

# 1Q 2012 Earnings Preview



Madrid, 10 May 2012

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On 16 April 2012, the National Executive Power of Argentina announced that it had submitted a draft bill to the legislative body on the sovereignty of the Republic of Argentina over its oil and gas resources, declaring self-sufficiency in oil and gas and its exploitation, industrialisation, transport and marketing of public interest and a priority (Draft Bill). Section 7 of the Draft Bill states that 51% of YPF, S.A. share capital, represented by an equal percentage of Class D shares of YPF held by Repsol and its subsidiaries, directly or indirectly, were of public utility and subject to expropriation. The stake held by the Repsol Group in YPF on that day was 57.43%.

On that same date, 16 April 2012, the Argentinean Government enacted a Decree (*Decreto de Necesidad y Urgencia*), effective on the same day as its approval, which ordered the temporary intervention of YPF, S.A. for a 30-day period, appointing a Government minister as the financial controller of YPF, who would be empowered with all the faculties of its Board of Directors. On 18 April 2012, the Argentinean Government passed a resolution which extended the scope of the aforementioned Decree to Repsol YPF Gas, S.A., an Argentine company engaging in the fractioning, bottling, transport, distribution, and marketing LPG in which Repsol Butano, S.A. had an 84.997% shareholding.

Following the corresponding parliamentary procedure, on 7 May 2012, Act 26.741 was published in the *Boletín Oficial de la República Argentina* (Official State Gazette) which includes the following provisions: (1) 51% of YPF's share capital, represented by an equivalent percentage of "Class D" shares in that company held directly or indirectly by Repsol and its subsidiaries is declared of public interest and subject to expropriation. It also includes the 51% stake in Repsol YPF Gas, S.A. represented by 60% of "Class A" shares in that company owned by Repsol Butano, S.A. and its subsidiaries; (2) the National Executive Power, through the parties or organizations that it designates, will exercise all the rights inherent in the shares to be expropriated under the terms and conditions contemplated for "temporary occupation" in Argentinean law governing expropriations.

Since the Repsol Group had a controlling interest in both companies at 31 March 2012 (YPF, S.A. and Repsol YPF Gas, S.A.) the consolidated financial statements at that date, prepared in accordance with International Financial Reporting Standards (IFRS), YPF, S.A., Repsol YPF Gas, S.A. and its group companies were fully consolidated. In the information by segment reported by the Group, YPF transactions represent the YPF segment; transactions conducted by Repsol YPF Gas are included in the Downstream segment (in the Rest of the World geographical caption). This information is included in Annex II: Financial Statements and information by segments IFRS – first quarter 2012.

In any case, to facilitate the analysis of earnings performance and the Group's financial situation, the adjusted financial statements of the Consolidated Repsol Group are also included for informative purposes in this interim statement, incorporating YPF and Repsol YPF Gas and its subsidiaries contribution in a separate line for all the reported periods. This information is detailed in Annex I: Adjusted Financial Statements and information by segments – first quarter 2012. Furthermore, in the body of this Note, data and texts are reported based on this same philosophy; that is, excluding the contribution of YPF, Repsol YPF Gas and their subsidiaries.

**1. INCOME (ex YPF and ex Repsol YPF Gas) (M€)**
Unaudited figures

	1Q 2011	4Q 2011	1Q 2012	% Variation 1Q12/1Q11
CCS OPERATING INCOME	995	493	1,079	8.4
CCS NET INCOME	435	226	472	8.5

CCS ADJUSTED OPERATING INCOME	1,000	504	1,081	8.1
CCS ADJUSTED NET INCOME	456	258	474	3.9

OPERATING INCOME	1,223	477	1,330	8.7
NET INCOME	572	215	643	12.4

ADJUSTED OPERATING INCOME	1,228	488	1,332	8.5
ADJUSTED NET INCOME	593	247	645	8.8

**2. NET INCOME (Includes YPF and Repsol YPF Gas) (M€)**
Unaudited figures

	1Q 2011	4Q 2011	1Q 2012	% Variation 1Q12/1Q11
ADJUSTED NET INCOME	791	344	806	1.9
CCS ADJUSTED NET INCOME	654	355	635	-2.9

**FIRST QUARTER 2012 MAIN HIGHLIGHTS AND KEY FINANCIAL FIGURES**

- **CCS adjusted operating income ex YPF and Repsol YPF Gas** in first quarter increased 8.1%, mainly driven by the resumed operations in Libya, improved oil and gas realisation prices, and the enhanced performance of the LNG division.
- **CCS adjusted net income ex YPF and Repsol YPF Gas** increased 3.9% year-on-year and was better than CCS net adjusted income which includes YPF and Repsol YPF Gas and which fell 2.9% during the same period.
- Production in this quarter was 323 Kboepd, in line with figure in the same year-ago period. The key highlight in the quarter was the resumption of operations in Libya where output reached 90% of the levels prior to the armed conflict. In the United States, production at Shenzi reached its plateau.
- **Excluding Gas Natural Fenosa and YPF, the Group's net financial debt** amounted to 4,174 M€ which is 662 M€ less than the level of net debt at 31 December 2011, considering the same scope of consolidation. The high level of EBITDA generated during this period is worth mentioning in addition to the placement among professional and qualified investors in January 2012 of 61,043,173 shares which the company held as treasury stock, representing 5% of share capital, for the sum of 1,364 M€. Also in the first quarter, the Repsol YPF, S.A. interim dividend for fiscal year 2011 was paid totalling 635 M€.
- The Repsol Group, excluding Gas Natural Fenosa and YPF, enjoys a sound financial position, with sufficient liquidity (including committed but undrawn credit facilities) to cover 3.5x its short term debt maturities. At the end of the first quarter, the net debt/capital employed ratio, excluding Gas Natural Fenosa and YPF, stood at 12.8% or 22.1% if preference shares are taken into account.

## 1.- BREAKDOWN OF RESULTS BY BUSINESS AREA

### 1.1.- UPSTREAM

**Unaudited figures**

	1Q 2011	4Q 2011	1Q 2012	% Variation 1Q12/1Q11
<b>OPERATING INCOME</b> (M€)	490	207	654	33.5
<b>ADJUSTED OPERATING INCOME</b> (M€)	490	196	659	34.5
<b>LIQUIDS PRODUCTION</b> (Thousand boepd)	130	112	136	4.5
<b>GAS PRODUCTION (*)</b> (Million scf/d)	1,093	1,012	1,054	-3.5
<b>TOTAL PRODUCTION</b> (Thousand boepd)	324	292	323	-0.3
<b>OPERATING INVESTMENTS</b> (M€)	436	668	610	39.9
<b>EXPLORATION EXPENSE</b> (M€)	53	183	80	50.9
<b>INTERNATIONAL PRICES</b>	<b>1Q 2011</b>	<b>4Q 2011</b>	<b>1Q 2012</b>	<b>% Variation 1Q12/1Q11</b>
Brent (\$/Bbl)	105.4	109.4	118.6	12.5
WTI (\$/Bbl)	94.6	94.1	103.0	8.9
Henry Hub (\$/MBtu)	4.1	3.5	2.7	-33.4
<b>REALISATION PRICES</b>	<b>1Q 2011</b>	<b>4Q 2011</b>	<b>1Q 2012</b>	<b>% Variation 1Q12/1Q11</b>
OIL (\$/Bbl)	81.2	86.7	93.8	15.5
GAS (\$/Thousand scf)	3.1	3.7	3.5	12.1

(\*) 1,000 Mcf/d = 28.32 Mm3/d = 0.178 Mboed

**Adjusted operating income** in first quarter 2012 was 659 M€, 34.5% higher year-on-year.

Growth was mainly driven by higher oil and gas realisation prices and larger liquids production volumes in Libya and in the United States:

- Oil and gas realisation prices, net of royalties, had a positive impact of 109 M€
- Increased liquids production volumes increased income by 128 M€
- Higher exploration costs, mainly because of the amortisation of wells, had a negative impact of 24 M€. The Venus B-1 well in Sierra Leone and the Qugruk-2 well in Alaska were amortised in 1Q12.
- The appreciation of the dollar against the Euro increased income by 27 M€
- Greater amortizations, mainly as a result of increased production in the United States, diminished income by 29 M€

**Production** in this quarter totalled 323 Kboepd, similar to the figure a year earlier. The main variations were in Libya, the United States, and in Trinidad & Tobago. In Libya, there was greater output, reaching 36 Kboepd in the quarter, that is, 90% of the output prior to the armed conflict. In the United States, in Shenzi, as a consequence of the development wells drilled after the moratorium was lifted, production increased in comparison with the previous year, with Repsol's net share in production totalling 30 Kboepd in the quarter. These increases, however, were offset by production in Trinidad & Tobago which, at 130 Kboepd, was 9% less than in the same year-ago period mainly on the back of the scheduled turnaround at the Inmortelle platform to upgrade its facilities and the one-month maintenance shutdown of the Atlas Methanol plant, a client in the domestic market.

Four exploration wells are currently being drilled: one in the Santos 44 block (Itaborai) in Brazil; one in Bolivia (Sararenda); one in Guyana (Jaguar) and another one in Cuba (Jaguey).

### Operating investments

**Operating investments** in the Upstream division in first quarter 2012 amounted to 610 M€. Investments in development were mainly earmarked for the United States, Trinidad & Tobago, Venezuela, Brazil and Bolivia.

Investments in exploration were mainly spent in the United States, Brazil, Cuba and Sierra Leone.

## 1.2.- LNG

Unaudited figures

	1Q 2011	4Q 2011	1Q 2012	% Variation 1Q12/1Q11
<b>OPERATING INCOME (M€)</b>	115	110	158	37.4
<b>ADJUSTED OPERATING INCOME (M€)</b>	115	112	158	37.4
<b>ELECTRICITY PRICES IN THE SPANISH ELECTRICITY POOL (€/MWh)</b>	45.3	52.0	50.7	11.9
<b>LNG SALES (TBtu)</b>	132.6	102.8	106.3	-19.8
<b>OPERATING INVESTMENTS (M€)</b>	2	7	11	450

1 TBtu= 1,000,000 MBtu  
1 bcm= 1,000 Mm<sup>3</sup>= 39.683 TBtu

**Adjusted operating income** in first quarter 2012 was 158 M€ versus 115 M€ posted in the same year-ago period.

Earnings growth in first quarter 2012 was mainly the result of wider LNG commercialization margins.

### Operating investments

**Operating investments** in first quarter 2012 at the LNG division amounted to 11 M€, significantly higher than in the first quarter a year ago and were mainly spent in maintenance activities and development projects.

**1.3.- DOWNSTREAM**
Unaudited figures

	1Q 2011	4Q 2011	1Q 2012	% Variation 1Q12/1Q11
<b>CCS OPERATING INCOME</b> (M€)	212	123	81	-61.8
<b>CCS ADJUSTED OPERATING INCOME</b> (M€)	211	130	82	-61.1
	1Q 2011	4Q 2011	1Q 2012	% Variation 1Q12/1Q11
<b>OPERATING INCOME</b> (M€)	440	107	332	-24.6
<b>ADJUSTED OPERATING INCOME</b> (M€)	439	114	333	-24.1
<b>OIL PRODUCT SALES</b> (Thousand tons)	9,251	9,262	10,138	9.6
<b>PETROCHEMICAL PRODUCT SALES</b> (Thousand tons)	710	613	593	-16.5
<b>LPG SALES</b> (Thousand tons)	784	706	782	-0.2
<b>OPERATING INVESTMENTS</b> (M€)	286	645	138	-51.7
	1Q 2011	4Q 2011	1Q 2012	% Variation 1Q12/1Q11
<b>REFINING MARGIN INDICATOR</b> (\$/Bbl)				
<b>Spain</b>	2.1	0.8	3.0	42.9

NOTE: Does not include the stake in Repsol YPF Gas or its subsidiaries

**CCS adjusted operating income**, at 82 M€, was down 61.1% versus the same quarter in 2011. Adjusted operating income in first quarter 2012, which includes 251 M€ in inventory gains, amounted to 333 M€ in comparison with 439 M€ in the same period in 2011 which recorded 228 M€ in inventory gains. .

The drop in CCS adjusted operating income in first quarter versus the same quarter in 2011 was mainly due to the weak performance of the chemical business.

- The slight increase in distillate volumes in **Refining** in Spain and greater production optimisation had a positive impact of 9 M€ in the operating income of the Refining business.
- In the **Chemical** business, operating income was down by 76 M€ because of narrower margins.
- Operating income in the LPG (Spain) and Marketing activities was down by 20 M€. In the case of Marketing, prices at service stations in Spain remained strong, nearly compensating lower sales volumes. As to LPG, margins were lower because of the high prices of raw materials that affect margins because of the delay in passing on these increases to the end client due to the price formula in Spain.
- Lastly, other effects explain the remaining difference.

**Operating investments**

**Operating investments** in Downstream in first quarter 2012 amounted to 138 M€, less than in the previous year because of the completion of the Cartagena refinery enlargement and conversion projects and the fuel oil reduction unit in Bilbao.



**1.4.- GAS NATURAL FENOSA**
Unaudited figures

	1Q 2011	4Q 2011	1Q 2012	% Variation 1Q12/1Q11
<b>OPERATING INCOME</b> (M€)	247	175	246	-0.4
<b>ADJUSTED OPERATING INCOME</b> (M€)	249	185	241	-3.2
<b>OPERATING INVESTMENTS</b> (M€)	70	170	67	-4.3

**Adjusted operating income** in first quarter 2012 in Gas Natural Fenosa amounted to 241 M€, 3.2% less than the 249 M€ reported a year earlier.

First quarter 2012 operating income was slightly lower than in first quarter 2011. The wider margins in wholesale gas marketing and those of Unión Fenosa Gas practically offset the operating income adjustments in the power business in Spain as a result of Royal Decree-Law 13/2012 (Decree implementing measures to correct the tariff deficit) and the impact of divestments made in 2011 (gas distribution assets in Madrid and power distribution assets in Guatemala).

**Operating investments**

**Operating Investments** by **Gas Natural Fenosa** in the first quarter of 2012 amounted to 67 M€ and were mainly allocated to Gas and Power Distribution activities in Spain and in Latin America.

**1.5.- CORPORATE AND OTHERS**

This caption reflects operating income/expenses of the Corporation and activities not attributable to operating areas as well as inter-segment consolidation adjustments.

An adjusted expense of 59 M€ was recorded in first quarter 2012.

## 2.- FINANCIAL INCOME/CHARGES AND DEBT

(\*) This caption reflects data on the Group's financial income/charges and financial situation excluding Grupo Gas Natural Fenosa and YPF, S.A., Repsol YPF Gas and its subsidiaries. Consolidated Group ex YPF data are included in the Annex I tables detailing first quarter 2012 results (page 22 of this earnings preview).

