

# **Preview of the 2Q10 income statement**



**Madrid, 29<sup>th</sup> July 2010**

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## Considerable improvement in the business variables

### Unaudited figures (IFRS)

2Q 2009 (*)	1Q 2010	2Q 2010	% Variation 2Q10/2Q09	SECOND QUARTER 2010 RESULTS	Jan-Jun 2009 (*)	Jan-Jun 2010	% Variation 10/09
<b>CCS REPORTED EARNINGS (M€)</b>							
477	1,336	1,300	172.5	CCS OPERATING INCOME	1,457	2,636	80.9
296	555	535	80.7	CCS NET INCOME	845	1,090	29.0
<b>CCS PROFORMA INDICATORS (M€)</b>							
481	1,260	1,262	162.4	CCS ADJUSTED OPERATING INCOME	1,243	2,522	102.9
326	508	523	60.4	CCS ADJUSTED NET INCOME	760	1,031	35.7
<b>REPORTED EARNINGS (M€)</b>							
696	1,538	1,466	110.6	OPERATING INCOME	1,653	3,004	81.7
434	688	650	49.8	NET INCOME	963	1,338	38.9
<b>PROFORMA INDICATORS (M€)</b>							
700	1,462	1,428	104.0	ADJUSTED OPERATING INCOME	1,439	2,890	100.8
464	641	638	37.5	ADJUSTED NET INCOME	878	1,279	45.7
<b>EARNINGS PER SHARE</b>							
0.36	0.56	0.53	47.2	Euros per share	0.80	1.10	37.5
0.51	0.76	0.65	27.5	Dollars per share	1.13	1.34	18.6

(\*) To facilitate the comparison of second quarter 2010 figures, the second quarter 2009 figures mentioned in this earnings preview were properly amended according to accounting standards and as a result of the change in the accounting classification of the stake in the Alberto Pasqualini Refap, S.A. Group. (See Section 5: Comparison of information).

### SECOND QUARTER 2010 MAIN HIGHLIGHTS AND KEY FINANCIAL FIGURES

- Operating income on the basis of current cost of supplies (CCS) was 172.5% higher year-on-year. **CCS recurrent operating income** in the quarter was 162.4% higher than in the same quarter a year earlier and in line with previous quarter.
- The increase in CCS recurrent operating income was the result of improved market conditions (better oil and gas prices and the appreciation of the dollar) that had also an impact in our businesses (integrated refining and marketing margin, positive performance of our chemical activity, and price management at our pump stations in Argentina).
- The **Group's net financial debt (ex Gas Natural Fenosa)** at 30 June 2010 amounted to 4,996 M€, with no major variations in comparison with the previous quarter. EBITDA generated in this quarter, 7.2% more than in the first quarter, was sufficient to cover investments, tax, dividend, and interest payments. The net debt/capital employed ratio at the end of first quarter stood at 15.6%, or 26.9% taking preference shares into account.
- The incorporation of the PetroCarabobo, S.A. joint venture, which will be in charge of developing heavy oil resources of the Carabobo Project in Venezuela, was executed on 12 May.
- In May 2010, Repsol has formally informed the National Iranian Oil Company (NIOC) and Shell of its decision to discontinue its participation in the Persian LNG Project.
- On 8 June, the partners of the Caipipendi block (Repsol 37.5%, BG 37.5% and Pan American Energy 25%) signed the final investment decision for the first phase of the Margarita development Project in Bolivia.
- On 10 June, the first gas liquefaction plant in South America was inaugurated at Pampa Melchorita, 170 km south of Lima (Peru). The plant is part of the Peru LNG project.

## 1.- BREAKDOWN OF RESULTS BY BUSINESS AREA

### 1.1.- UPSTREAM

#### Unaudited figures (IFRS)

2Q 2009	1Q 2010	2Q 2010	% Variation 2Q10/2Q09		Jan-Jun 2009	Jan-Jun 2010	% Variation 10/09
140	432	299	113.6	<b>OPERATING INCOME (M€)</b>	325	731	124.9
172	432	370	115.1	<b>ADJUSTED OPERATING INCOME (M€)</b>	357	802	124.6
132	151	149	12.9	<b>LIQUIDS PRODUCTION</b> (Thousand boepd)	123	150	21.9
1,166	1,119	1,071	-8.1	<b>GAS PRODUCTION (*)</b> (Million scf/d)	1,156	1,095	-5.3
340	350	340	0.0	<b>TOTAL PRODUCTION</b> (Thousand boepd)	329	345	4.9
338	138	229	-32.2	<b>INVESTMENTS (M€)</b>	652	367	-43.7
62	78	119	91.9	<b>EXPLORATION EXPENSE (M€)</b>	90	197	118.9
2Q 2009	1Q 2010	2Q 2010	% Variation 2Q10/2Q09	<b>INTERNATIONAL PRICES</b>	Jan-Jun 2009	Jan-Jun 2010	% Variation 10/09
59.1	76.4	78.2	32.3	Brent (\$/Bbl)	51.7	77.3	49.5
59.8	78.9	78.1	30.6	WTI (\$/Bbl)	51.7	78.5	51.8
3.5	5.3	4.1	17.1	Henry Hub (\$/MBtu)	4.2	4.7	11.9
2Q 2009	1Q 2010	2Q 2010	% Variation 2Q10/2Q09	<b>REALISATION PRICES</b>	Jan-Jun 2009	Jan-Jun 2010	% Variation 10/09
53.9	72.2	71.5	32.7	OIL (\$/Bbl)	47.2	71.9	52.3
2.0	2.7	2.6	30.0	GAS (\$/Thousand scf)	2.2	2.7	22.7

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

Recurrent operating income in second quarter 2010 was 370 M€, 115.1% higher than in second quarter 2009.

The 198 M€ year-on-year difference is mainly explained by higher oil and gas prices and the change in the production mix:

- Oil and gas realisation prices, net of the effect of royalties, had a positive impact of 160 M€. The 32.7% increase in oil realisation prices is in line with the variation in the price of Brent as a result of the greater contribution of sales in the U.S. following the start-up of Shenzi, and in Libya because of the increased quota.
- Increased volumes of liquids production had a positive impact of 105 M€.
- The higher exploration expense, resulting from greater activity, particularly seismic prospection, reduced income by 51 M€.
- The appreciation of the dollar against the euro increased income by 26 M€.
- Lastly, higher depreciation charges, as a result of increased production volume in the United States, and other minor items explain the remaining difference.

**Production** in this quarter totalled 340 Kboepd, in line with the same quarter last year. The production mix improved thanks to higher liquid volumes, particularly at the Shenzi field in the United States, the increased quota in Libya, and the incorporation of Barúa Motatán field in Venezuela. The drop in gas production was due to operating incidences and stoppages at the Atlantic and Atlas Methanol trains in Trinidad & Tobago, the change in the production sharing coefficient in the new contractual phase in Algeria, and the impact of higher PSC prices, combined with fewer gas deliveries to PDVSA and the sale of Barrancas in Venezuela, all of which was partially offset by the start-up of the Peru LNG project at the end of the quarter.

### First half 2010 results

**Recurrent operating income** in the first six months of 2010 totalled 802M€, up 124.6% in comparison with the same period last year. This is mainly attributable to higher international oil and gas prices and greater production volumes.

Production in the first half of 2010 (345 Kboepd) was 4.9% higher than in first-half 2009 (329 Kboepd) principally as a result of the start-up of the Shenzi field. The production mix improved.

