Dirección General
de Comunicación

Paseo de la
Castellana, 278-280
28046 Madrid
España

Tls. 91 348 81 00
91 348 80 00
Fax 91 314 28 21
91 348 94 94
www.repsolypf.com

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With investments of 32,800 million Euros

REPSOL YPF STRATEGIC PLAN 2008-2012

- **FORESEES TRIPLING ITS RESULTS IN FOUR YEARS.**
- **DOUBLE OPERATING RESULTS IN THE SAME PERIOD.**
- **55% OF ITS ASSETS WILL BE IN OECD COUNTRIES BY 2012.**
- **10 KEY PROYECTS WILL FOCUS 65% OF THE "CORE BUSINESS" INVESTMENTS OF REPSOL.**
- **10 BILLION EUROS WILL BE INVESTED IN IBERIAN PENINSULA PROYECTS.**
- **MORE THAN 9 BILLION EUROS WILL BE FOR LARGE HYDROCARBON EXPLORATION PROYECTS.**

Today, Antonio Brufau, Chairman and CEO of Repsol YPF, presented the 2008-2012 Strategic Plan before analyst, shareholders, institutional investors and employees, which includes the company's main growth lines for the next few years and foresees total investment of 3.28 billion euros.

The new plan, qualified by Brufau as "the most ambitious and realistic never undertaken by the company" foresees that, at the end of 2012, the group's net income, with the exclusion of extraordinary results and disinvestments, will multiply by 2.8; EBITDA by 1.8 and operating results by 2.1.

REPSOL YPF

Antonio Brufau anticipated that Repsol YPF’s new Strategic Plan will give the Group’s new vision in which Repsol’s businesses (Upstream, Downstream and LNG) will constitute the “core business”; YPF will be considered a controlled strategic participated company; and Gas Natural a strategic participated company with autonomous management.

In this way, of the total capital investment of 32.8 billion euros, 21.3 billion will correspond to the “core business” of Repsol; 7.8 billion to YPF; and 3.7 billion to Gas Natural.

The Chairman and CEO of Repsol, underlined the importance of the recent 14.9% sale of YPF to the Argentine group Petersen, as a key transaction in the geographic diversification policy of the Group, which establishes amongst its priorities, the selective growth through large new projects in OECD countries.

As a consequence of this strategy, at the end of the 2008/2012 strategic plan, 55% of Repsol’s assets will be in OECD countries with a relative weight reduction of the Latin American assets of 31%.

TEN KEY PROJECTS GUARANTEE REPSOL’S ORGANIC GROWTH

Repsol YPF’s organic growth will be determined by 10 large “key” projects which combined will take 60% of the company’s “core business” investment through 2012 (12.3 billion euros).

Of these ten large projects, three of which, with a total investment of 4.8 billion euros, will be developed in the Iberian Peninsula in the Downstream (refining, marketing and chemicals) area: The expansion of the Cartagena refinery in Murcia, the new Coker of the Muskiz refinery in Bilbao, and the Petrochemical expansion in Sines, Portugal.