Unaudited figures

BREAKDOWN OF NET DEBT (M€) – GROUP ex YPF and ex GAS NATURAL FENOSA	Jan-Mar 2012
<b>NET DEBT AT THE START OF THE PERIOD (EX GAS NATURAL FENOSA)</b>	<b>6,775</b>
ELIMINATION OF YPF AND RYPF Gas DEBT AT 31 DECEMBER 2011	-1,939
<b>GROUP NET DEBT EX GAS NATURAL FENOSA AND YPF AT THE START OF THE PERIOD</b>	<b>4,836</b>
EBITDA	-1,534
VARIATION IN TRADE WORKING CAPITAL	473
INVESTMENTS (1)	838
DIVESTMENTS (1)	-8
DIVIDENDS (including affiliates)	643
OWN SHARES TRANSACTIONS (2)	-1,364
TRANSLATION DIFFERENCES	172
INCOME TAX COLLECTIONS / PAYMENTS	103
INTEREST EXPENSE AND OTHER MOVEMENTS (3)	15
<b>NET DEBT AT THE CLOSE OF THE PERIOD</b>	<b>4,174</b>
<b>NET DEBT + PREFERENCE SHARES AT THE CLOSE OF THE PERIOD</b>	<b>7,211</b>
<b>Debt ratio</b>	
CAPITAL EMPLOYED (M€) (4)	32,663
<b>NET DEBT / CAPITAL EMPLOYED (%)</b>	<b>12.8</b>
NET DEBT + PREFERENCE SHARES/ CAPITAL EMPLOYED (%)	22.1
ROACE before non-adjusted items (%) (5)	9.8

(1) In first quarter 2012, financial investments totalling 1 M€ and financial divestments for the amount of 77 M€ were made which are not included in this table.

(2) Relates mainly to the sale of 61,043,173 of the Company's treasury stock at 31/12/11, representing 5% of share capital.

(3) Includes dividends received (-125 M€) mainly from the dividend received from Gas Natural Fenosa

(4) It includes the net book value of YPF (4,180 M€ as of March 31, 2012).

(5) The numerator of the ratio does not include any YPF income.

**The Group's net financial debt, excluding Gas Natural Fenosa and YPF** at the end of first quarter 2012 amounted to 4,174 M€, that is, 662 M€ less than at the 2011 balance sheet closing date considering the same scope of consolidation.

- EBITDA generated during this period made it possible to cover operating investments (particularly the initial investment in the acquisition of mining acreage in the Mississippian Lime to Sandrigde Energy), tax obligations, and variations in trade working capital.
- In January 2012 the Company concluded the placement among professional and qualified investors of 61,043,173 own shares representing 5% of share capital for the sum of 1,364 M€ which, combined with a bond issue maturing in 2019 totalling 1 Bn€ in capital markets at the beginning of the quarter, contributed to strengthening the Group's liquidity.
- The Repsol YPF, S.A. interim dividend for 2011 totalling 635 M€ was paid in the first quarter of 2012.

The Repsol Group, excluding Gas Natural Fenosa and YPF, enjoys a sound financial position, with sufficient liquidity (including committed but undrawn credit facilities) to cover 3.5x its short term debt maturities. At the end of the first quarter, the net debt/capital employed ratio, excluding Gas Natural Fenosa and YPF, stood at 12.8% or 22.1% if preference shares are taken into account

Unaudited figures

FINANCIAL INCOME/EXPENSES OF THE GROUP EX GNF and YPF (M€)	1Q 2011	4Q 2011	1Q 2012	% Variation 1Q2012/1Q2011
NET INTEREST EXPENSE (incl. preference shares)	-57	-55	-80	40.4
HEDGING POSITIONS INCOME/EXPENSE	-53	15	-63	18.9
UPDATE OF PROVISIONS	-27	-20	-13	-51.9
CAPITALISED INTEREST	30	24	17	-43.3
OTHER FINANCIAL INCOME/EXPENSES	-50	-67	-55	10.0
<b>TOTAL</b>	<b>-157</b>	<b>-103</b>	<b>-194</b>	<b>23.6</b>

The Group's **net financial expenses** at the end of first quarter 2012 **ex Gas Natural Fenosa and ex YPF** amounted to 194 M€, 37 M€ more than in first quarter 2011. It is worth mentioning that **net interest expenses** increased by 23 M€ due to the step-up preference shares and the increase in gross debt at a fixed interest rate as a result of operations in capital markets in recent months.

### 3.- OTHER CAPTIONS IN THE PROFIT AND LOSS ACCOUNT

#### 3.1.- TAXES

The effective tax rate ex YPF and Repsol YPF Gas in first quarter 2012 was 40.5% and the accrued tax expense totalled 433 M€. The estimated tax rate for fiscal year 2012 ex YPF and Repsol YPF Gas is 42%.

#### 3.2.- EQUITY ON EARNINGS OF UNCONSOLIDATED AFFILIATES

Unaudited figures

BREAKDOWN OF UNCONSOLIDATED AFFILIATES (M€)	1Q 2011	4Q 2011	1Q 2012	% Variation 1Q12/1Q11
UPSTREAM	5.5	0.4	1.2	-78.2
LNG	7.1	16.4	16.4	131.0
DOWNSTREAM	6.5	3.3	7.9	21.5
Gas Natural Fenosa	0.6	0.6	1.1	83.3
<b>TOTAL</b>	<b>19.7</b>	<b>20.7</b>	<b>26.7</b>	<b>35.5</b>

Income from minority interests in first quarter 2012 totalled 27 M€ versus 20 M€ in the same year-ago period. This increase is mainly due to the enhanced performance of the LNG division thanks to the wider margins and larger marketing volumes of Peru LNG.

#### 3.3.- MINORITY INTERESTS

Recurrent income attributable to minority interests in first quarter 2011, ex YPF and ex Repsol YPF Gas, was 21 M€ versus 40 M€ in first quarter 2011.

Having excluded minority interests in YPF's results, this caption now reflects mainly the minority interests in the La Pampilla (Peru) and Petronor (Bilbao) refineries.

#### 3.4.- NET INCOME OF YPF

This caption reflects net operating income relating to Repsol's stake in YPF and Repsol YPF Gas and its affiliates (after financial expenses, taxes, and minority interests).

These first quarter 2012 results amounted to 149 M€ versus 193 M€ in first quarter 2011. Despite the improvement in recurrent operating income, net income was lower because of higher interest expenses and the increase in operating income attributed to minority interests.

## **4.- HIGHLIGHTS**

Since the publication of fourth quarter 2011 results, the most relevant items on the Company were as follow:

In **Upstream**, on 3 April 2012, the Company published information on the oil and gas exploration and production activities performed by the Repsol YPF Group. This information, which the Repsol YPF Group prepares and discloses on an annual basis, was prepared in accordance with the principles normally used in the oil and gas industry, specifically, the principles of the Financial Accounting Standards Board, and the guidelines and conceptual framework contemplated for this industry by the U.S. Securities and Exchange Commission (SEC) which govern the financial reporting practices in the United States.

At **YPF**, on 21 March 2012, the YPF, S.A. Board of Directors agreed to submit a resolution for the approval at the forthcoming Annual General Meeting on the capitalisation of the Company's accumulated results at 31 December 2011 after making the corresponding allocations to the legal reserve and other legal obligations. This capitalisation will involve a paid-up capital increase for the sum of up to 5,789 million Argentinean pesos.

On 16 April 2012, the Argentinean Government announced the start of a parliamentary process to approve a draft bill contemplating the change of control in YPF, S.A., declaring it a company of public interest and subject to the expropriation of 51% of YPF, S.A. Class D shares held by Repsol, also approving a Decree (*Decreto de Necesidad y Urgencia*), effective immediately, establishing the administration of YPF, S.A. for a 30-day period and appointing a Government minister as controller, with all the powers of the Board of Directors. On 18 April 2012, the Argentine Government approved a resolution extending the scope of the aforementioned decree to Repsol YPF Gas, S.A., an Argentinean company engaged in the fractioning, bottling, transport, distribution, and marketing of LPG in which Repsol Butano, S.A. holds an 84.997% stake. On that same day, 16 April 2012, Repsol stated that it rejected the expropriation measures that had been adopted, and reserved, expressly and completely, the rights and actions to which it was entitled under Argentinean law, the securities regulations in markets where YPF shares are listed, and international law, including the Spanish-Argentinean investment protection treaty.