### Investments

**Investments** in second quarter 2010 in Upstream amounted to 229M€. Investments in development accounted for 43% of the total amount, mainly spent in Trinidad & Tobago (23%), Bolivia (14%), the U.S. (14%), Libya (11%), Ecuador (11%) and Peru (10%). Investments in exploration accounted for 46% of the total amount, most of which was spent in Brazil (91%).

In the first half of 2010, investments in Upstream were 367 M€, 43.7% less than in 2009. Investments in development represented 47% of the total and were mainly in Trinidad & Tobago (28%), Libya (14%), Bolivia (13%), Peru (11%), and Ecuador (10%). Investments in exploration accounted for 44% of the total and were mainly earmarked for Brazil (88%) and Venezuela (10%).

**1.2.- LNG**
Unaudited figures (IFRS)

2Q 2009	1Q 2010	2Q 2010	% Variation 2Q10/2Q09		Jan-Jun 2009	Jan-Jun 2010	% Variation 10/09
23	34	-23	-	<b>OPERATING INCOME (M€)</b>	34	11	-67.6
23	34	13	-43.5	<b>ADJUSTED OPERATING INCOME (M€)</b>	34	47	38.2
37.0	25.5	34.9	-5.7	<b>ELECTRICITY PRICES IN THE SPANISH ELECTRICITY POOL (€/MWh)</b>	40.0	30.2	-24.5
47.2	53.7	52.8	11.9	<b>LNG SALES (TBtu)</b>	85.7	106.5	24.3
40	16	33	-17.5	<b>INVESTMENTS(M€)</b>	70	49	-30.0

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

**Recurrent operating income** in second quarter 2010 was 13 M€ vs. 23 M€ posted in the same quarter last year.

Second quarter 2010 operating income was lower mainly because of narrower LNG marketing margins which, however, were partially offset by higher sales volumes.

**First-half 2010 results**

**Recurrent operating income** in the first six months of 2010 was 47M€, 38.2% higher year-on-year, principally because of higher LNG marketing volumes and improved earnings performance in BBE.

**Investments**

**Investments** in second quarter and in first-half 2010 in the LNG division totalled 33M€ and 49M€, respectively. These investments were basically for the construction of the third tank at the Canaport LNG terminal which started operations in the second quarter of this year.

**1.3.- DOWNSTREAM**
Unaudited figures (IFRS)

2Q 2009	1Q 2010	2Q 2010	% Variation 2Q10/2Q09		Jan-Jun 2009	Jan-Jun 2010	% Variation 10/09
106	188	372	250.9	<b>CCS OPERATING INCOME</b> (M€)	439	560	27.6
109	186	369	238.5	<b>CCS ADJUSTED OPERATING INCOME</b> (M€)	437	555	27.0
2Q 2009	1Q 2010	2Q 2010	% Variation 2Q10/2Q09		Jan-Jun 2009	Jan-Jun 2010	% Variation 10/09
325	390	538	65.5	<b>OPERATING INCOME</b> (M€)	635	928	46.1
328	388	535	63.1	<b>ADJUSTED OPERATING INCOME</b> (M€)	633	923	45.8
9,938	8,878	9,645	-2.9	<b>OIL PRODUCT SALES</b> (Thousand tons)	19,991	18,523	-7.3
707	641	607	-14.1	<b>PETROCHEMICAL PRODUCT SALES</b> (Thousand tons)	1,165	1,248	7.1
713	877	712	-0.1	<b>LPG SALES</b> (Thousand tons)	1,584	1,589	0.3
431	253	479	11.1	<b>INVESTMENTS</b> (M€)	764	732	-4.2
2Q 2009	1Q 2010	2Q 2010	% Variation 2Q10/2Q09	<b>REFINING MARGIN INDICATOR</b> (\$/Bbl)	Jan-Jun 2009	Jan-Jun 2010	% Variation 10/09
0.5	2.1	3.3	-	<b>Spain</b>	2.5	2.8	12.0

**CCS recurrent operating income** was 369 M€, increasing 238.5% year-on-year. Recurrent operating income in the second quarter of 2010, which includes 166 M€ in inventory gains, was 535 M€ in comparison with 328 M€ in the same quarter 2009 which included 219 M€ in inventory gains.

The 260M€ increase in CCS adjusted operating income in second quarter 2010 in comparison with the same quarter in 2009 is the result of higher refining margins due to wider spreads in light and heavy oil and in medium distillates, the recovery in the Chemical business and strong Marketing activities.

- Despite the slight drop in distillate volumes, the Company's wider refining margin had a positive impact of 94M€ on the earnings of the Refining business.
- The positive performance of the **Marketing** business, with strong margins and an improved sales mix which was biased towards high margin products, increased operating income by 22 M€
- **Chemical** activities, thanks to the recovery of margins, posted positive results, contributing 81 M€ to operating income.
- Lastly, the appreciation of the dollar and the positive performance of other activities, except LPG, which had lower bottled LPG margins because of the time lag effect, explain the remaining difference.

**First-half 2010 results**

**CCS recurrent operating income** in the first six months of 2010, excluding inventory gains/(losses), was 555 M€, 27.0% higher than the 437 M€ posted a year earlier mainly driven by the recovery of the chemical business and earnings growth in Marketing activities.

**Investments**

**Investments** in Downstream in second quarter and first-half 2010 amounted to 479 M€ and 732 M€, respectively, and were mainly allocated to enlargement and conversion projects at the Cartagena refinery and in the fuel oil reductor unit at the Bilbao facilities, both projects contemplated in the Strategic Plan.



**1.4.- YPF**
Unaudited figures (IFRS)

2Q 2009	1Q 2010	2Q 2010	% Variation 2Q10/2Q09		Jan-Jun 2009	Jan-Jun 2010	% Variation 10/09
129	411	420	225.6	<b>OPERATING INCOME (M€)</b>	452	831	83.8
95	420	441	364.2	<b>ADJUSTED OPERATING INCOME (M€)</b>	247	861	248.6
310	308	298	-3.9	<b>LIQUIDS PRODUCTION</b> (Thousand boepd)	316	303	-4.3
1,619	1,357	1,449	-10.5	<b>GAS PRODUCTION (*)</b> (Million scf/d)	1,589	1,392	-12.4
598	550	556	-7.0	<b>TOTAL PRODUCTION</b> (Thousand boepd)	599	551	-8.1
3,689	3,483	3,387	-8.2	<b>OIL PRODUCT SALES</b> (Thousand tons)	7,228	6,870	-5.0
346	309	325	-6.1	<b>PETROCHEMICAL PRODUCT SALES</b> (Thousand tons)	615	634	3.0
109	103	80	-26.6	<b>LPG SALES</b> (Thousand tons)	223	182	-18.1
201	241	356	77.1	<b>INVESTMENTS (M€)</b>	437	597	36.6
2Q 2009	1Q 2010	2Q 2010	% Variation 2Q10/2Q09	INDICATORS	Jan-Jun 2009	Jan-Jun 2010	% Variation 10/09
42.4	46.7	48.7	14.9	<b>OIL REALISATION PRICES</b> (\$/Bbl)	40.9	47.7	16.6
1.8	3.1	2.0	11.1	<b>GAS REALISATION PRICES (**)</b> (\$/Thousand scf)	2.3	2.5	8.7
182	262	232	27.5	<b>PETROCHEMICAL DERIVATIVES</b> (\$/ton)	185	247	33.5

(\*) 1,000 Mcf/d = 28.32 Mm<sup>3</sup>/d = 0.178 Mboepd  
(\*\*) Includes sales to Downstream and before Withholdings.

**Recurrent operating income** in second quarter 2010 at 441 M€, was 364.2% higher than the 95 M€ recorded in second quarter 2009.