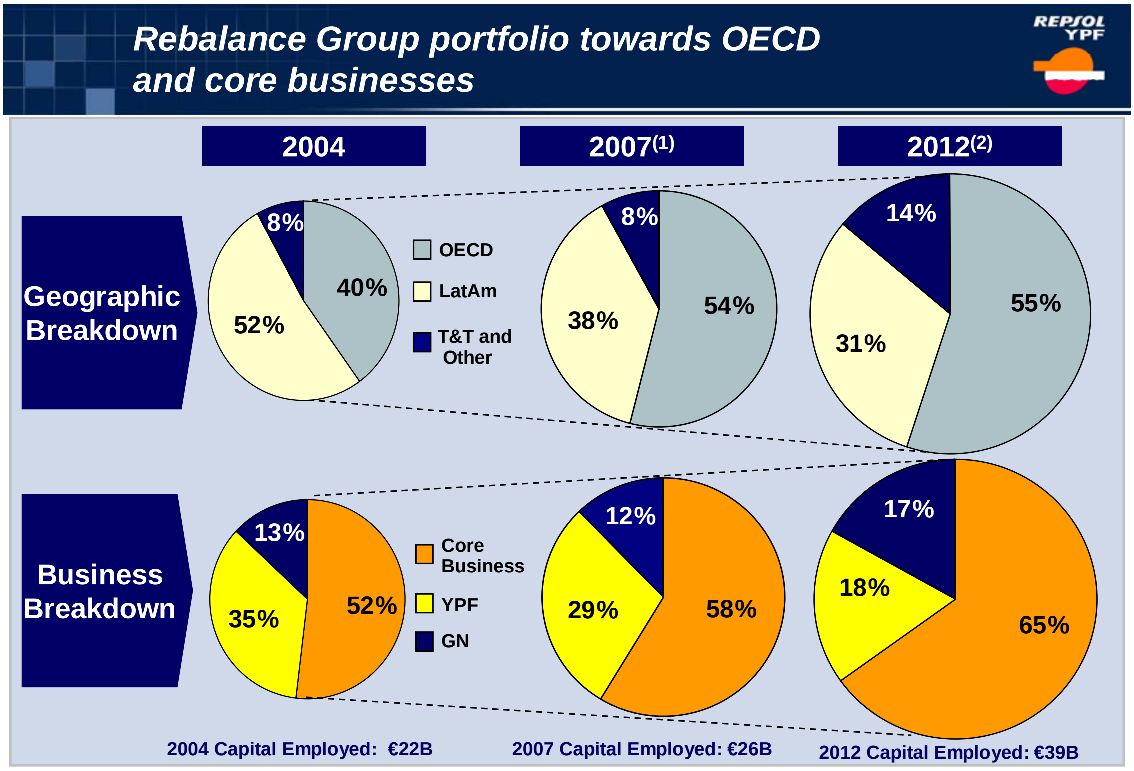
In the Upstream (exploration and production) area Repsol will develop five large growth projects; The Caricoa Block in Brazilian deep water, the Shenzi and Genghis Khan mega fields in the deep waters of the US Gulf of Mexico, the I/R field in the prolific Murzuq basin in Libya, the Reggane block in Algeria and Block 39 in Peru.

The development of these and other large projects, along with the latest discoveries in Brazil, Libya, Algeria, Bolivia and Peru, will increase Repsol's annual hydrocarbon production by more than 5%, reaching 400,000 barrels per day by 2012 (excluding YPF).

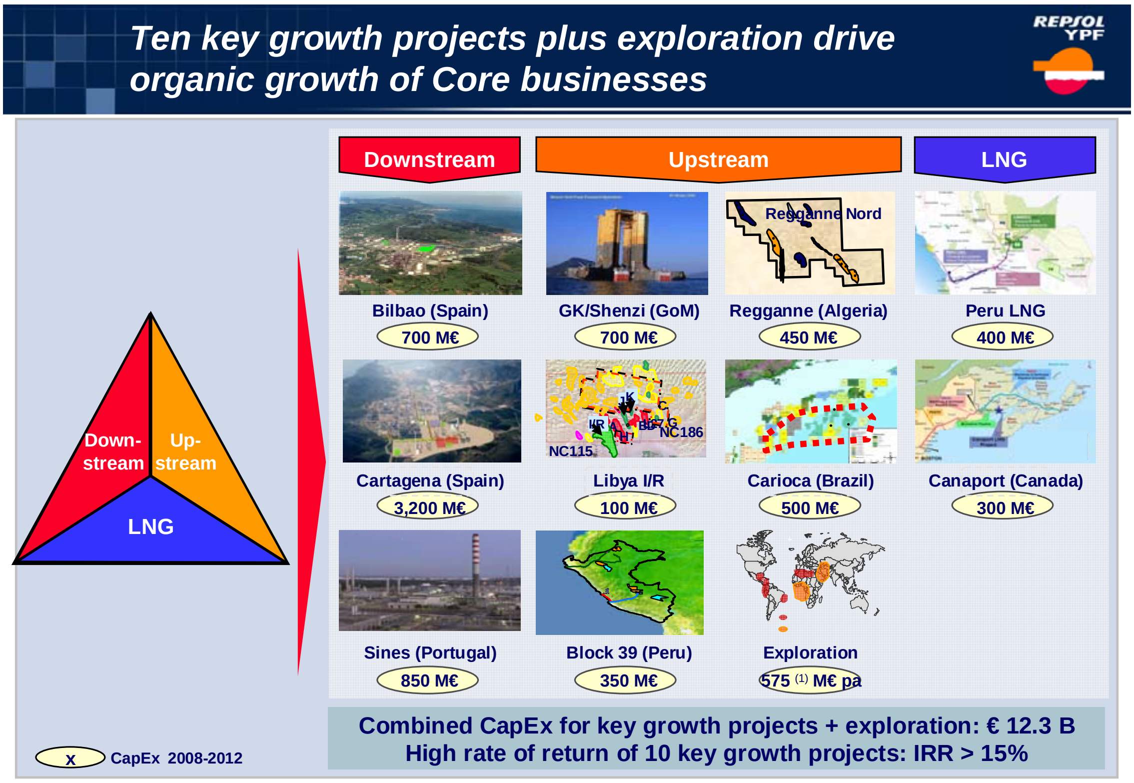
In Liquid Natural Gas (LNG), business in which Repsol maintains an important international presence and competitive advantage due to its position in the Atlantic Basin, will develop two key growth projects: Peru LNG (in Camisea) and the Canaport Regasification terminal (in Canada). Repsol's joint LNG projects will multiply by 4.4 the total marketing volume to 18 bcm/year (60% of the annual gas consumption in Spain).

