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2011 1st QUARTER RESULTS

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Recurring net income rose 23.4%

REPSOL NET INCOME INCREASES TO 765 MILLION EUROS

- All of Repsol's core businesses experienced improvements in their operating income: Upstream 13.4%, LNG 238% and Downstream 14.1%.
- In the first quarter, the group's operating income rose to 1.611 billion euros.
- The company's cash generation allows Repsol to comfortably undertake the investments included in the Strategic Plan. The group's EBITDA in the first quarter was 2.518 billion euros.
- The group's net income increased 11.2% and recurring net income improved 23.4% to 791 million euros.
- Repsol took decisive steps in its strategy to divest part of its stake in YPF with a successful 7.7% share sale and the decision of the Petersen Group to exercise its option to purchase a further 10% of the Argentinean company.
- Investments increased 43% to more than 1.1 billion euros.
- Antonio Brufau: "We are in a privileged situation to undertake new growth projects and continue our geographical diversification policy."

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Repsol posted net income of 765 million euros in the first quarter of 2011, 11.2% more than the year-earlier period. Excluding extraordinary items, recurring net income improved 23.4%, to 791 million euros.

The 2011 earnings increase is mainly due to improved oil and gas price realization prices, with a 13.4% and 14.8% rise respectively, this was boosted by the solid performance of the liquefied natural gas (LNG) division and the recovery of the chemicals business.

During the first quarter, the group's operating income increased 4.7% year on year to 1.611 billion euros.

Repsol's core businesses also experienced significant increases in operating income: Upstream (+13.4%), LNG (+238%) and Downstream (+14.1%), while the operating income of its holdings fell slightly: YPF earnings fell 6.8% and Gas Natural Fenosa declined 3.5%.

Net financial debt, excluding Gas Natural Fenosa, stood at 2.180 billion euros at the end of the first quarter. This implies a net debt to capital employed ratio, excluding Gas Natural Fenosa, of 6.9% at the end of the period.

The Group's financial strength, with significant cash generation, allows Repsol to undertake the planned investments in productive assets. In the first quarter, EBITDA was 2.518 billion euros, and investments totalled 1.107 billion euros, 43% higher than the same period last year.

So far this year, Repsol has made significant progress in its strategy to divest part of its stake in YPF, aiming to retain a 51% share.

Following the divestments made late last year, during the first quarter of this year an agreement was reached to sell 3.8% to a number of investment funds, and a placement of a further 7.7% stake of YPF capital through a share sale was successfully completed in March. Additionally, The Petersen Group in May announced its decision to exercise an option to buy an additional 10% of YPF, taking its stake to 25.5%.

Repsol aims to sell as much as an additional 3% of YPF to Argentinean minority investors if the market conditions allow it.

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UPSTREAM: INCREASED EARNINGS AND INVESTMENT

Operating income for the Upstream Business was 490 million euros in the first quarter of 2011, an increase of 13.4% from the year-earlier period. The increase was a result of higher crude oil and gas realisation prices and lower exploration costs.

Especially significant was the increase in Repsol's gas realization price, which rose 14.8% compared to a 22.6% decline of the Henry Hub reference price. Repsol's crude realization price rose 13.4% compared to a 38% increase in Brent crude.

Crude oil and gas realisation price increases had a positive effect of 153 million euros on recurring operating income, while lower exploration costs, the appreciation of the Dollar against the Euro and lower amortization due to decreased production especially in the United States, added 46 million euros to earnings. This compensated the negative impact of lower production, especially in liquids.

Production in the first quarter was 324,348 boed, a decline of 7.4% from the previous year. The fall is explained by circumstantial factors such as the suspension of activity in Libya and maintenance work in Trinidad and Tobago.

Investments in the Upstream unit totalled 437 million euros, a 216.7% increase from the first three months of the previous year. Field development accounted for 36% of total expenditure, mainly in the United States, Venezuela, Bolivia Brazil and Peru. Exploration investment was focused on Brazil and the United States.

LNG: EARNINGS TRIPLE

The LNG business's operating income for the first quarter was 115 million euros, a 238.2% improvement on the previous year.

These earnings are the result of the growth in sales volumes, basically in Peru LNG and Canaport (Canada), added to higher margins.

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DOWNSTREAM: THE CHEMICALS BUSINESS COLSOLIDATES ITS RECOVERY

Operating income at the Downstream unit (Refining, Marketing, LPG, Chemicals and Trading) was 445 million euros in the first quarter of 2011, a 14.1% increase from the same period of the previous year. Excluding inventory effects, operating income was 217 million euros, up 15.4%.

Especially significant was the recovery of volumes and margins in the chemicals business, which returned to profitability, posting income 38 million euros higher than in the year-earlier quarter.

In refining, slightly higher distilled volumes in Spain and the optimization of production added 11 million euros to overall earnings.