The most significant year-on-year variations, which resulted in a 346 M€ increase in recurrent operating income, were the result of higher dollar-denominated domestic prices and international prices.

- Higher dollar prices for fuels in the domestic market had a positive impact of 253 M€
- Higher revenues from exports and from products sold domestically, the price of which depends on international prices, had a positive impact of 159 M€
- Lower sales volumes of liquids diminished operating income by 76 M€
- Higher gas prices, mainly in the industrial sector, were able to offset lower sales volumes, contributing to a 19 M€ increase in operating income.
- Other items, mainly the positive impact of the Petróleo Plus Plan, explain the remaining variations.

**Production** in this quarter was 7% lower than in the same quarter last year because of natural field decline. Gas production fell 10.5%, more than the 3.9% drop in oil since the Company is concentrating its investment efforts on oil production thanks to the benefits of the Petróleo Plus program and higher oil prices.

**First-half 2010 results**

**Recurrent operating income** in the first half of the year was 861 M€, 248.6% more than in the same period last year. This growth was driven by higher pump station fuel prices in dollars, closing the gap with import parity levels, greater revenue contribution from products sold in the domestic market the price of which is pegged to international prices, and the impact of higher export revenues.

Production in these first six months was 551 Kboepd, 8.1% less than in the same period last year. The drop was 12.4% in gas and 4.3% in liquids. In oil, this drop was less pronounced thanks to the investment efforts in response to the Petróleo Plus plan and higher prices.

**Investments**

**Investments** in second quarter 2010 at YPF totalled 356 M€, of which 280 M€ were spent in Exploration and Production and 86% of this amount in development projects.

In the first six months, these investments amounted to 597 M€, of which 484 M€ were earmarked for Exploration and Production and 90% of this amount to development projects.

## 1.5.- GAS NATURAL FENOSA

### Unaudited figures (IFRS)

2Q 2009	1Q 2010	2Q 2010	% Variation 2Q10/2Q09		Jan-Jun 2009	Jan-Jun 2010	% Variation 10/09
165	256	295	78.8	<b>OPERATING INCOME</b> (M€)	334	551	65.0
165	256	181	9.7	<b>ADJUSTED OPERATING INCOME</b> (M€)	334	437	30.8
2,600	118	148	-94.3	<b>INVESTMENTS</b> (M€)	4,563	266	-94.2

**Recurrent operating income** in second quarter 2010 in Gas Natural Fenosa amounted to 181M€, 9.7% higher than the 165 M€ posted in the same year-ago quarter.

The 16 M€ increase was mainly the result of the integration of Unión Fenosa's operating income in Gas natural SDG's scope of consolidation since 30 April 2009.

### First-half 2010 results

**Recurrent operating income** in the first half of 2010 was 437 M€ versus 334 M€ in the same period last year. Operating income was 30.8% higher mainly on the back of the incorporation of 100% of Unión FENOSA's results in the scope of consolidation of Gas Natural SDG since 30 April of 2009.

### Investments

Investments by Gas Natural Fenosa corresponding to the proportional consolidation of 30.01% in Repsol during second quarter 2010 were 148 M€. The 266 M€ investments in the first six months of the year were mainly earmarked for Gas and Power Distribution activities in Spain and Latin America, and for Power Generation in Spain and Mexico.

## 1.6.- CORPORATE AND OTHERS

This caption reflects operating income/expenses not attributable to operating areas.

An adjusted expense of 112 M€ was recorded in second quarter 2010 versus a net expense of 83 M€ in second quarter 2009. The differences relate mainly to business reclassifications.

## **2.- FINANCIAL INCOME/CHARGES AND DEBT**

(\*) This caption reflects data on the Group's (excluding Gas Natural Fenosa) financial income/charges and financial situation. Consolidated Group data are included in the tables detailing second quarter 2010 results (page 27 of this earnings preview).

### Unaudited figures (IFRS)

BREAKDOWN OF NET DEBT (M€) – GROUP EX GAS NATURAL FENOSA	1Q10	2Q10	% Variation	Jan-Jun 10
			2Q10/1Q10	
<b>NET DEBT AT THE START OF THE PERIOD</b>	<b>4,905</b>	<b>4,843</b>	<b>-1.3</b>	<b>4,905</b>
EBITDA	-1,998	-2,141	7.2	-4,139
VARIATION IN TRADE WORKING CAPITAL	697	60	-91.4	757
INVESTMENTS (1)	656	1,108	68.9	1,764
DIVESTMENTS (2)	-159	-25	-84.3	-184
DIVIDENDS (including affiliates)	66	95	43.9	161
TRANSLATION DIFFERENCES	313	364	16.3	677
TAXES PAID	307	420	36.8	727
INTEREST EXPENSE AND OTHER MOVEMENTS	56	272	385.7	328
<b>NET DEBT AT THE CLOSE OF THE PERIOD</b>	<b>4,843</b>	<b>4,996</b>	<b>3.2</b>	<b>4,996</b>
<b>NET DEBT + PREFERENCE SHARES AT THE CLOSE OF THE PERIOD</b>	<b>8,433</b>	<b>8,630</b>	<b>2.3</b>	<b>8,630</b>

#### **Debt ratio**

CAPITAL EMPLOYED (M€)	30,378	32,123	5.7	32,123
<b>NET DEBT / CAPITAL EMPLOYED (%)</b>	<b>15.9</b>	<b>15.6</b>	<b>-1.9</b>	<b>15.6</b>
NET DEBT + PREFERENCE SHARES/ CAPITAL EMPLOYED (%)	27.8	26.9	-3.2	26.9
ROACE before non-adjusted items (%)	10.3	9.2	-10.7	9.7

(1) 5 M€ financial investments were made in second quarter 2010 which are not reflected in this table.

(2) There were also 33 M€ in financial divestments in second quarter 2010.

**The Group's net financial debt, excluding Gas Natural Fenosa** amounted to 4,996 M€ at 30 June 2010, in line with the figure at the end of the previous quarter.

EBITDA generated in the period was 7.2% higher than in the previous quarter and was sufficient to cover investments and tax, dividend, and interest payments.

The strong appreciation of the USD versus the euro in this period had a negative impact on net debt. The net debt/capital employed ratio was not affected since a substantial part of operating assets are denominated in USD and, accordingly, similarly to operating cash flows, benefited from the appreciation of this currency.

The net debt/capital employed ratio at 30 June for the consolidated Group, ex Gas Natural Fenosa, was 15.6%, or 26.9% taking preference shares into account.

The Group's **net financial expenses** at 30 June 2010 (ex Gas Natural Fenosa) was 298 M€ versus 85 M€ interest income in the same period last year. The following aspects are worth mentioning:

- **Net interest expense:** increased by 10 M€ because of the higher average debt volume in the period, partially offset by lower interest rates than in first-half 2009.
- **Hedging positions income (expense):**

The results of hedging positions in the first half of 2009 (+351 M€) was significantly affected by: 1) the depreciation of the Argentinean peso versus the USD (YPF's functional currency is the USD and the balance sheet reflects a net receivables financial position) and 2) the depreciation of the USD versus the euro, mainly in the second part of the first six-month period, had an impact on dollar liability positions in relation to operating income hedge instruments.

In the **first half of 2010**, the USD appreciated strongly against the Euro and, accordingly, operating income in business lines reflects currency exchange gains.

The results of hedging positions are mainly the result of the depreciation of the Argentinean peso against the USD, partially compensated by the evolution of other currencies and financial expenses relating to short-term hedge derivatives.

- **Other financial expenses:** A 34 M€ increase in financial expenses, including the incorporation in 2009 (March and July) of finance lease expenses for transport of natural gas marketed in the United States and Canada through the natural gas pipeline.