On 7 May 2012, Act 26.741 was published in the Boletín Oficial de la República Argentina (Official State Gazette) which includes the following provisions: (1) 51% of YPF's share capital, represented by an equivalent percentage of "Class D" shares in that company held directly or indirectly by Repsol and its subsidiaries is declared of public interest and subject to expropriation. It also includes the 51% stake in Repsol YPF Gas, S.A. represented by 60% of "Class A" shares in that company owned by Repsol Butano, S.A. and its subsidiaries; the National Executive Power, through the parties or organizations that it designates, will exercise all the rights inherent in the shares to be expropriated under the terms established for the "temporary occupation" in Argentinean law governing expropriations.

On the same day, 7 May 2012, the Comisión Nacional de Valores, pursuant to the powers foreseen in Section 13 of Act 26.741, resolved to convene a General and Special Meeting for Class A and D shares of YPF, S.A. on 4 June 2012 to discuss the removal of all members and alternates of the Board of Directors and the Supervisory Committee, and the appointment of their replacements.

In the **Corporation**, Fitch Ratings announced on 23 March 2012 that it was downgrading Repsol's long-term credit rating from BBB+ to BBB, with stable outlook, and the short-term credit rating from F2 to F3.

On 17 April, Repsol announced that the Board of Directors had resolved to convene an Annual General Meeting to be held at Palacio Municipal de Congresos, Avenida de la Capital de España-Madrid, Campo de las Naciones, in Madrid on 30 May 2012 at 12:00 noon on first call, and at the same time and venue on 31 May 2012 on second call. All information on the AGM is available at the Company's website ([www.repsol.com](http://www.repsol.com)).

On 19 April, Standard & Poor's announced its decision to downgrade Repsol's non-current debt from BBB to BBB-, with outlook negative, and the short-term credit rating from A-2 to A-3.

**Madrid, 10 May 2012**

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A teleconference for analysts and institutional investors is scheduled today, 10 May, at 13:00 p.m. (CET) to report on Repsol's first quarter 2012 results.

The teleconference can be followed live at Repsol's website ([www.repsol.com](http://www.repsol.com)). A recording of the entire event will be available for at least one month at the company's website [www.repsol.com](http://www.repsol.com) for investors and any interested party.

# ANNEX I

  

## ADJUSTED FINANCIAL STATEMENTS AND INFORMATION BY SEGMENTS

1<sup>st</sup> Quarter 2012

On 16 April 2012, the National Executive Power of Argentina announced that it had submitted a draft bill to the legislative body on the sovereignty of the Republic of Argentina over its oil and gas resources, declaring self-sufficiency in oil and gas and its exploitation, industrialisation, transport and marketing of public interest and a priority (Draft Bill). Section 7 of the Draft Bill states that 51% of YPF, S.A. share capital, represented by an equal percentage of Class D shares of YPF held by Repsol and its subsidiaries, directly or indirectly, were of public utility and subject to expropriation. The stake held by the Repsol Group in YPF on that day was 57.43%.

On that same date, 16 April 2012, the Argentinean Government enacted a Decree (Decreto de Necesidad y Urgencia), effective on the same day as its approval, which ordered the temporary intervention of YPF, S.A. for a 30-day period, appointing a Government minister as the financial controller of YPF, who would be empowered with all the faculties of its Board of Directors. On 18 April 2012, the Argentinean Government passed a resolution which extended the scope of the aforementioned Decree to Repsol YPF Gas, S.A., an Argentine company engaging in the fractioning, bottling, transport, distribution, and marketing LPG in which Repsol Butano, S.A. had an 84.997% shareholding.

Following the corresponding parliamentary procedure, on 7 May 2012, Act 26.741 was published in the Boletín Oficial de la República Argentina (Official State Gazette) which includes the following provisions: (1) 51% of YPF's share capital, represented by an equivalent percentage of "Class D" shares in that company held directly or indirectly by Repsol and its subsidiaries is declared of public interest and subject to expropriation. It also includes the 51% stake in Repsol YPF Gas, S.A. represented by 60% of "Class A" shares in that company owned by Repsol Butano, S.A. and its subsidiaries; (2) the National Executive Power, through the parties or organizations that it designates, will exercise all the rights inherent in the shares to be expropriated under the terms and conditions contemplated for "temporary occupation" in Argentinean law governing expropriations.

Since the Repsol Group had a controlling interest in both companies at 31 March 2012 (YPF, S.A. and Repsol YPF Gas, S.A.) the consolidated financial statements at that date, prepared in accordance with International Financial Reporting Standards (IFRS), YPF, S.A., Repsol YPF Gas, S.A. and its group companies were fully consolidated. In the information by segment reported by the Group, YPF transactions represent the YPF segment; transactions conducted by Repsol YPF Gas are included in the Downstream segment (in the Rest of the World geographical caption). This information is included in Annex II: Financial Statements and information by segments IFRS – first quarter 2012.

In any case, to facilitate the analysis of earnings performance and the Group's financial situation, the adjusted financial statements of the Consolidated Repsol Group are also included for informative purposes in this interim statement, incorporating YPF and Repsol YPF Gas and its subsidiaries contribution in a separate line for all the reported periods. This information is detailed in this Annex I.

**REPSOL ADJUSTED OPERATING INCOME BASED ON ITS MAIN COMPONENTS**

(Million euros)

(Unaudited figures)

*Adjusted, classifying the contribution of YPF in a separate line*

	QUARTERLY FIGURES		
	1Q11	4Q11	1Q12
<b>EBITDA</b> .....	<b>1,743</b>	<b>995</b>	<b>1,926</b>
Operating revenue.....	13,234	13,194	15,060
Operating income.....	1,223	477	1,330
Financial expenses.....	(231)	(172)	(260)
Share in income of companies carried by the equity method - net of taxes.....	20	21	27
<b>Income before income tax</b> .....	<b>1,012</b>	<b>326</b>	<b>1,097</b>
Income tax.....	(400)	(97)	(433)
<b>Income for the period</b> .....	<b>612</b>	<b>229</b>	<b>664</b>
Income attributable to minority interests ex YPF.....	(40)	(14)	(21)
<b>NET INCOME EX YPF</b> .....	<b>572</b>	<b>215</b>	<b>643</b>
Net Income of YPF (*).....	193	77	149
<b>Net Income</b> .....	<b>765</b>	<b>292</b>	<b>792</b>
Earnings per share accrued by parent company (**)			
* Euro/share .....	0.63	0.24	0.69
* \$/ADR .....	0.89	0.31	0.92

(\*) Includes operating income net of taxes and minority interests contributed by YPF, S.A., Repsol YPF Gas, S.A. and the subsidiaries of each company in each period.

(\*\*) The issued share capital of Repsol YPF, S.A. consists of 1,220,863,463 shares. Earnings per share is calculated considering the average number of outstanding shares and including own shares held by the Company. The average number of outstanding shares was 1,216,050,800 in 2011 and 1,153,109,625 in 2012.

