for which they are responsible. These are annual certificates in cascade, ending with the certificate issued by the Executive Chairman and the Chief Financial Officer and Executive Director of Affiliated Companies.

The SICFR documents consist essentially of the following: flowcharts of the processes covered by the SICFR, control matrixes identified therein, results of the tests on design and functioning of the controls and certificates of the validity and effectiveness of the controls by their respective owners.

6.5. Information and communication

The Group has integrated information systems both for the bookkeeping of transactions and for preparing the separate and consolidated financial statements. It also has centralised coding and parameterization processes which, together with the Accounting Criteria Manual, guarantee the homogeneity of the information. Finally, there are also tools for processing information on how to obtain and prepare the breakdown of information contained in the notes of the annual report. The systems related with the process of preparation and reporting of economic and financial information conform to the security standards established by the general computer controls.

In this regard, there is a unit responsible for monitoring, analysing and reviewing the accounting laws and regulations contained in the different regulatory frameworks applicable to the elaboration of the consolidated Financial Statements, and for analysing and answering consultations on the interpretation and adequate application of those laws and regulations. The organisational units involved in preparing financial information are formally informed of any new laws, regulations or accounting techniques and the results of the different analyses made.

The Accounting Criteria Manual establishes the accounting rules, policies and principles adopted by the Group. The Manual is revised and updated every six months and whenever there are material changes in the laws and regulations. The Manual is distributed throughout the organisation through its internal communication network.

6.6. Supervision of the functioning of the system

The financial reporting review processes performed by the Board of Directors, Audit and Control Committee and the Internal Transparency Committee have been described hereinabove in the section "The company's control environment".

In addition to the supervising mechanisms described above, the Audit and Control Committee analyses and approves, if appropriate, the Annual Internal Audit Plan and any other occasional or *ad hoc* plans that may be required following changes in regulation or to meet the needs of the Group's business organisation.

The annual internal audit plan is designed to assess and supervise the correct functioning and adequacy of the control systems established and to ensure that they enable identification, management and/or reduction of the operating, financial and reputational risks of the Group. As mentioned earlier, the Audit and Control Committee must be informed on the degree of fulfilment of the corrective measures recommended by the Internal Audit Department in previous actions and relies on that department to obtain information on any significant irregularities, anomalies and defaults by audited units, informing the Board of any cases that may entail a major risk for the Group.

Within the annual internal audit plan and based on a defined test plan, the Audit and Control Department performs its design and effectiveness testing strategy on an annual basis.

The Audit and Control Department is responsible for informing the owners of the controls on the results of the tests made on the design and functioning of effectiveness of the SICFR and any weakness detected in the updating and assessment process of the system.

After year-end, the Audit and Control Department reports to the Internal Transparency Committee and the Audit and Control Committee on the outcome of the SICFR assessment. The Audit and Control Committee is also informed of any deficiencies detected by the Audit and Control Department during its assessment of the effectiveness of the SICFR.

As mentioned in the section "The company's control environment", the Audit and Control Commission's duties include establishing liaisons with the external auditor to receive regular information on the audit plan and results of its implementation, and on any other issues concerned with the auditing process and corresponding laws and standards. It also checks that the management team heeds the recommendations made by the external auditor.

The Audit and Control Committee also regularly requires the external auditor, at least once a year, to assess the quality of the internal control procedures and systems, discusses with the external auditor any significant weaknesses detected during the audit and requests an opinion on the effectiveness of the SICFR.

The Group Management has made its assessment of the effectiveness of the SICFR in 2011 and did not detect any significant deficiency, concluding that the SICFR is effective, based on the criteria established by COSO.

6.7. Report of the External Auditor

The Group has submitted to the review of the External Auditor, the effectiveness of its SICFR in relation to the financial information contained in the consolidated financial statements of the Group at December 31, 2011. It is attached herein the Report issued by the External Auditor in relation to its assessment on the effectiveness of the SICFR.