Unaudited figures (IFRS)

2Q 2009	1Q 2010	2Q 2010	% Variation 2Q10/2Q09	FINANCIAL INCOME/EXPENSES OF THE GROUP EX GAS NATURAL FENOSA (M€)	Jan-Jun 2009	Jan-Jun 2010	% Variation 10/09
-92	-92	-97	5.4	NET INTEREST EXPENSE (incl. preference shares)	-179	-189	5.6
240	-27	36	-85.0	HEDGING POSITIONS INCOME/EXPENSE	351	8	-97.7
-34	-31	-49	44.1	UPDATE OF PROVISIONS	-79	-79	0.0
20	29	31	55.0	CAPITALISED INTEREST	56	60	7.1
-38	-50	-48	26.3	OTHER FINANCIAL INCOME/EXPENSES	-64	-98	53.1
<b>95</b>	<b>-171</b>	<b>-127</b>	-	<b>TOTAL</b>	<b>85</b>	<b>-298</b>	-

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

#### **3.1.- TAXES**

The corporate tax rate in second quarter 2010 was 44% and taxes accrued in this period totalled 550 M€. The corporate tax rate in the first half of 2010 was 43.5%, in line with full-year 2010 estimates.

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

Unaudited figures (IFRS)

2Q 2009	1Q 2010	2Q 2010	% Variation 2Q10/2Q09	BREAKDOWN OF UNCONSOLIDATED AFFILIATES (M€)	Jan-Jun 2009	Jan-Jun 2010	% Variation 10/09
-9.2	2.5	3.2	-	UPSTREAM	-10.0	5.7	-
12.6	12.0	5.8	-53.9	LNG	28.3	17.8	-37.1
6.1	12.4	4.3	-29.5	DOWNSTREAM	9.2	16.7	81.5
3.9	0.1	0.6	-84.6	YPF	4.4	0.7	-84.1
8.5	1.1	0.1	-98.8	Gas Natural Fenosa	17.2	1.1	-93.6
<b>21.9</b>	<b>28.1</b>	<b>14.0</b>	<b>-36.1</b>	<b>TOTAL</b>	<b>49.1</b>	<b>42.0</b>	<b>-14.5</b>

Income from minority interests in second quarter 2010 totalled 14 M€ versus 22 M€ in the same year-ago period.

In Upstream, the variation is explained by the losses posted by Zhambay and Enirepsa in 2009. Lower income at LNG was due to the drop in income at Atlantic LNG. In Downstream, operating income fell mainly because of lower earnings at CLH. In Gas Natural, the drop was due to the fact that Unión Fenosa was carried by the equity method in April 2009.

#### **3.3.- MINORITY INTERESTS**

Recurrent income attributable to minority interests in second quarter 2010 was 66 M€ versus 37 M€ in second quarter 2009. This caption mainly reflects the minority interests in 14.9% of YPF earnings following the divestment made in February 2008.

## **4.- HIGHLIGHTS**

Since the publication of first quarter 2010 results, the most relevant items announced by the Company were as follows:

In **Upstream**, on 12 May the agreement was executed for creating the PetroCarabobo, S.A. joint venture that will be in charge of developing heavy oil reserves of the Carabobo Project in the Venezuelan Orinoco belt. The project, which could reach a maximum output of 400,000 barrels of oil per day over a 40-year period, also contemplates a commercial agreement that will allow Repsol's Spanish refineries to process 165,000 barrels of oil a day. This agreement implies a major competitive advantage thanks to Repsol's expertise in the use of advanced oil conversion technology at its refineries.

In May 2010, Repsol has formally informed the National Iranian Oil Company (NIOC) and Shell of its decision to discontinue its participation in the Persian LNG Project.

In May 2010, Repsol, in partnership with Niko Resources, Ltd, was awarded three exploration blocks (Cendrawasih II, III and IV) offshore the island of Papua in the 2010 Bidding Round in Indonesia. Repsol, with a 50% net interest in each of these blocks, is the operator of one of the blocks.

On 8 June, the partners of the Caipipendi block (Repsol 37.5%, BG 37.5% and Pan American Energy, 25%) signed the final investment decision for the first phase of the Margarita development project in Bolivia.

In June 2010, in Norway, the Company acquired a 40% stake in the PL-356 license operated by DetNorske, which holds the remaining 60%. The effective date of the transaction is 1 January 2010 and, at 30 June, was pending the approval of Norwegian authorities. The license is located in the southern part of Norway's North Sea.

In **LNG**, the first gas liquefaction plant in South America was inaugurated on 10 June in Pampa Melchorita, 170 kilometres south of Lima (Peru). The plant has a nominal capacity of 4.4 million tons/year and will process 17 million cubic metres of gas per day.

On 24 June, Repsol delivered the first liquefied natural gas (LNG) shipment from the Pampa Mechorita (Peru) plant to the Barcelona Knutsen tanker. This shipment marks the start of Repsol's exclusive marketing rights for the entire output of the plant pursuant to the agreement executed with Peru LNG in 2005 for an 18-year term as of the commencement of commercial operations.

In the **Corporation**, on 30 April the Company's AGM approved a resolution on the payment of a total gross dividend of 0.85 €/share for 2009. The total dividend for fiscal year 2009 is 1,038 M€. On 22 December, the Company paid a final dividend for 2009 of 0.425 €/share, which implies 66.4% pay-out (percentage of corporate earnings paid as dividends to shareholders) and is compatible with the Company's growth plans.

## **5.- COMPARISON OF INFORMATION**

On 1 July 2008, the Group's stake in Alberto Pacualini Refap, S.A. (REFAP) was classified as a "Non-current asset held for sale" in accordance with the provisions of IAS 5 Non-current assets held for sale and discontinued operations. Nevertheless, because of the unfavourable global scenario of this asset's business sector and the widespread financial crisis, the sales process initiated by the Group was not concluded successfully. Consequently, the stake in REFAP was again proportionally incorporated in fourth quarter 2009 in the Group's financial statements.

To facilitate the comparison of 2010 and 2009, in accordance with the applicable accounting standard (IAS 31 Interests in joint ventures) the figures for first and second quarter and first half of 2009 included in this earnings preview, were properly amended, integrating this company proportionally during the above-mentioned period. The year-on-year variations in the previously published financial statements for 2009 and those in this earnings preview are detailed in the following table:

	FIRST QUARTER 2009 FIGURES		
	Reported 2009	REFAP Integration	Reported 2010
<b>EBITDA</b> .....	<b>1,443</b>	<b>28</b>	<b>1,471</b>
Revenues from continuous operations before financial expenses.....	11,292	284	11,576
Income from continuous operations before financial expenses .....	940	17	957
Financial expenses .....	(37)	5	(32)
<b>Income before income tax and income of associates</b> .....	<b>903</b>	<b>22</b>	<b>925</b>
Income tax.....	(356)	(9)	(365)
Share in income of companies carried by the equity method .....	27	-	27
Income for the period from discontinued activities .....	-	-	-
<b>Income for the period</b> .....	<b>574</b>	<b>13</b>	<b>587</b>

**ATTRIBUTABLE TO:**

Minority interests	58	-	58
<b>EQUITY HOLDERS OF THE PARENT</b> .....	<b>516</b>	<b>13</b>	<b>529</b>

