

Press release
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The Chairman outlined the decisive progress made on the
Horizon 2014 strategic plan

REPSOL SHAREHOLDERS' MEETING APPROVES THE 2010 EARNINGS AND A 23.5% DIVIDEND INCREASE

- The Shareholders' Meeting approved the payment of a dividend from 2010 earnings of 1.05 euros/share, a rise of 23.53% from 2009.
- Repsol's net income for 2010 was 4.693 billion euros compared with 1.559 billion euros in the previous year due to the good performance of all the business units and the capital increase of the Brazilian subsidiary.
- In 2010 Repsol made significant advances in achieving the goals laid out in the Horizon 2014 strategic plan.
- The creation of Repsol Sinopec Brazil was a key milestone in the development of the company's exploration activity and validated the success of the company's strategy in the last few years.
- Repsol has advanced significantly in its partial divestment of its stake in YPF. Repsol currently holds 68% of YPF after selling shares on the stock exchange, to investment funds as well as the public offering carried out in March 2010.
- The start-up of the expanded refineries in Cartagena and Bilbao in the latter part of the year will mark the completion of the Downstream unit's objectives in the Horizon 2014 strategic plan.
- Antonio Brufau: "In 2011 we aim to build on the successful execution of our strategic plan, continuing to meet our growth and value-creation objectives."





Repsol Chairman, Antonio Brufau today presided over the company's General Shareholders' Meeting, where he presented the significant advances made in achieving the goals laid out in the Horizon 2014 strategic plan. He also outlined the company's mid-term outlook based on the development of the oil discoveries of the last three years and the start-up of the key downstream projects.

The General Shareholders' Meeting approved a gross dividend of 1.05 euros per share payable from 2010 earnings, 23.53% more than in 2009. On January 13th, the company paid an interim dividend of 0.525 euros per share against 2010 earnings. The final dividend is to be paid from July 7th 2011 (*). The total dividend payout from 2010 earnings amounts to 1.282 billion euros and is compatible with the company's growth plans. Antonio Brufau began his presentation to shareholders with an analysis of 2010 earnings, when the company posted net income of 4.693 billion euros for 2010 compared to 1.559 billion euros in the previous year. The 2010 earnings increase is mainly due to the good performance of the company's ongoing activities, boosted in the fourth quarter by the capital increase of Repsol Brazil.

The Chairman outlined the context in which the results were obtained, in an environment marked by the improvement in all business indicators. Repsol's crude realisation prices improved in line with Brent Crude, and gas realisation prices outpaced the increase at the Henry Hub. At the same time, Repsol's integrated refining margin was more than double the industry average, in a market tending to slightly higher margins.

In 2010, Repsol's recurring operating income was 5.213 billion euros, 66.7% higher than the previous year, based on a significant improvement in the recurring earnings of all the business areas: Upstream (+66.6%), Downstream (+45.5%), YPF (+106%) and Gas Natural Fenosa (+14%).

These earnings were accompanied by a significant reduction in net financial debt which, excluding Gas Natural Fenosa, stood at 1.697 billion euros at year end compared with 4.905 billion in 2009. This implies a net debt to capital employed ratio of 5.5%.

DECISIVE ADVANCES IN HORIZON 2014

Repsol's Chairman outlined the main strategic goals achieved during the last year in the company's two key business units and the two companies in which it has a strategic stake as part of the Horizon 2014 Strategic Plan presented at the 2010 General Shareholders' Meeting.



In the Upstream business unit, with a projected average yearly investment of 1.8 billion euros for the 2010-2014 period, production rose 3.2% and the reserve replacement ratio was 131%.

This unit, identified as the company's main growth vector in the coming years, will carry out intense exploration work, with a projected 25-30 wells yearly in 2010-2014. Especially noteworthy are the 34 discoveries made by Repsol in the last three years, in the world's most promising areas in terms of hydrocarbons potential.