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Dollar/euro exchange rate at date of closure of each quarter  
1.421 dollars per euro in 1T11  
1.294 dollars per euro in 4T11  
1.336 dollars per euro in 1T12

**REPSOL ADJUSTED OPERATING INCOME BY RECURRENT AND NON RECURRENT ITEMS**

(Million euros)

(Unaudited figures)

*Adjusted, classifying the contribution of YPF in a separate line*

	1Q11		
	Total	Non recurrent	Adjusted
<b>Income from continuous operations before financial expenses.....</b>	<b>1,223</b>	<b>(5)</b>	<b>1,228</b>
Upstream.....	490	-	490
LNG.....	115	-	115
Downstream.....	440	1	439
Gas Natural Fenosa.....	247	(2)	249
Corporate and others.....	(69)	(4)	(65)
Financial expenses.....	(231)	(16)	(215)
Share in income of companies carried by the equity method - net of taxes.....	20	-	20
<b>Income before income tax.....</b>	<b>1,012</b>	<b>(21)</b>	<b>1,033</b>
Income tax.....	(400)	-	(400)
<b>Income for the period.....</b>	<b>612</b>	<b>(21)</b>	<b>633</b>
Income attributable to minority interests ex YPF.....	(40)	-	(40)
<b>NET INCOME EX YPF.....</b>	<b>572</b>	<b>(21)</b>	<b>593</b>
Net Income of YPF (*).....	193	(5)	198
<b>NET INCOME.....</b>	<b>765</b>	<b>(26)</b>	<b>791</b>
	4Q11		
	Total	Non recurrent	Adjusted
<b>Income from continuous operations before financial expenses.....</b>	<b>477</b>	<b>(11)</b>	<b>488</b>
Upstream.....	207	11	196
LNG.....	110	(2)	112
Downstream.....	107	(7)	114
Gas Natural Fenosa.....	175	(10)	185
Corporate and others.....	(122)	(3)	(119)
Financial expenses.....	(172)	(10)	(162)
Share in income of companies carried by the equity method - net of taxes.....	21	(8)	29
<b>Income before income tax.....</b>	<b>326</b>	<b>(29)</b>	<b>355</b>
Income tax.....	(97)	(3)	(94)
<b>Income for the period.....</b>	<b>229</b>	<b>(32)</b>	<b>261</b>
Income attributable to minority interests ex YPF.....	(14)	-	(14)
<b>NET INCOME EX YPF.....</b>	<b>215</b>	<b>(32)</b>	<b>247</b>
Net Income of YPF (*).....	77	(20)	97
<b>NET INCOME.....</b>	<b>292</b>	<b>(52)</b>	<b>344</b>
	1Q12		
	Total	Non recurrent	Adjusted
<b>Income from continuous operations before financial expenses.....</b>	<b>1,330</b>	<b>(2)</b>	<b>1,332</b>
Upstream.....	654	(5)	659
LNG.....	158	-	158
Downstream.....	332	(1)	333
Gas Natural Fenosa.....	246	5	241
Corporate and others.....	(60)	(1)	(59)
Financial expenses.....	(260)	(1)	(259)
Share in income of companies carried by the equity method - net of taxes.....	27	-	27
<b>Income before income tax.....</b>	<b>1,097</b>	<b>(3)</b>	<b>1,100</b>
Income tax.....	(433)	1	(434)
<b>Income for the period.....</b>	<b>664</b>	<b>(2)</b>	<b>666</b>
Income attributable to minority interests ex YPF.....	(21)	-	(21)
<b>NET INCOME EX YPF.....</b>	<b>643</b>	<b>(2)</b>	<b>645</b>
Net Income of YPF (*).....	149	(12)	161
<b>NET INCOME.....</b>	<b>792</b>	<b>(14)</b>	<b>806</b>

(\*) Includes operating income net of taxes and minority interests contributed by YPF, SA, Repsol YPF Gas SA and the subsidiaries of each company in each period.



**BREAKDOWN OF REPSOL ADJUSTED OPERATING INCOME**  
**BY ACTIVITIES AND GEOGRAPHICAL AREAS**

(Million euros)

(Unaudited figures)

*Adjusted excluding YPF (\*)*

	QUARTERLY FIGURES		
	1Q11	4Q11	1Q12
<b>Upstream</b> .....	<b>490</b>	<b>207</b>	<b>654</b>
USA and Brazil.....	86	114	117
North of Africa .....	162	(23)	337
Rest of the World.....	242	116	200
 <b>LNG</b> .....	 <b>115</b>	 <b>110</b>	 <b>158</b>
 <b>Downstream</b> .....	 <b>440</b>	 <b>107</b>	 <b>332</b>
Europe .....	379	104	292
Rest of the World.....	61	3	40
 <b>Gas Natural Fenosa</b> .....	 <b>247</b>	 <b>175</b>	 <b>246</b>
 <b>Corporate and others</b> .....	 <b>(69)</b>	 <b>(122)</b>	 <b>(60)</b>
 <b>TOTAL</b> .....	 <b>1,223</b>	 <b>477</b>	 <b>1,330</b>

(\*) It does not include any sums for YPF, S.A., Repsol YPF Gas, S.A. and the subsidiaries of each company in each period.

**BREAKDOWN OF REPSOL ADJUSTED EBITDA**  
**BY ACTIVITIES AND GEOGRAPHICAL AREAS**

(Million of euros)

(Unaudited figures)

*Adjusted excluding YPF (\*)*

	QUARTERLY FIGURES		
	1Q11	4Q11	1Q12
<b>Upstream</b> .....	<b>654</b>	<b>443</b>	<b>868</b>
USA and Brazil.....	151	227	216
North of Africa .....	175	(12)	352
Rest of the World.....	328	228	300
 <b>LNG</b> .....	 <b>157</b>	 <b>154</b>	 <b>202</b>
 <b>Downstream</b> .....	 <b>574</b>	 <b>161</b>	 <b>502</b>
Europe.....	502	144	451
Rest of the World.....	72	17	51
 <b>Gas Natural Fenosa</b> .....	 <b>406</b>	 <b>349</b>	 <b>391</b>
 <b>Corporate and others</b> .....	 <b>(48)</b>	 <b>(112)</b>	 <b>(37)</b>
 <b>TOTAL</b> .....	 <b>1,743</b>	 <b>995</b>	 <b>1,926</b>

(\*) It does not include any sums for YPF, S.A., Repsol YPF Gas, S.A. and the subsidiaries of each company in each period.

**BREAKDOWN OF REPSOL ADJUSTED OPERATING INVESTMENTS**  
**BY ACTIVITIES AND GEOGRAPHICAL AREAS (\*)**

(Million of euros)

(Unaudited figures)

*Adjusted excluding YPF (\*\*)*

	QUARTERLY FIGURES		
	1Q11	4Q11	1Q12
<b>Upstream</b> .....	<b>436</b>	<b>668</b>	<b>610</b>
USA and Brazil.....	295	138	406
North of Africa .....	14	6	5
Rest of the World.....	127	524	199
 <b>LNG</b> .....	 <b>2</b>	 <b>7</b>	 <b>11</b>
 <b>Downstream</b> .....	 <b>286</b>	 <b>645</b>	 <b>138</b>
Europe.....	273	624	127
Rest of the World.....	13	21	11
 <b>Gas Natural Fenosa</b> .....	 <b>70</b>	 <b>170</b>	 <b>67</b>
 <b>Corporate and others</b> .....	 <b>6</b>	 <b>93</b>	 <b>32</b>
 <b>TOTAL</b> .....	 <b>800</b>	 <b>1,583</b>	 <b>858</b>

(\*) Includes investments accrued in the period, regardless of whether or not they were paid. It does not include investments in "other financial assets"

(\*\*) It does not include any sums for YPF, S.A., Repsol YPF Gas, S.A. and the subsidiaries of each company in each period.