	SECOND QUARTER 2009 FIGURES		
	Reported 2009	REFAP Integration	Reported 2010
<b>EBITDA</b> .....	<b>1,545</b>	<b>71</b>	<b>1,616</b>
Revenues from continuous operations before financial expenses.....	11,057	341	11,398
Income from continuous operations before financial expenses .....	643	53	696
Financial expenses .....	1	48	49
<b>Income before income tax and income of associates</b> .....	<b>644</b>	<b>101</b>	<b>745</b>
Income tax.....	(255)	(40)	(295)
Share in income of companies carried by the equity method .....	22	-	22
Income for the period from discontinued activities .....	-	-	-
<b>Income for the period</b> .....	<b>411</b>	<b>61</b>	<b>472</b>

**ATTRIBUTABLE TO:**

Minority interests	38	-	38
<b>EQUITY HOLDERS OF THE PARENT</b> .....	<b>373</b>	<b>61</b>	<b>434</b>

	JANUARY-JUNE 2009 FIGURES		
	Reported 2009	REFAP Integration	Reported 2010
<b>EBITDA</b> .....	<b>2,988</b>	<b>99</b>	<b>3,087</b>
Revenues from continuous operations before financial expenses.....	22,349	625	22,974
Income from continuous operations before financial expenses .....	1,583	70	1,653
Financial expenses .....	(36)	53	17
<b>Income before income tax and income of associates</b> .....	<b>1,547</b>	<b>123</b>	<b>1,670</b>
Income tax.....	(611)	(49)	(660)
Share in income of companies carried by the equity method .....	49	-	49
Income for the period from discontinued activities .....	-	-	-
<b>Income for the period</b> .....	<b>985</b>	<b>74</b>	<b>1,059</b>

**ATTRIBUTABLE TO:**

Minority interests	96	-	96
<b>EQUITY HOLDERS OF THE PARENT</b> .....	<b>889</b>	<b>74</b>	<b>963</b>



**Madrid, July 29<sup>th</sup> 2010**

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A teleconference for analysts and institutional investors is scheduled today, 29 April, at 4:00 p.m. (CET) to report on Repsol's second quarter 2010 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.

**TABLES**



2Q 2010 RESULTS

**REPSOL YPF SUMMARISED INCOME STATEMENT**
**(Million euros)**

(Unaudited figures)

*Compiled in accordance with International Financial Reporting Standards*

	QUARTERLY FIGURES			JANUARY-JUNE	
	2Q09	1Q10	2Q10	2009	2010
<b>EBITDA</b> .....	<b>1,616</b>	<b>2,397</b>	<b>2,472</b>	<b>3,087</b>	<b>4,869</b>
Income from continuous operations before financial expenses .....	696	1,538	1,466	1,653	3,004
Financial expenses .....	49	(249)	(218)	17	(467)
<b>Income before income tax and income of associates</b> .....	<b>745</b>	<b>1,289</b>	<b>1,248</b>	<b>1,670</b>	<b>2,537</b>
Income tax.....	(295)	(554)	(550)	(660)	(1,104)
Share in income of companies carried by the equity method .....	22	28	14	49	42
Income for the period from discontinued activities .....	-	-	-	-	-
<b>Income for the period</b> .....	<b>472</b>	<b>763</b>	<b>712</b>	<b>1,059</b>	<b>1,475</b>
<b>ATTRIBUTABLE TO:</b>					
Minority interests	38	75	62	96	137
<b>EQUITY HOLDERS OF THE PARENT</b> .....	<b>434</b>	<b>688</b>	<b>650</b>	<b>963</b>	<b>1,338</b>
Earnings per share accrued by parent company (*)					
* Euro/share .....	0.36	0.56	0.53	0.80	1.10
* \$/ADR .....	0.51	0.76	0.65	1.13	1.34

(\*) 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 1,208,634,035 in 2009 and 1,220,863,463 in 2010.

Dollar/euro exchange rate at date of closure of each quarter  
 1.413 dollars per euro in 1Q09  
 1.348 dollars per euro in 4Q09  
 1.227 dollars per euro in 1Q10

**BREAKDOWN OF REPSOL YPF RESULTS ADJUSTED TO NON RECURRING ITEMS**

(Million euros)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	2Q09			JANUARY-JUNE 2009		
	Total	Non recurrent	Adjusted	Total	Non recurrent	Adjusted
<b>Income from continuous operations before financial expenses</b> .....	<b>696</b>	<b>4</b>	<b>700</b>	<b>1,653</b>	<b>(214)</b>	<b>1,439</b>
Upstream.....	140	32	172	325	32	357
LNG.....	23	-	23	34	-	34
Downstream.....	325	3	328	635	(2)	633
YPF.....	129	(34)	95	452	(205)	247
Gas Natural Fenosa.....	165	-	165	334	-	334
Corporate and others .....	(86)	3	(83)	(127)	(39)	(166)
<b>Financial expenses</b> .....	<b>49</b>	<b>-</b>	<b>49</b>	<b>17</b>	<b>-</b>	<b>17</b>
<b>Income before income tax and income of associates</b> .....	<b>745</b>	<b>4</b>	<b>749</b>	<b>1,670</b>	<b>(214)</b>	<b>1,456</b>
Income tax.....	(295)	25	(270)	(660)	111	(549)
Share in income of companies carried by the equity method .....	22	-	22	49	-	49
Income for the period from discontinued activities .....	-	-	-	-	-	-
<b>Income for the period</b> .....	<b>472</b>	<b>29</b>	<b>501</b>	<b>1,059</b>	<b>(103)</b>	<b>956</b>

**ATTRIBUTABLE TO:**

Minority interests.....	38	(1)	37	96	(18)	78
<b>EQUITY HOLDERS OF THE PARENT</b> .....	<b>434</b>	<b>30</b>	<b>464</b>	<b>963</b>	<b>(85)</b>	<b>878</b>

	1Q10			JANUARY-MARCH 2010		
	Total	Non recurrent	Adjusted	Total	Non recurrent	Adjusted
<b>Income from continuous operations before financial expenses</b> .....	<b>1,538</b>	<b>(76)</b>	<b>1,462</b>	<b>1,538</b>	<b>(76)</b>	<b>1,462</b>
Upstream.....	432	-	432	432	-	432
LNG.....	34	-	34	34	-	34
Downstream.....	390	(2)	388	390	(2)	388
YPF.....	411	9	420	411	9	420
Gas Natural Fenosa.....	256	-	256	256	-	256
Corporate and others .....	15	(83)	(68)	15	(83)	(68)
<b>Financial expenses</b> .....	<b>(249)</b>	<b>-</b>	<b>(249)</b>	<b>(249)</b>	<b>-</b>	<b>(249)</b>
<b>Income before income tax and income of associates</b> .....	<b>1,289</b>	<b>(76)</b>	<b>1,213</b>	<b>1,289</b>	<b>(76)</b>	<b>1,213</b>
Income tax.....	(554)	13	(541)	(554)	13	(541)
Share in income of companies carried by the equity method .....	28	-	28	28	-	28
Income for the period from discontinued activities .....	-	-	-	-	-	-
<b>Income for the period</b> .....	<b>763</b>	<b>(63)</b>	<b>700</b>	<b>763</b>	<b>(63)</b>	<b>700</b>

**ATTRIBUTABLE TO:**

Minority interests.....	75	(16)	59	75	(16)	59
<b>EQUITY HOLDERS OF THE PARENT</b> .....	<b>688</b>	<b>(47)</b>	<b>641</b>	<b>688</b>	<b>(47)</b>	<b>641</b>