Regarding LPG, bottling margins were in line with the previous year because of the time-lag in the formula with which they are calculated by the government of Spain and which negatively affects results.

Investment in the Downstream unit totalled 288 million euros in the quarter, spent mainly on the strategic expansion projects of the Cartagena and Bilbao refineries.

Both these strategic projects will be put into operation this year, increasing the efficiency of the business and considerably increasing the volume of diesel produced, helping reduce Spain's import needs.

YPF: DISCOVERIES OF NON-CONVENTIONAL RESOURCES

YPF's operating income in the first quarter totalled 383 million euros, a 6.8% decline from the previous year. The reduced earnings are mainly a result of significantly higher costs and lower production as a result of strikes in the last few months.

Exploration activity in Argentina continued in the first quarter, with the work carried out in the Vaca Muerta formation being especially significant as it has confirmed the great potential of non-conventional hydrocarbons (shale oil and shale gas) in the country.

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The discovery of 150 million barrels of oil equivalent of shale oil recoverable resources announced this week adds to the significant shale gas finds in the Neuquén basin and the 4.5TCF (approximately 800 million barrels of oil equivalent) of tight gas resources in Loma La Lata announced in December of 2010.

Investment in YPF during the quarter totalled 302 million euros, spent mainly on exploration and production. YPF's hydrocarbons production was 523,882 boed, a 4.7% decline from the year earlier period.

GAS NATURAL FENOSA

The operating income of Gas Natural Fenosa for the first quarter was 247 million euros, compared with 256 million euros in the first quarter of 2010.

The decline is mainly a consequence of lower sales in Spain and by the smaller consolidation perimeter consequence of the divestments made after the merger of Gas Natural and Union Fenosa. This decline was partially offset by higher electricity distribution and by improved earnings from Unión Fenosa Gas.

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REPSOL YPF RESULTS
(Million Euro)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	January – March		Change
	2010	2011	%
Net income	688	765	11.2
Operating income	1,538	1,611	4.7
Recurring net income	641	791	23.4
Recurring operating income	1,462	1,625	11.1

REPSOL YPF SUMMARISED INCOME STATEMENT
(Million Euro)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	January – March		Change
	2010	2011	%
EBITDA	2,397	2,518	5.0
Operating income	1,538	1,611	4.7
Financial expenses	(249)	(225)	9.6
Income before income tax and income of associates	1,289	1,386	7.5
Income tax	(554)	(554)	0.0
Share in income from companies carried by the equity method	28	22	(21.4)
Income for the period	763	854	11.9
Income attributable to minority interests	75	89	18.7
NET INCOME	**688**	**765**	**11.2**

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BREAKDOWN OF REPSOL YPF OPERATING PROFIT, BY BUSINESSES (Million Euro)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	January - March		Change
	2010	2011	%
Upstream	432	490	13.4
LNG	34	115	238.2
Downstream	390	445	14.1
YPF	411	383	(6.8)
Gas Natural Fenosa	256	247	(3.5)
Corporate & others	15	(69)	
TOTAL	**1,538**	**1,611**	**4.7**

"CORE BUSINESS" OPERATING HIGHLIGHTS

	January – March		Change
	2010	2011	%
Oil and gas production (Thousand boepd)	350	324	(7.4)
Crude processed (million tons)	7.7	7.3	(5.3)
Sales of oil products (Thousand tons)	8,878	9,251	4.2
Sales of petrochemical products (Thousand tons)	641	710	10.7
LPG sales (Thousand tons)	877	849	(3.2)

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YPF OPERATING HIGHLIGHTS

	January – March		Change
	2010	2011	%
Oil and gas production (Thousand boepd)	550	524	(4.7)
Crude processed (million tons)	4.0	3.7	(7.1)
Sales of oil products (Thousand tons)	3,483	3,504	0.6
Sales of petrochemical products (Thousand tons)	309	325	5.2
LPG sales (Thousand tons)	103	86	(16.0)

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REPSOL YPF COMPARATIVE BALANCE SHEET

(Million Euros)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	DECEMBER 2010	MARCH 2011
NON-CURRENT ASSETS		
Goodwill	4,617	4,479
Other intangible assets	2,836	3,152
Property, plant & equipment	33,585	32,564
Real-Estate Investments	26	25
Equity-accounted financial investments	585	583
Non-current financial assets	1,789	1,718
Deferred tax assets	1,993	1,915
Other non-current financial assets	322	307
CURRENT ASSETS		
Non-current assets classified as held for sale (*)	340	399
Inventories	5,837	6,254
Trade and other receivables	8,569	8,751
Other current financial assets	684	556
Cash and cash equivalents	6,448	5,825
TOTAL ASSETS	**67,631**	**66,528**
TOTAL EQUITY		
Attributable to equity holders of the parent	24,140	24,332
Attributable to minority interests	1,846	2,638
NON-CURRENT LIABILITIES		
Subsidies	110	105
Non-current provisions	3,772	3,678
Non-current financial debt	14,940	13,946
Deferred tax liabilities	3,387	3,275
Other non-current liabilities	3,663	3,665
CURRENT LIABILITIES		
Liabilities associated with non-current assets held for sale	153	152
Current provisions	404	390
Current financial debt	4,362	4,271
Trade and other payables	10,854	10,076
TOTAL LIABILITIES	**67,631**	**66,528**

(*) Assets and liabilities associated with non-current assets held for sale are included

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FIRST QUARTER 2011 HIGHLIGHTS

→ Repsol Shareholders' meeting approves the 2010 earnings and a 23.5% dividend increase

On April 15 the General Shareholders' Meeting approved the previous year's earnings and a total 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.