**REPSOL ADJUSTED BALANCE SHEET**

(Million euros)

(Unaudited figures)

*Adjusted, classifying the contribution of YPF on a separate line (\*)*

	DECEMBER	MARCH
	2011	2012
<b>NON-CURRENT ASSETS</b>		
Goodwill.....	2,779	2,770
Other intangible assets .....	2,894	3,173
Property, Plant and Equipment .....	27,616	27,351
Investment property .....	24	24
Equity-accounted financial investments.....	669	674
Non-current financial assets		
Non-current financial instruments .....	2,334	2,255
Others .....	127	119
Deferred tax assets.....	2,355	2,391
Other non-current assets .....	242	250
Consolidated Net Book Value of YPF (*).....	4,166	4,180
<b>CURRENT ASSETS</b>		
Non-current assets classified as held for sale .....	258	269
Inventories.....	6,004	6,203
Trade and other receivables.....	7,931	8,037
Other current assets.....	138	132
Other current financial assets .....	665	437
Cash and cash equivalents .....	2,403	4,396
<b>TOTAL ASSETS</b>	<b>60,605</b>	<b>62,661</b>
<b>TOTAL EQUITY</b>		
Attributable to equity holders of the parent .....	23,538	25,156
Attributable to minority interests .....	791	795
<b>NON-CURRENT LIABILITIES</b>		
Subsidies.....	71	69
Non-current provisions.....	2,144	2,111
Non-current financial debt.....	14,603	15,526
Deferred tax liabilities .....	2,730	2,660
Other non-current liabilities		
Non-current debt for finance leases .....	2,864	2,772
Others .....	784	862
<b>CURRENT LIABILITIES</b>		
Liabilities associated with non-current assets held for sale .....	32	35
Current provisions.....	271	258
Current financial liabilities .....	3,517	3,557
Trade debtors and other payables:		
Current debt for finance leases .....	223	218
Other trade debtors and payables .....	9,037	8,642
<b>TOTAL LIABILITIES</b>	<b>60,605</b>	<b>62,661</b>

(\*) Includes the consolidated net book value of assets, net of liabilities and minority interests, contributed by YPF, S.A., Repsol YPF Gas, S.A. and the subsidiaries of each company.

**STATEMENT OF CASH FLOW**

(Million euros)

(Unaudited figures)

Adjusted excluding YPF (\*)

	JANUARY - MARCH	
	2011	2012
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before taxes and associates	1,012	1,097
Adjustments:		
Depreciation of Property, Plant and Equipment	503	570
Other adjustments (net)	228	259
<b>EBITDA</b>	<b>1,743</b>	<b>1,926</b>
Variation in working capital	(796)	(528)
Dividends received	5	17
Income taxes received/(paid)	(238)	(126)
Other proceeds/(payments) from operating activities	(36)	(23)
<b>OTHER CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(269)</b>	<b>(132)</b>
	<b>678</b>	<b>1,266</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment payments		
Group companies, associates, and business units	(9)	(14)
Property, plant and equipment, intangible assets and property investments	(792)	(889)
Other financial assets	(3)	(22)
<b>Total Investments</b>	<b>(804)</b>	<b>(925)</b>
Proceeds on divestments (**)	30	234
Other cash flows		
	<b>(774)</b>	<b>(691)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts/Payments from equity instruments	-	1,364
Disposal of stakes in companies without relinquishing control (**)	1,321	-
Proceeds on issue of financial liabilities	1,461	3,642
Payments for return and amortization of financial obligations	(2,290)	(2,650)
Dividends paid	(651)	(646)
Interest paid	(286)	(255)
Other proceeds/(payments) from financing activities	(17)	(21)
	<b>(462)</b>	<b>1,434</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>5,953</b>	<b>2,403</b>
<b>Net cash flows (I, II and III)</b>	<b>(558)</b>	<b>2,009</b>
<b>Translation differences</b>	<b>(118)</b>	<b>(16)</b>
<b>CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD</b>	<b>5,277</b>	<b>4,396</b>

(\*) It does not include any sums for YPF, S.A., Repsol YPF Gas, S.A. and the subsidiaries of each company in each period.

(\*\*) The divestment figure does not include cash generated on the sale of YPF shares in the period which are included in the "Disposal of holdings in companies without loss of control" caption.

## FINANCIAL INCOME/CHARGES AND DEBT FOR THE CONSOLIDATED GROUP EX YPF

### Unaudited figures

<b>NET DEBT – CONSOLIDATED GROUP EX YPF (M€)</b>	<b>1Q12</b>
<b>NET DEBT OF THE CONSOLIDATED GROUP AT THE START OF THE PERIOD</b>	<b>11,663</b>
ELIMINATION OF YPF AND RYPF Gas DEBT AT 31 DECEMBER 2011	-1,939
<b>NET DEBT OF THE CONSOLIDATED GROUP EX YPF AT THE START OF THE PERIOD</b>	<b>9,724</b>
EBITDA	-1,926
VARIATION IN TRADE WORKING CAPITAL	528
INVESTMENTS (1)	924
DIVESTMENTS (1)	-140
DIVIDENDS (including affiliates)	646
OWN SHARES TRANSACTIONS (2)	-1,364
TRANSLATION DIFFERENCES	168
INCOME TAX COLLECTIONS / PAYMENTS	126
INTEREST EXPENSE AND OTHER MOVEMENTS	225
<b>NET DEBT AT THE CLOSE OF THE PERIOD</b>	<b>8,911</b>
<b>NET DEBT + PREFERENCE SHARES AT THE CLOSE OF THE PERIOD</b>	<b>12,126</b>
<b>Debt ratio</b>	
CAPITAL EMPLOYED (M€) (3)	38,078
<b>NET DEBT / CAPITAL EMPLOYED (%)</b>	<b>23.4</b>
<b>NET DEBT + PREFERENCE SHARES/ CAPITAL EMPLOYED (%)</b>	<b>31.8</b>
<b>ROACE before non-adjusted items (%) (4)</b>	<b>9.0</b>

(1) In first quarter 2012, financial investments totalling 1 M€ and financial divestments for the amount of 94 M€ were made which are not included in this table.

(2) Relates mainly to the placement of 61,043,173 shares of the Company's treasury stock at 31/12/11, representing 5% of share capital.

(3) It includes the net book value of YPF (4,180 M€ as of March 31, 2012).

(4) The numerator of the ratio does not include any YPF income.

### Unaudited Figures

<b>FINANCIAL INCOME / EXPENSES CONSOLIDATED GROUP ex YPF</b>	<b>1Q 2011</b>	<b>4Q 2011</b>	<b>1Q 2012</b>	<b>% Variation 1Q2012/1Q2011</b>
NET INTEREST EXPENSE (incl. preferred shares)	-123	-115	-139	12.2
HEDGING POSITIONS INCOME/EXPENSE	-48	13	-62	29.2
UPDATE OF PROVISIONS	-29	-24	-15	-48.3
CAPITALISED INTEREST	31	26	18	-41.9
OTHER FINANCIAL INCOME / EXPENSES	-62	-72	-62	1.6
<b>TOTAL (M€)</b>	<b>-231</b>	<b>-172</b>	<b>-260</b>	<b>12.6</b>

# TABLES

OPERATING HIGHLIGHTS 1Q 2012



## OPERATING HIGHLIGHTS UPSTREAM

	Unit	2011 1Q	2012 1Q	% Variation 12 / 11
<b>HYDROCARBON PRODUCTION</b>				
<b>Crude and Liquids production</b>	<b>K Boed</b>	<b>324</b>	<b>323</b>	<b>-0.3%</b>
USA and Brazil	K Boed	30	33	10.8%
North Africa	K Boed	30	39	30.1%
Rest of the world	K Boed	70	64	-9.1%
<b>Natural gas production</b>	<b>K Boed</b>	<b>195</b>	<b>188</b>	<b>-3.5%</b>
USA and Brazil	K Boed	1	2	34.6%
North Africa	K Boed	6	6	-7.4%
Rest of the world	K Boed	187	180	-3.7%