	2Q10			JANUARY-JUNE 2010		
	Total	Non recurrent	Adjusted	Total	Non recurrent	Adjusted
<b>Income from continuous operations before financial expenses</b> .....	<b>1,466</b>	<b>(38)</b>	<b>1,428</b>	<b>3,004</b>	<b>(114)</b>	<b>2,890</b>
Upstream.....	299	71	370	731	71	802
LNG.....	(23)	36	13	11	36	47
Downstream.....	538	(3)	535	928	(5)	923
YPF.....	420	21	441	831	30	861
Gas Natural Fenosa.....	295	(114)	181	551	(114)	437
Corporate and others .....	(63)	(49)	(112)	(48)	(132)	(180)
<b>Financial expenses</b> .....	<b>(218)</b>	<b>15</b>	<b>(203)</b>	<b>(467)</b>	<b>15</b>	<b>(452)</b>
<b>Income before income tax and income of associates</b> .....	<b>1,248</b>	<b>(23)</b>	<b>1,225</b>	<b>2,537</b>	<b>(99)</b>	<b>2,438</b>
Income tax.....	(550)	15	(535)	(1,104)	28	(1,076)
Share in income of companies carried by the equity method .....	14	-	14	42	-	42
Income for the period from discontinued activities .....	-	-	-	-	-	-
<b>Income for the period</b> .....	<b>712</b>	<b>(8)</b>	<b>704</b>	<b>1,475</b>	<b>(71)</b>	<b>1,404</b>

**ATTRIBUTABLE TO:**

Minority interests.....	62	4	66	137	(12)	125
<b>EQUITY HOLDERS OF THE PARENT</b> .....	<b>650</b>	<b>(12)</b>	<b>638</b>	<b>1,338</b>	<b>(59)</b>	<b>1,279</b>

**BREAKDOWN OF REPSOL YPF REVENUES FROM CONTINUOUS OPERATIONS  
BEFORE FINANCIAL EXPENSES BY ACTIVITIES AND GEOGRAPHICAL AREAS**

**(Million euros)**

**(Unaudited figures)**

Compiled in accordance with International Financial Reporting Standards

	QUARTERLY FIGURES			JANUARY-JUNE	
	2Q09	1Q10	2Q10	2009	2010
<b>Upstream</b> .....	<b>661</b>	<b>1,003</b>	<b>1,008</b>	<b>1,222</b>	<b>2,011</b>
USA and Brazil .....	140	206	248	184	454
North of Africa .....	132	253	263	276	516
Rest of the world .....	413	560	509	806	1,069
Adjustments .....	(24)	(16)	(12)	(44)	(28)
<b>LNG</b> .....	<b>269</b>	<b>336</b>	<b>258</b>	<b>553</b>	<b>594</b>
<b>Downstream</b> .....	<b>7,671</b>	<b>8,397</b>	<b>9,551</b>	<b>15,339</b>	<b>17,948</b>
Europe .....	7,081	7,809	8,742	14,214	16,551
Rest of the world .....	953	1,130	1,289	1,787	2,419
Adjustments .....	(363)	(542)	(480)	(662)	(1,022)
<b>YPF</b> .....	<b>2,045</b>	<b>2,502</b>	<b>2,867</b>	<b>4,343</b>	<b>5,369</b>
Upstream .....	1,065	1,153	1,266	2,390	2,419
Downstream .....	1,631	2,118	2,411	3,235	4,529
Corporate .....	62	59	92	118	151
Adjustments .....	(713)	(828)	(902)	(1,400)	(1,730)
<b>Gas Natural Fenosa</b> .....	<b>1,052</b>	<b>1,551</b>	<b>1,441</b>	<b>2,031</b>	<b>2,992</b>
<b>Corporate &amp; others</b> .....	<b>(300)</b>	<b>(213)</b>	<b>(384)</b>	<b>(514)</b>	<b>(597)</b>
<b>TOTAL</b> .....	<b>11,398</b>	<b>13,576</b>	<b>14,741</b>	<b>22,974</b>	<b>28,317</b>

**BREAKDOWN OF REPSOL YPF INCOME FROM CONTINUOUS OPERATIONS  
BEFORE FINANCIAL EXPENSES BY ACTIVITIES AND GEOGRAPHICAL AREAS**

**(Million euros)**

**(Unaudited figures)**

Compiled in accordance with International Financial Reporting Standards

	QUARTERLY FIGURES			JANUARY-JUNE	
	2Q09	1Q10	2Q10	2009	2010
<b>Upstream</b> .....	<b>140</b>	<b>432</b>	<b>299</b>	<b>325</b>	<b>731</b>
USA and Brazil .....	(9)	38	27	(8)	65
North of Africa .....	69	198	184	158	382
Rest of the world .....	80	196	88	175	284
<b>LNG</b> .....	<b>23</b>	<b>34</b>	<b>(23)</b>	<b>34</b>	<b>11</b>
<b>Downstream</b> .....	<b>325</b>	<b>390</b>	<b>538</b>	<b>635</b>	<b>928</b>
Europe .....	232	352	480	478	832
Rest of the world .....	93	38	58	157	96
<b>YPF</b> .....	<b>129</b>	<b>411</b>	<b>420</b>	<b>452</b>	<b>831</b>
Upstream .....	146	254	235	500	489
Downstream .....	18	188	240	17	428
Corporate .....	(35)	(31)	(55)	(65)	(86)
<b>Gas Natural Fenosa</b> .....	<b>165</b>	<b>256</b>	<b>295</b>	<b>334</b>	<b>551</b>
<b>Corporate &amp; others</b> .....	<b>(86)</b>	<b>15</b>	<b>(63)</b>	<b>(127)</b>	<b>(48)</b>
<b>TOTAL</b> .....	<b>696</b>	<b>1,538</b>	<b>1,466</b>	<b>1,653</b>	<b>3,004</b>

**BY ACTIVITIES AND GEOGRAPHICAL AREAS**

(Million euros)

(Unaudited figures)

*Compiled in accordance with International Financial Reporting Standards*

	QUARTERLY FIGURES			JANUARY-JUNE	
	2Q09	1Q10	2Q10	2009	2010
<b>Upstream</b> .....	<b>323</b>	<b>666</b>	<b>615</b>	<b>633</b>	<b>1,281</b>
USA and Brazil .....	54	167	154	64	321
North of Africa .....	95	213	203	205	416
Rest of the world .....	174	286	258	364	544
<b>LNG</b> .....	<b>44</b>	<b>66</b>	<b>48</b>	<b>73</b>	<b>114</b>
<b>Downstream</b> .....	<b>494</b>	<b>498</b>	<b>684</b>	<b>948</b>	<b>1,182</b>
Europe .....	371	434	622	741	1,056
Rest of the world .....	123	64	62	207	126
<b>YPF</b> .....	<b>545</b>	<b>810</b>	<b>874</b>	<b>1,074</b>	<b>1,684</b>
Upstream .....	503	601	606	1,006	1,207
Downstream .....	64	232	284	109	516
Corporate .....	(22)	(23)	(16)	(41)	(39)
<b>Gas Natural Fenosa</b> .....	<b>285</b>	<b>399</b>	<b>331</b>	<b>520</b>	<b>730</b>
<b>Corporate &amp; others</b> .....	<b>(75)</b>	<b>(42)</b>	<b>(80)</b>	<b>(161)</b>	<b>(122)</b>
<b>TOTAL</b> .....	<b>1,616</b>	<b>2,397</b>	<b>2,472</b>	<b>3,087</b>	<b>4,869</b>

**BREAKDOWN OF REPSOL YPF INVESTMENTS**  
**BY ACTIVITIES AND GEOGRAPHICAL AREAS**

(Million euros)

(Unaudited Figures)

