Communication Executive Managing Division

Tel.: +34 91 753 87 87
www.repsol.com
prensa@repsol.com

PRESS RELEASE
Madrid, 31 May 2012
4 pages

The company presented the 2012-2016 strategic plan

REPSOL SHAREHOLDERS' MEETING APPROVES THE 2011 EARNINGS

- **The shareholders approved a new payment system for shareholders which will allow them to choose between cash or paid-up shares, in line with similar initiatives of other IBEX 35 companies.**

- **Repsol posted earnings of 2.193 billion euros in 2011 and achieved all of its strategic goals during the year, reaching a record reserve replacement rate as well as the start of operations at its expanded Cartagena and Bilbao refineries.**

- **Executive Chairman Antonio Brufau presented to shareholders the new 2012-2016 strategic plan, which envisages an ambitious 19 billion-euro investment program based on four pillars: High growth in upstream, maximising return in the downstream and LNG businesses, financial solidity and competitive remuneration to shareholders.**

- **The Chairman unveiled the new organisational structure, reinforced with a Chief Operating Officer and a Director General for Strategy and Control to boost the development of the 2012-2016 strategic plan, focusing on the future vision and the growth of the business units.**

Communication Executive Managing Division

Tel.: 91 753 87 87
www.repsol.com
prensa@repsol.com

Repsol Executive Chairman Antonio Brufau today chaired the company's Annual General Meeting, where he presented the 2012-2016 strategic plan that lays out the growth vectors for the coming years. The new strategic plan envisages an ambitious 19 billion-euro investment program which will be financed by the company's cash flow and selective divestments of non-strategic assets as well as guaranteeing a competitive remuneration to shareholders.

The shareholders´ meeting approved a new payment system for shareholders, whereby Repsol shareholders can choose between between receiving a remuneration in cash or in paid-up shares of the company in line with similar initiatives by other IBEX35 companies.The option would be implemented through a paid shares capital increase, which would be carried out on dates near those when the final dividend had been traditionally paid to shareholders.

Under this method, the shareholders may choose between a remuneration in cash, by selling the allocation rights of the capital increase, or receiving the corresponding paid-up shares. Repsol would be committed to acquire from shareholders allocation rights at a guaranteed price. On January 10th Repsol paid a total gross dividend from last year's results of 0.5775 euros per share. Taking this dividend into account and the implementation of the abovementioned compensation system in lieu of the traditional final dividend, shareholder remuneration for 2011 will be, approximately, 10% higher than that corresponding to 2010 earnings.

Antonio Brufau began his presentation to shareholders reviewing the earnings for 2011, when the company posted a net income of 2.193 billion euros, 53.3% lower than that recorded in 2010 when the one-time gain from the agreement between Repsol and China's Sinopec in Brazil was included. Earnings were negatively affected by external factors such as the armed conflict in Libya.

The company's exploratory success in 2011 resulted in a rise in the company's reserve replacement rate to a record 131% (162% for the Upstream Unit and 112% for YPF). The company made six new discoveries during the year: Sapinhoa North, Northeast Carioca, Gávea (rated one of the 10 largest oil discoveries in the world in 2011) and Malombe in Brazil; Buckskin 2 in the United States and A1-130 in Libya (February 2011). Repsol also continued its geographical diversification with the acquisition of stake in blocks in Colombia, Alaska, Ireland, Norway, Portugal, the United States and Russia.

Downstream, the efficient execution of the Cartagena and Bilbao expansions resulted in a below-budget completion. Total spend was 4.080 billion euros compared with a budgeted 4.304 billion euros. The completion of these projects establishes Repsol as one of the European refiners with the highest conversion rate. The start-up of these units will allow Repsol to improve its refining margin by up to 3 dollars per barrel by 2016 in an environment with low margins.

Antonio Brufau explained to shareholders the illegal expropriation of 51% of Repsol's stake in YPF which the Argentinean authorities announced, decreed and executed on April 16. Repsol has already take legal action inside and outside Argentina to

Tel.: 91 753 87 87
www.repsol.com
prensa@repsol.com

recover the damage caused to the company. Amongst these measures, Repsol has announced its intention to take the matter to the ICSID - International Centre for Settlement of Investment Disputes. Repsol has also expressed to the President of Argentina its willingness to begin a process of negotiation before the matter is taken up by the ICSID.

The unlawful expropriation of YPF does not in any way affect the growth capacity of any of Repsol's businesses outside Argentina as the company's financial strength and its assets allow it to continue with its growth plans in the coming years.

Strategic Plan 2012-2016

Repsol's Executive Chairman Antonio Brufau today explained the group's strategy for the coming years, built on Repsol's strengths: increased growth in the Upstream area: maximising profits in the Downstream and LNG (liquefied natural gas) areas, and financial strength and competitive compensation for shareholders.

The Plan is built on a 19.1 billion-euro investment program, which will be self–financed by the group's own cash generation. Nearly 80% of the group's investments are destined for the upstream area, the company's growth engine. The Plan envisages net profit to grow 1.8 in the period, excluding YPF.

Repsol's hydrocarbon production will grow at an average annual rate of 7% to 500,000 barrels of oil equivalent per day in 2016, with a reserve replacement rate exceeding 120% for the period. Repsol's presence in a number of areas with the highest potential worldwide and its recognized ability in deep water exploration, has turned Repsol into one of the energy companies with the best growth prospects. The exploration and production activity will focus on 10 key growth projects, among which are some of the biggest exploration successes obtained by Repsol in recent years located in Brazil, USA, Russia, Spain, Venezuela, Peru, Bolivia and Algeria.

The Downstream area becomes a cash-generating business, following the completion of its asset investment cycle reducing investment in the area by more than 50% to an average of 700 million euros a year during the 2012-2016 periods. Operational expansion projects at the Cartagena and Bilbao refineries will raise Repsol's refining margin by about $3 per barrel in 2016. The free cash flow in the area will be an average of 1,200 million euros annually.

Additionally, the high profitability of the liquefied natural gas (LNG) assets will allow for a return on capital, following completion of the investment cycle in the asset portfolio. During this period, the group will carry out selective divestments of non-strategic assets of between 4 and 4.5 billion euros.

Repsol's strong financial position will allow it to finance investments for the 2012-2016 strategic plan, while also generating between 8.1 and 8.6 billion euros for dividends and debt reduction.

Communication Executive Managing Division

Tel.: 91 753 87 87
www.repsol.com
prensa@repsol.com

Finally, Antonio Brufau explained the new organizational structure of the company, approved by the Board of Directors to aid the execution of the 2012-2016 Strategic Plan. To this en, and focusing on the future vision, the company has strengthened its organizational structure with the appointment of Nemesio Fernandez-Cuesta as Chief Operating Officer and Pedro Fernandez Frial as Director General for Strategy and Control.

Members of the Board

The shareholders approved the re-election as members of the Board of Directors of Isidro Fainé Casas and. Juan María Nin Génova.