## OPERATING HIGHLIGHTS DOWNSTREAM

	Unit	2011	2012	%
		1Q	1Q	Variation
				12 / 11
<b>CRUDE PROCESSED</b>	<b>Mtoe</b>	<b>7.3</b>	<b>8.2</b>	<b>12.4%</b>
Europe	Mtoe	6.4	7.3	13.6%
Rest of the world	Mtoe	0.9	0.9	4.1%
<b>SALES OF OIL PRODUCTS</b>	<b>Kt</b>	<b>9,251</b>	<b>10,138</b>	<b>9.6%</b>
<b>Europe</b>	<b>Kt</b>	<b>8,215</b>	<b>9,029</b>	<b>9.9%</b>
<b>–Own network</b>	<b>Kt</b>	<b>5,009</b>	<b>4,961</b>	<b>-1.0%</b>
- Light products	Kt	4,273	4,170	-2.4%
- Other Products	Kt	736	791	7.5%
<b>–Other Sales to Domestic Market</b>	<b>Kt</b>	<b>1,607</b>	<b>1,660</b>	<b>3.3%</b>
- Light products	Kt	1,202	1,446	20.3%
- Other Products	Kt	405	214	-47.2%
<b>–Exports</b>	<b>Kt</b>	<b>1,599</b>	<b>2,408</b>	<b>50.6%</b>
- Light products	Kt	474	797	68.1%
- Other Products	Kt	1,125	1,611	43.2%
<b>Rest of the world</b>	<b>Kt</b>	<b>1,036</b>	<b>1,109</b>	<b>7.0%</b>
<b>–Own network</b>	<b>Kt</b>	<b>406</b>	<b>480</b>	<b>18.2%</b>
- Light products	Kt	345	424	22.9%
- Other Products	Kt	61	56	-8.2%
<b>–Other Sales to Domestic Market</b>	<b>Kt</b>	<b>398</b>	<b>387</b>	<b>-2.8%</b>
- Light products	Kt	304	295	-3.0%
- Other Products	Kt	94	92	-2.1%
<b>–Exports</b>	<b>Kt</b>	<b>232</b>	<b>242</b>	<b>4.3%</b>
- Light products	Kt	31	78	151.6%
- Other Products	Kt	201	164	-18.4%
<b>CHEMICALS</b>				
<b>Sales of petrochemicals products</b>	<b>Kt</b>	<b>710</b>	<b>593</b>	<b>-16.5%</b>
<b>Europe</b>	<b>Kt</b>	<b>624</b>	<b>518</b>	<b>-17.0%</b>
Base petrochemical	Kt	236	161	-31.9%
Derivative petrochemicals	Kt	388	357	-7.9%
<b>Rest of the world</b>	<b>Kt</b>	<b>86</b>	<b>75</b>	<b>-12.5%</b>
Base petrochemical	Kt	16	22	37.6%
Derivative petrochemicals	Kt	69	53	-24.2%
<b>LPG</b>				
<b>LPG sales</b>	<b>Kt</b>	<b>784</b>	<b>782</b>	<b>-0.2%</b>
Europe	Kt	507	496	-2.3%
Rest of the world	Kt	276	286	3.6%

**Other sales to the domestic market:** includes sales to operators and bunker.

**Exports:** expressed from the country of origin.

LPG sales do not include those for Repsol YPF Gas that were 65 Kt in 1Q11 and 64 Kt in 1Q12

## ANNEX II

  

### FINANCIAL STATEMENTS AND INFORMATION BY SEGMENTS IFRS

1<sup>ST</sup> Quarter 2012

On 16 April 2012, the National Executive Power of Argentina announced that it had submitted a draft bill to the legislative body on the sovereignty of the Republic of Argentina over its oil and gas resources, declaring self-sufficiency in oil and gas and its exploitation, industrialisation, transport and marketing of public interest and a priority (Draft Bill). Section 7 of the Draft Bill states that 51% of YPF, S.A. share capital, represented by an equal percentage of Class D shares of YPF held by Repsol and its subsidiaries, directly or indirectly, were of public utility and subject to expropriation. The stake held by the Repsol Group in YPF on that day was 57.43%.

On that same date, 16 April 2012, the Argentinean Government enacted a Decree (Decreto de Necesidad y Urgencia), effective on the same day as its approval, which ordered the temporary intervention of YPF, S.A. for a 30-day period, appointing a Government minister as the financial controller of YPF, who would be empowered with all the faculties of its Board of Directors. On 18 April 2012, the Argentinean Government passed a resolution which extended the scope of the aforementioned Decree to Repsol YPF Gas, S.A., an Argentine company engaging in the fractioning, bottling, transport, distribution, and marketing LPG in which Repsol Butano, S.A. had an 84.997% shareholding.

Following the corresponding parliamentary procedure, on 7 May 2012, Act 26.741 was published in the Boletín Oficial de la República Argentina (Official State Gazette) which includes the following provisions: (1) 51% of YPF's share capital, represented by an equivalent percentage of "Class D" shares in that company held directly or indirectly by Repsol and its subsidiaries is declared of public interest and subject to expropriation. It also includes the 51% stake in Repsol YPF Gas, S.A. represented by 60% of "Class A" shares in that company owned by Repsol Butano, S.A. and its subsidiaries; (2) the National Executive Power, through the parties or organizations that it designates, will exercise all the rights inherent in the shares to be expropriated under the terms and conditions contemplated for "temporary occupation" in Argentinean law governing expropriations.

Since the Repsol Group had a controlling interest in both companies at 31 March 2012 (YPF, S.A. and Repsol YPF Gas, S.A.) the consolidated financial statements at that date, prepared in accordance with International Financial Reporting Standards (IFRS), YPF, S.A., Repsol YPF Gas, S.A. and its group companies were fully consolidated. In the information by segment reported by the Group, YPF transactions represent the YPF segment; transactions conducted by Repsol YPF Gas are included in the Downstream segment (in the Rest of the World geographical caption). This information is included in this Annex II.

In any case, to facilitate the analysis of earnings performance and the Group's financial situation, the adjusted financial statements of the Consolidated Repsol Group are also included for informative purposes in this interim statement, incorporating YPF and Repsol YPF Gas and its subsidiaries contribution in a separate line for all the reported periods.

### REPSOL SUMMARISED INCOME STATEMENT

(Million euros)

(Unaudited figures)

*Compiled in accordance with International Financial Reporting Standards*

	QUARTERLY FIGURES		
	1Q11	4Q11	1Q12
<b>EBITDA</b> .....	<b>2,518</b>	<b>1,757</b>	<b>2,772</b>
Operating revenue.....	15,837	16,208	17,810
Operating income.....	1,611	703	1,770
Financial expenses.....	(225)	(192)	(291)
Share in income of companies carried by the equity method - net of taxes.....	22	20	30
<b>Income before income tax</b> .....	<b>1,408</b>	<b>531</b>	<b>1,509</b>
Income tax.....	(554)	(169)	(586)
<b>Income for the period</b> .....	<b>854</b>	<b>362</b>	<b>923</b>
<b>ATTRIBUTABLE TO:</b>			
Minority interests	(89)	(70)	(131)
<b>EQUITY HOLDERS OF THE PARENT</b> .....	<b>765</b>	<b>292</b>	<b>792</b>
Earnings per share accrued by parent company (*)			
* Euro/share .....	0.63	0.24	0.69
* \$/ADR .....	0.89	0.31	0.92

(\*) The issued share capital of Repsol YPF, S.A. consists of 1,220,863,463 acciones. Earnings per share is calculated considering the average number of outstanding shares and including own shares held by the Company. The average number of outstanding shares was 1,216,050,800 in 2011 and 1,153,109,625 in 2012.