*Compiled in accordance with International Financial Reporting Standards*

	QUARTERLY FIGURES			JANUARY-JUNE	
	2Q09	1Q10	2Q10	2009	2010
<b>Upstream</b> .....	<b>338</b>	<b>138</b>	<b>229</b>	<b>652</b>	<b>367</b>
USA and Brazil .....	165	47	120	249	167
North of Africa .....	58	13	13	144	26
Rest of the world .....	115	78	96	259	174
<b>LNG</b> .....	<b>40</b>	<b>16</b>	<b>33</b>	<b>70</b>	<b>49</b>
<b>Downstream</b> .....	<b>431</b>	<b>253</b>	<b>479</b>	<b>764</b>	<b>732</b>
Europe .....	422	230	443	738	673
Rest of the world .....	9	23	36	26	59
<b>YPF</b> .....	<b>201</b>	<b>241</b>	<b>356</b>	<b>437</b>	<b>597</b>
Upstream .....	160	204	280	358	484
Downstream .....	32	33	65	59	98
Corporate .....	9	4	11	20	15
<b>Gas Natural Fenosa</b> .....	<b>2,600</b>	<b>118</b>	<b>148</b>	<b>4,563</b>	<b>266</b>
<b>Corporate &amp; others</b> .....	<b>-</b>	<b>10</b>	<b>17</b>	<b>56</b>	<b>27</b>
<b>TOTAL</b> .....	<b>3,610</b>	<b>776</b>	<b>1,262</b>	<b>6,542</b>	<b>2,038</b>



**REPSOL YPF COMPARATIVE BALANCE SHEET**

(Million euros)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	DECEMBER	JUNE
	2009	2010
<b>NON-CURRENT ASSETS</b>		
Goodwill.....	4,733	5,165
Other intangible assets .....	2,085	2,671
Property, Plant and Equipment .....	31,900	34,990
Investment property .....	35	33
Equity-accounted financial investments.....	531	612
Non-current financial assets		
Non-current financial instruments .....	1,559	1,776
Others .....	173	129
Deferred tax assets.....	2,021	2,276
Other non-current assets .....	273	333
<b>CURRENT ASSETS</b>		
Non-current assets classified as held for sale (*).....	746	147
Inventories.....	4,233	5,298
Trade and other receivables.....	6,773	8,158
Other current financial assets .....	713	635
Cash and cash equivalents .....	2,308	3,344
<b>TOTAL ASSETS</b>	<b>58,083</b>	<b>65,567</b>
<b>TOTAL EQUITY</b>		
Attributable to equity holders of the parent .....	19,951	22,398
Attributable to minority interests .....	1,440	1,640
<b>NON-CURRENT LIABILITIES</b>		
Subsidies.....	124	85
Non-current provisions.....	3,097	3,547
Non-current financial debt.....	15,411	16,053
Deferred tax liabilities .....	3,395	3,889
Other non-current liabilities		
Current debt for finance leases .....	1,919	2,593
Others .....	753	823
<b>CURRENT LIABILITIES</b>		
Liabilities associated with non-current assets held for sale (*) .....	185	29
Current provisions.....	282	207
Current financial liabilities .....	3,499	3,834
Trade debtors and other payables:		
Current debt for finance leases .....	172	212
Other trade debtors and payables .....	7,855	10,257
<b>TOTAL LIABILITIES</b>	<b>58,083</b>	<b>65,567</b>

(\*) Assets and liabilities associated with non-current assets held for sale are included in these lines.

**STATEMENT OF CASH FLOW**

 (Million euros)  
 (Unaudited figures)

*Compiled in accordance with International Financial Reporting Standards*

	JANUARY-JUNE	
	2009	2010
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before taxes and associates	1,670	2,537
Adjustments:		
Depreciation of Property, Plant and Equipment	1,677	1,914
Other adjustments (net)	(260)	418
<b>EBITDA</b>	<b>3,087</b>	<b>4,869</b>
Variation in working capital	(315)	(1,010)
Dividends received	41	27
Income taxes received/(paid)	(479)	(782)
Other proceeds/(payments) from operating activities	(172)	(186)
<b>OTHER CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(610)</b>	<b>(941)</b>
	<b>2,162</b>	<b>2,918</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment payments		
Group companies, associates, and business units	(4,455)	(13)
Property, plant and equipment, intangible assets and property investments	(2,073)	(1,912)
Other financial assets	(14)	(113)
Total Investments	<b>(6,542)</b>	<b>(2,038)</b>
Proceeds on divestments	465	824
Other cash flows		
	<b>(6,006)</b>	<b>(1,214)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts/Payments from equity instruments	-	-
Proceeds on issue of financial liabilities	6,347	5,251
Payments for return and amortization of financial obligations	(2,311)	(5,352)
Dividends paid	(747)	(181)
Interest paid	(359)	(472)
Other proceeds/(payments) from financing activities	404	(67)
	<b>3,334</b>	<b>(821)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>2,922</b>	<b>2,308</b>
<b>Net cash flows (I, II y III)</b>	<b>(510)</b>	<b>883</b>
<b>Translation differences</b>	<b>(5)</b>	<b>153</b>
<b>CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD</b>	<b>2,407</b>	<b>3,344</b>

## FINANCIAL INCOME/CHARGES AND DEBT

### Unaudited figures (IFRS)

BREAKDOWN OF NET DEBT OF THE CONSOLIDATED GROUP (M€)	1Q 2010	2Q 2010	% Variation 1Q10/1Q10	Ene-Jun 2010
NET DEBT AT THE START OF THE PERIOD	10,928	10,926	0.0	10,928
EBITDA	-2,397	-2,472	3.1	-4,869
VARIATION IN TRADE WORKING CAPITAL	812	198	-75.6	1,010
INVESTMENTS (1)	774	1,257	62.4	2,031
DIVESTMENTS (2)	-162	-614	279.0	-776
DIVIDENDS (including affiliates)	79	102	29.1	181
TRANSLATION DIFFERENCES	382	445	16.5	827
TAXES PAID	307	475	54.7	782
INTEREST EXPENSE AND OTHER MOVEMENTS	203	354	74.4	557
<b>NET DEBT AT THE CLOSE OF THE PERIOD</b>	<b>10,926</b>	<b>10,671</b>	<b>-2.3</b>	<b>10,671</b>
<b>NET DEBT + PREFERRED SHARES AT THE CLOSE OF THE PERIOD</b>	<b>14,694</b>	<b>14,484</b>	<b>-1.4</b>	<b>14,484</b>

### **Debt ratio**

CAPITAL EMPLOYED (M€)	37,597	38,522	2.5	38,522
NET DEBT / TOTAL CAPITAL EMPLOYED (%)	29.1	27.7	-4.8	27.7
NET DEBT + PREFERRED SHARES / CAPITAL EMPLOYED (%)	39.1	37.6	-3.8	37.6
ROACE before non-adjusted items (%)	9.1	8.9	-2.2	9.0

(1) 5 M€ financial investments were made in second quarter 2010 which are not reflected in this table.

(2) There were also 33 M€ in financial divestments in second quarter 2010.