Another milestone reached during the year was the start-up of the gas liquefaction plant, at the Peru LNG project. The plant is located in Melchorita (Peru), and is the first gas liquefaction plant in South America. The project involves total spending of \$3.8 billion, the largest investment ever made in a single project in the history of Peru.

In the Downstream unit, Brufau referred particularly to the start-up of the expanded Cartagena and Bilbao refineries and the creation of the New Energy business unit, which aims to identify, promote and develop projects related to bioenergy, renewable energy and new transport vectors in line with Repsol's commitment to sustainable energy solutions.

Antonio Brufau also pointed to the company's management capabilities which allowed it to obtain one of the highest integrated refining margins in the industry, a situation which will be reinforced with the start-up of the mentioned Downstream improvement projects, the extension and modernisation of the Cartagena refinery and the Coker unit at the Petronor refinery in Bilbao.

The start-up of both projects in the latter part of the year will increase the efficiency of the business and will significantly increase the volume of diesel produced, helping cut Spain's import needs.

The Chairman also explained to shareholders the two most significant deals of the year; the agreement with China's Sinopec in Brazil and the partial divestment of YPF.

In December 2010, Repsol and Sinopec successfully concluded a deal whereby the Chinese company subscribed in its entirety a capital increase in Repsol Brazil, a deal that led to the creation of one of the largest private energy groups in Latin America, valued at \$17.777 billion. Repsol owns 60% of the resulting company and Sinopec the remaining 40%.



Also toward the end of 2010, Repsol made significant progress in its partial divestment of YPF, selling shares on the stock exchange and also selling a 3.3% of the Argentine company to Eton Park and Capital Guardian for \$500 million.

The process continued into 2011 with the sale of 2.9% of YPF to Lazard's investment funds and a further 0.9% sold to other investment funds. In March a public offering for 7.7% of YPF was carried out at \$41 per share.

Following these deals, Repsol retains a 68% stake in YPF. The Petersen Group owns 15.46% of YPF and has an option to buy a further 10%.

Repsol's Chairman also detailed the performance of YPF over the last year, when the company achieved a reserve replacement ratio of 100% during a year in which the price of liquids approached international parity.

Exploration work carried out by YPF in Argentina in 2010 led to an important discovery of unconventional gas (tight gas) in the Neuquen Basin. Additionally, in this same basin there is evidence of high potential for shale oil & gas that greatly increases the value of the area.

This year, Repsol has won recognition as one of the world's best performers in environment and sustainability and continues to be included in the most reputable global sustainability indices, including the DJSI World (Dow Jones Sustainability Index World), DJSI Europe, (Dow Jones Sustainability Index Europe), Climate Disclosure Leadership (CDLI) and Climate Performance Leadership (CPLI).

Repsol has also won recognition in people integration and diversity. Its work in this area recently won the company the Ability Award for the "Best Private Company" in recognition of its overall contribution and significant participation in the development and recruitment of people with disabilities. Repsol also won the Once Foundation's Discapnet Award for its commitment to people with disabilities and its work in integration.

MEMBERS OF THE BOARD OF DIRECTORS

The General Shareholder's Meeting approved the re-election as Directors, for a new period of four years, of Antonio Brufau Niubó, Luis Fernando del Rivero Asensio, Juan Abelló Gallo, Jose Manuel Loureda Mantiñán, Luis Carlos Croissier Batista and Ángel Durández Adeva.



The Shareholders' Meeting also approved the appointment as independent Director of Mario Fernandez Pelaz to replace Carmelo de las Morenas López. Additionally, Mario Fernández will join the Nominations and Compensation Committee.

(*) Information for holders of American Depositary Shares (ADSs): The final gross dividend will be transferred to the Depositary, Bank of New York Mellon, on July 7, 2011. Owners of records of ADSs at the close of business on July 6, 2011, will be entitled to receive the dividend when payable by the Bank of New York Mellon, which is expected to be on July 18, 2011.

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