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Dollar/euro exchange rate at date of closure of each quarter

1.421 dollars per euro in 1T11

1.294 dollars per euro in 4T11

1.336 dollars per euro in 1T12

**BREAKDOWN OF REPSOL ADJUSTED OPERATING INCOME**  
**BY ACTIVITIES AND GEOGRAPHICAL AREAS**

(Million euros)

(Unaudited figures)

*Compiled in accordance with International Financial Reporting Standards*

	QUARTERLY FIGURES		
	1Q11	4Q11	1Q12
<b>Upstream</b> .....	<b>490</b>	<b>207</b>	<b>654</b>
USA and Brazil.....	86	114	117
North of Africa .....	162	(23)	337
Rest of the World.....	242	116	200
 <b>LNG</b> .....	 <b>115</b>	 <b>110</b>	 <b>158</b>
 <b>Downstream</b> .....	 <b>445</b>	 <b>110</b>	 <b>335</b>
Europe .....	379	104	292
Rest of the World.....	66	6	43
 <b>YPF</b> .....	 <b>383</b>	 <b>223</b>	 <b>437</b>
 <b>Gas Natural Fenosa</b> .....	 <b>247</b>	 <b>175</b>	 <b>246</b>
 <b>Corporate and others</b> .....	 <b>(69)</b>	 <b>(122)</b>	 <b>(60)</b>
 <b>TOTAL</b> .....	 <b>1,611</b>	 <b>703</b>	 <b>1,770</b>

**BREAKDOWN OF REPSOL EBITDA**  
**BY ACTIVITIES AND GEOGRAPHICAL AREAS**

(Million euros)

(Unaudited figures)

*Compiled in accordance with International Financial Reporting Standards*

	QUARTERLY FIGURES		
	1Q11	4Q11	1Q12
<b>Upstream</b> .....	<b>654</b>	<b>443</b>	<b>868</b>
USA and Brazil.....	151	227	216
North of Africa .....	175	(12)	352
Rest of the World.....	328	228	300
<b>LNG</b> .....	<b>157</b>	<b>154</b>	<b>202</b>
<b>Downstream</b> .....	<b>580</b>	<b>165</b>	<b>507</b>
Europe.....	502	144	451
Rest of the World.....	78	21	56
<b>YPF</b> .....	<b>769</b>	<b>758</b>	<b>841</b>
<b>Gas Natural Fenosa</b> .....	<b>406</b>	<b>349</b>	<b>391</b>
<b>Corporate and others</b> .....	<b>(48)</b>	<b>(112)</b>	<b>(37)</b>
<b>TOTAL</b> .....	<b>2,518</b>	<b>1,757</b>	<b>2,772</b>

**BREAKDOWN OF REPSOL OPERATING INVESTMENTS**  
**BY ACTIVITIES AND GEOGRAPHICAL AREAS (\*)**

(Million euros)

(Unaudited figures)

*Compiled in accordance with International Financial Reporting Standards*

	QUARTERLY FIGURES		
	1Q11	4Q11	1Q12
<b>Upstream</b> .....	<b>436</b>	<b>668</b>	<b>610</b>
USA and Brazil.....	295	138	406
North of Africa .....	14	6	5
Rest of the World.....	127	524	199
<b>LNG</b> .....	<b>2</b>	<b>7</b>	<b>11</b>
<b>Downstream</b> .....	<b>288</b>	<b>647</b>	<b>140</b>
Europe.....	273	624	127
Rest of the World.....	15	23	13
<b>YPF</b> .....	<b>300</b>	<b>969</b>	<b>326</b>
<b>Gas Natural Fenosa</b> .....	<b>70</b>	<b>170</b>	<b>67</b>
<b>Corporate and others</b> .....	<b>6</b>	<b>93</b>	<b>32</b>
<b>TOTAL</b> .....	<b>1,102</b>	<b>2,554</b>	<b>1,186</b>

(\*) Includes investments accrued in the period regardless of whether these were paid or not. It does not include investments in "other financial assets".

**REPSOL COMPARATIVE BALANCE SHEET**

(Million euros)

(Unaudited figures)

*Compiled in accordance with International Financial Reporting Standards*

	DECEMBER	MARCH
	2011	2012
<b>NON-CURRENT ASSETS</b>		
Goodwill.....	4,645	4,577
Other intangible assets .....	3,138	3,410
Property, Plant and Equipment .....	36,759	36,164
Investment property .....	24	24
Equity-accounted financial investments.....	699	708
Non-current financial assets		
Non-current financial instruments .....	2,322	2,242
Others .....	128	120
Deferred tax assets.....	2,569	2,604
Other non-current assets .....	344	347
<b>CURRENT ASSETS</b>		
Non-current assets classified as held for sale.....	258	270
Inventories.....	7,278	7,476
Trade and other receivables.....	9,222	9,061
Other current assets.....	220	205
Other current financial assets .....	674	449
Cash and cash equivalents .....	2,677	4,647
<b>TOTAL ASSETS</b>	<b>70,957</b>	<b>72,304</b>
<b>TOTAL EQUITY</b>		
Attributable to equity holders of the parent .....	23,538	25,156
Attributable to minority interests .....	3,505	3,532
<b>NON-CURRENT LIABILITIES</b>		
Subsidies.....	118	116
Non-current provisions.....	3,826	3,739
Non-current financial debt.....	15,345	16,173
Deferred tax liabilities .....	3,839	3,723
Other non-current liabilities		
Non-current debt for finance leases .....	2,864	2,772
Others .....	818	892
<b>CURRENT LIABILITIES</b>		
Liabilities associated with non-current assets held for sale .....	32	35
Current provisions.....	452	429
Current financial liabilities .....	4,985	4,807
Trade debtors and other payables:		
Current debt for finance leases .....	223	218
Other trade debtors and payables .....	11,412	10,712
<b>TOTAL LIABILITIES</b>	<b>70,957</b>	<b>72,304</b>

**STATEMENT OF CASH FLOW**

(Million euros)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	JANUARY-MARCH	
	2011	2012
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before taxes and associates	1,408	1,509
Adjustments:		
Depreciation of Property, Plant and Equipment	869	949
Other adjustments (net)	241	314
<b>EBITDA</b>	<b>2,518</b>	<b>2,772</b>
Variation in working capital	(1,061)	(424)
Dividends received	6	17
Income taxes received/(paid)	(339)	(162)
Other proceeds/(payments) from operating activities	(65)	(63)
<b>OTHER CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(398)</b>	<b>(208)</b>
	<b>1,059</b>	<b>2,140</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment payments		
Group companies, associates, and business units	(9)	(14)
Property, plant and equipment, intangible assets and property investments	(1,093)	(1,512)
Other financial assets	(5)	(22)
Other assets	(1,107)	(1,548)
Total Investments	33	236
Proceeds on divestments (*)	-	-
Other cash flows	-	-
	<b>(1,074)</b>	<b>(1,312)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts/Payments from equity instruments	-	1,364
Disposal of stakes in companies without relinquishing control (*)	1,321	-
Proceeds on issue of financial liabilities	2,214	4,825
Payments for return and amortization of financial obligations	(2,980)	(4,075)
Dividends paid	(651)	(646)
Interest paid	(301)	(277)
Other proceeds/(payments) from financing activities	(60)	(26)
	<b>(457)</b>	<b>1,165</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>6,448</b>	<b>2,677</b>
<b>Net cash flows (I, II y III)</b>	<b>(472)</b>	<b>1,993</b>
<b>Translation differences</b>	<b>(151)</b>	<b>(23)</b>
<b>CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD</b>	<b>5,825</b>	<b>4,647</b>

(\*) The divestment figure does not include cash generated on the sale of YPF shares in the period which are included in the "Disposal of holdings in companies without loss of control" caption.



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