* * *

Repsol YPF, S.A. and Subsidiaries

Auditors' Report on the
System of Internal
Control over Financial
Reporting

*Translation of a report originally issued in
Spanish. In the event of a discrepancy, the
Spanish-language version prevails.*

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (SICFR)

To the Board of Directors of Repsol YPF, S.A.:

We have examined the information relating to the System of Internal Control over Financial Reporting (SICFR) of Repsol YPF, S.A. and Subsidiaries ("the Repsol YPF Group") contained in the accompanying "Description of the Principal Characteristics of the System of Internal Control and Risk Management over the Financial Reporting Process (SICFR) of the Repsol YPF Group". This examination includes an evaluation of the effectiveness of the SICFR in relation to the financial information contained in the Repsol YPF Group's consolidated financial statements at 31 December 2011, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Repsol YPF Group. The objective of this system is to contribute to the transactions performed being presented fairly under the aforementioned accounting framework and to provide reasonable assurance in relation to the prevention or detection of any errors that might have a material effect on the consolidated financial statements. The aforementioned system is based on the rules and policies defined by Repsol YPF Group management in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its report "Internal Control-Integrated Framework".

A system of internal control over financial reporting is a process designed to provide reasonable assurance on the reliability of financial information in accordance with the accounting principles and standards applicable to it. A system of internal control over financial reporting includes policies and procedures that: (i) enable the records reflecting the transactions performed to be kept accurately and with a reasonable level of detail; (ii) guarantee that these transactions are only performed in accordance with the authorisations established; (iii) provide reasonable assurance as to the proper recognition of transactions to make it possible to prepare the financial information in accordance with the accounting principles and standards applicable to it; and (iv) provide reasonable assurance in relation to the prevention or timely detection of unauthorised acquisitions, use or sale of the company's assets which could have a material effect on the financial information. The limitations inherent to any system of internal control over financial reporting might give rise to errors, irregularities or fraud that might not be detected. Also, the projection to future periods of an evaluation of internal control is subject to risks, including the risk that the internal controls are rendered inadequate as a result of future changes in the applicable conditions or that there is a reduction in the future in the degree of compliance with the policies or procedures established.

Repsol YPF Group management is responsible for maintaining the system of internal control over the financial information included in the consolidated financial statements and for evaluating its effectiveness. Our responsibility is limited to expressing an opinion on its effectiveness, based on the work performed by us in accordance with the requirements established in Standard ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the issuance of reasonable assurance reports.

A reasonable assurance engagement includes understanding the system of internal control over the financial information contained in the consolidated financial statements, evaluating the risk of there being material errors therein, performing tests and evaluations of the design and operating effectiveness of the system, and performing such other procedures as we consider appropriate. We consider that our examination provides a reasonable basis for our opinion.

In our opinion, at 31 December 2011, the Repsol YPF Group maintained, in all material respects, an effective system of internal control over the financial information contained in its consolidated financial statements, and this internal control system is based on the rules and policies defined by Repsol YPF Group management in accordance with the guidance established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its report "Internal Control-Integrated Framework". Also, the disclosures contained in the information relating to the SICFR which is included in the Repsol YPF Group's corporate governance annual report at 31 December 2011 are in accordance, in all material respects, with the requirements established by Securities Market Law 24/1988 of 28 July, as amended by Sustainable Economy Law 2/2011 of 4 March, and other legislation in force.

As described in the accompanying "Description of the Principal Characteristics of the System of Internal Control and Risk Management over the Financial Reporting Process (SICFR) of the Repsol YPF Group", the SICRF does not include controls over the companies that are integrated in the consolidated financial statements under the method of proportional consolidation, since Repsol YPF Group does not have the exclusive power to implement its own system, modify the existing controls in those companies or to assess their effectiveness. The contribution of the Repsol YPF Group's jointly controlled companies to the main consolidated aggregates at 31 December 2011 is detailed in section 6.4 of the accompanying "Description of the Principal Characteristics of the System of Internal Control and Risk Management over the Financial Reporting Process (SICFR) of the Repsol YPF Group". As a result, our work did not include an examination of the effectiveness of the internal control system over the generation of the financial information of the aforementioned companies included in the consolidated financial statements of the Repsol YPF Group.

This examination does not constitute an audit of financial statements and is not subject to the Consolidated Audit Law approved by Legislative Royal Decree 1/2011 of 1 July, and, therefore, we do not express an audit opinion under the terms of the aforementioned legislation. However, we have audited, in accordance with the audit regulations in force in Spain, the consolidated financial statements of Repsol YPF, S.A. and Subsidiaries prepared by the directors of Repsol YPF, S.A. in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Repsol YPF Group, and our report dated 28 February 2012 expresses an unqualified opinion on the aforementioned consolidated financial statements.

DELOITTE, S.L.



Jorge Izquierdo Mazón

28 February 2012