→ Repsol makes significant advances in its partial divestment of YPF

After the sale of a total 4.2% stake of YPF during the last quarter of 2010, Repsol in March carried out a public offering for 7.7% of that company's stock and other sales totalling 3.83% of YPF.

In May, Grupo Petersen informed Repsol of its decision to exercise its option to buy 10% of the capital of YPF almost a year in advance of the option's February 2012 expiration. After this deal, valued at $1.304 billion, Repsol's stake will be 58.23% of YPF and Grupo Petersen will have a 25.46% stake.

→ Repsol makes new Brazilian offshore discovery

On January 26, Repsol Sinopec with partners, Petrobras of Brazil and UK-based BG Group, discovered high quality crude in ultra-deep waters in the Santos Basin in Brazil's pre-salt play, in the Carioca Northeast well in block BM-S-9, approximately 275 kilometres (171 miles) from Sao Paulo.

This discovery is located in one of the world's fastest-growing oil and gas reserves and in the Carioca exploratory area, one of the company's key projects.

The discovery adds to the important and diversified portfolio of projects of the consortium, which includes a productive field, a block in development, two pilot projects planned and fourteen high-potential exploration blocks.

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→ Repsol acquires Exploration Blocks in Alaska's prolific North Slope

Following its strategic line of increasing the company's presence in OECD countries, Repsol signed last March 7 an exploration joint venture with 70 & 148 LLC ("70") and GMT Exploration LLC ("GMT") on the North Slope of Alaska. Repsol's working interest in these blocks that cover an area of 2,000 square kilometers will be 70%.

The estimated minimum exposure of this investment for Repsol, including amounts to be paid to its partners and the cost of exploration to be carried out over several years, amounts to $768 million. The start of exploratory work is scheduled for next winter.

→ Repsol signs first Asian LNG supply deal

In February, Repsol signed a liquefied natural gas (LNG) supply agreement with South Korea's state-owned Korea Gas Corporation (KOGAS), boosting Repsol's position as one of the world's largest shippers of the fuel. The agreement will involve the shipment of 1.9 bcm of gas equivalent to Korea, equivalent to the annual supply of 1 million homes.

The deal, which is Repsol's first LNG sale in the Far reinforcing Repsol's global position in liquefied natural gas marketing. Repsol is the world's fourth-largest shipper of LNG and already has a dominant position in the Atlantic basin, shipping gas from Trinidad and Tobago to the US and European markets.

→ Redemption of 100% of Repsol International Capital Limited's Series A Preference Shares

On January 4, The Board of Directors of Repsol International Capital Limited (RIC) authorized the redemption of 100% of the outstanding Series A Preference Shares issued by RIC and guaranteed by Repsol YPF (the Series A Preference Shares).

On February 9, resolved to delist its American Depositary Shares (ADS) from the New York Stock Exchange (NYSE) and terminate the registration of the ordinary shares and ADSs with the U.S. Securities and Exchange Commission (SEC). The Group will continue to use the guidelines and framework of the SEC definition for proved reserves to report its proved oil and gas reserves.

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In this way Repsol significantly reduces costs and administrative burdens and optimizes its presence in the international markets, given the increased liberalization of capital movements and the low traded volume of the shares in the US.

→ Repsol, wins "Best Private Company" award for its development and recruiting policies for people with disabilities

On January 18, Repsol was awarded 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.

Also, last March 10, Repsol and its Foundation received the Discapnet Award from the Once Foundation (Spanish Organisation for the Blind) for their commitment to disabled people. With this award, the jury has recognised the efforts made by the company to integrate this group of people into its workforce.

In this way, the company started this February begun the second phase of its accessibility project to convert more than 500 of the service stations in its network. Through this initiative, the company will have the largest network of accessible service stations in Spain and one of the biggest in Europe.

Other relevant highlights:

→ Repsol named "Gold Class" company in the 2011 SAM Sustainability Yearbook

→ Repsol YPF registers with the United Nations as a Clean Development Mechanism (CDM) the project to reduce emissions of greenhouse gases at the company's La Plata Refinery (Argentina).

→ Repsol officially opens the world's first sustainable service station

→ Repsol: Best European Energy Company for Leadership