Repsol's Chairman and CEO announced that the company will direct an important portion of its net income to increase the pay out to its shareholders, which was increased by 40% in 2007 interim dividend.

Antonio Brufau highlighted that Repsol "is today a more solid company with clear growth options and a team of professionals strongly aligned with the company's strategy".

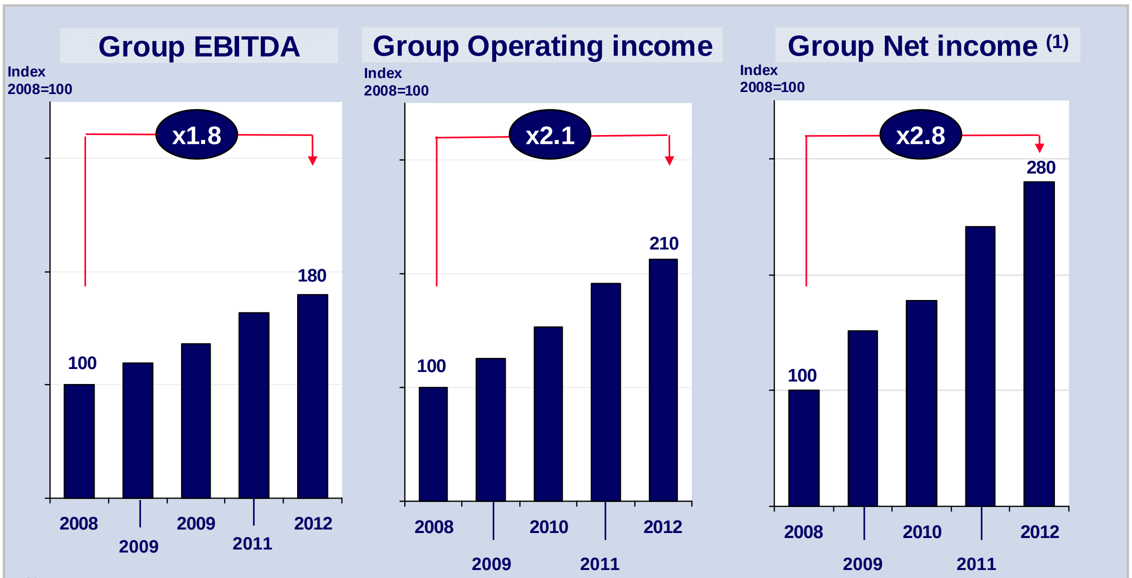


(1) Calculations assume divestment of 15% of YPF to local partner
(2) Calculations assume divestment of 45% of YPF



(1) Does not include €1.9B development investment associated to exploration discoveries

Repsol YPF 2008-12: Focused Management for profitability and growth



Note: Excludes extraordinary results from divestments
(1) Net Income after minorities

A stronger company with open strategic options for future growth

Repsol YPF strategy 2008-12 highlights

Significant organic growth

- Operating income 2008-12: x2.1; Net income 2008-12: x2.8
- 10 key growth projects in core businesses

New group structure and balanced portfolio

- Core businesses and key shareholdings
- c. 55% OECD

Strong financial position and shareholder returns

- Debt ratio significantly below current level (27%)
- Funds from divestments used for debt reduction
- Dividend increase

Organization accountable and ready

Leader in transparency and social responsibility

Well defined path to strengthen performance and competitive position

Reduced risk exposure through a more balanced portfolio