### Unaudited figures (IFRS)

1Q 2009	1Q 2010	2Q 2010	% Variation 2Q10/2Q09	FINANCIAL INCOME / EXPENSES OF THE CONSOLIDATED GROUP (M€)	Jan-Jun 2009	Jan-Jun 2010	% Variation 10/09
-163	-165	-166	1.8	NET INTEREST EXPENSE (incl. preferred shares)	-278	-331	19.1
239	-27	37	-84.5	HEDGING POSITIONS INCOME/EXPENSE	359	10	-97.2
-37	-34	-52	40.5	UPDATE OF PROVISIONS	-83	-86	3.6
24	33	36	50.0	CAPITALISED INTEREST	62	69	11.3
-13	-56	-73	461.5	OTHER FINANCIAL INCOME / EXPENSES	-43	-129	200.0
<b>49</b>	<b>-249</b>	<b>-218</b>	<b>-</b>	<b>TOTAL</b>	<b>17</b>	<b>-467</b>	<b>-</b>

TABLES



OPERATING HIGHLIGHTS 2Q 2010

OPERATING HIGHLIGHTS UPSTREAM

	Unit	2009			2010			% Variation 10 / 09
		1Q	2Q	Accum	1Q	2Q	Accum	
<b>HYDROCARBON PRODUCTION</b>	<b>K Boed</b>	<b>317</b>	<b>340</b>	<b>329</b>	<b>350</b>	<b>340</b>	<b>345</b>	<b>4.9%</b>
<b>Crude and Liquids production</b>	<b>K Boed</b>	<b>113</b>	<b>132</b>	<b>123</b>	<b>151</b>	<b>149</b>	<b>150</b>	<b>21.9%</b>
USA and Brazil	K Boed	12	31	22	41	40	40	86.1%
North Africa	K Boed	40	39	40	46	44	45	13.0%
Rest of the world	K Boed	61	62	62	64	65	65	5.0%
<b>Natural gas production</b>	<b>K Boed</b>	<b>204</b>	<b>208</b>	<b>206</b>	<b>199</b>	<b>191</b>	<b>195</b>	<b>-5.3%</b>
USA and Brazil	K Boed	1	2	1	2	2	2	98.1%
North Africa	K Boed	14	13	14	6	6	6	-55.2%
Rest of the world	K Boed	189	193	191	191	182	187	-2.4%

**OPERATING HIGHLIGHTS DOWNSTREAM**

	Unit	2009			2010			% Variation 1Q10 / 1Q09
		1Q	2Q	Accum	1Q	2Q	Accum	
<b>CRUDE PROCESSED</b>								
Europe	Mtoe	9.8	8.7	18.5	7.7	8.6	16.3	-11.7%
Rest of the world	Mtoe	8.2	7.1	15.3	6.2	7.1	13.2	-13.1%
	Mtoe	1.6	1.6	3.2	1.6	1.5	3.1	-4.8%
<b>SALES OF OIL PRODUCTS</b>								
Europe	Kt	10,053	9,938	19,991	8,878	9,645	18,523	-7.3%
-Own network	Kt	8,522	8,279	16,801	7,244	8,077	15,321	-8.8%
- Light products	Kt	5,256	5,344	10,600	4,963	5,222	10,185	-3.9%
- Other Products	Kt	4,386	4,416	8,802	4,311	4,381	8,692	-1.2%
-Other Sales to Domestic Market	Kt	870	928	1,798	652	841	1,493	-17.0%
- Light products	Kt	1,786	1,560	3,346	1,328	1,401	2,729	-18.4%
- Other Products	Kt	1,278	1,064	2,342	908	1,006	1,914	-18.3%
-Exports	Kt	508	496	1,004	420	395	815	-18.8%
- Light products	Kt	1,480	1,375	2,855	953	1,454	2,407	-15.7%
- Other Products	Kt	527	549	1,076	278	370	648	-39.8%
Rest of the world	Kt	953	826	1,779	675	1,084	1,759	-1.1%
-Own network	Kt	1,531	1,659	3,190	1,634	1,568	3,202	0.4%
- Light products	Kt	418	478	896	440	476	916	2.2%
- Other Products	Kt	354	379	733	375	367	742	1.2%
-Other Sales to Domestic Market	Kt	64	99	163	65	109	174	6.7%
- Light products	Kt	808	852	1,660	862	903	1,765	6.3%
- Other Products	Kt	561	593	1,154	639	660	1,299	12.6%
-Exports	Kt	247	259	506	223	243	466	-7.9%
- Light products	Kt	305	329	634	332	189	521	-17.8%
- Other Products	Kt	140	212	352	113	76	189	-46.3%
- Other Products	Kt	165	117	282	219	113	332	17.7%
<b>CHEMICALS</b>								
Sales of petrochemicals products	Kt	458	707	1,165	641	607	1,248	7.1%
Europe	Kt	412	577	989	540	545	1,085	9.7%
Base petrochemical	Kt	74	173	247	178	207	385	55.7%
Derivative petrochemicals	Kt	338	404	742	363	337	700	-5.6%
Rest of the world	Kt	46	130	176	101	62	163	-7.2%
Base petrochemical	Kt	0	25	25	25	22	47	91.8%
Derivative petrochemicals	Kt	46	106	151	76	40	116	-23.4%
<b>LPG</b>								
LPG sales	Kt	871	713	1,584	877	712	1,589	0.3%
Europe	Kt	577	372	949	581	349	930	-2.0%
Rest of the world	Kt	294	341	635	296	363	659	3.8%

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

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

**OPERATING HIGHLIGHTS YPF**

	Unit	2009			2010			Variation 1Q10 / 1Q09
		1Q	2Q	Accum	1Q	2Q	Accum	
<b>UPSTREAM</b>								
<b>HYDROCARBON PRODUCTION</b>	<b>K Boed</b>	<b>601</b>	<b>598</b>	<b>599</b>	<b>550</b>	<b>556</b>	<b>551</b>	<b>-8.1%</b>
<b>Crude and Liquids production</b>	<b>K Boed</b>	<b>323</b>	<b>310</b>	<b>316</b>	<b>308</b>	<b>298</b>	<b>303</b>	<b>-4.3%</b>
Argentina	K Boed	320	307	314	306	297	301	-4.1%
Rest of the world	K Boed	3	2	3	2	2	2	-34.7%
<b>Natural gas production</b>	<b>K Boed</b>	<b>278</b>	<b>288</b>	<b>283</b>	<b>242</b>	<b>258</b>	<b>248</b>	<b>-12.4%</b>
Argentina	K Boed	277	288	282	242	258	248	-12.4%
Rest of the world	K Boed	1	0	1	0	0	0	-12.3%
<b>DOWNSTREAM</b>								
<b>CRUDE PROCESSED</b>	<b>M toe</b>	<b>4.0</b>	<b>4.2</b>	<b>8.2</b>	<b>4.0</b>	<b>3.7</b>	<b>7.7</b>	<b>-5.6%</b>
<b>SALES OF OIL PRODUCTS (*)</b>	<b>Kt</b>	<b>3,539</b>	<b>3,689</b>	<b>7,228</b>	<b>3,483</b>	<b>3,387</b>	<b>6,870</b>	<b>-5.0%</b>
<b>Own network</b>	<b>Kt</b>	<b>2,684</b>	<b>2,829</b>	<b>5,513</b>	<b>2,687</b>	<b>2,754</b>	<b>5,440</b>	<b>-1.3%</b>
Light products	Kt	2,213	2,157	4,370	2,285	2,267	4,552	4.1%
Other Products	Kt	472	671	1,143	402	487	889	-22.2%
<b>Other Sales to Domestic Market</b>	<b>Kt</b>	<b>316</b>	<b>324</b>	<b>640</b>	<b>325</b>	<b>261</b>	<b>585</b>	<b>-8.6%</b>
Light products	Kt	208	205	413	175	123	299	-27.7%
Other Products	Kt	108	119	227	149	137	286	26.2%
<b>Exports</b>	<b>Kt</b>	<b>539</b>	<b>536</b>	<b>1,075</b>	<b>472</b>	<b>373</b>	<b>845</b>	<b>-21.4%</b>
Light products	Kt	186	168	354	104	106	210	-40.5%
Other Products	Kt	353	368	721	368	266	634	-12.0%
<b>PETROCHEMICALS</b>								
<b>SALES OF PETROCHEMICALS PRODUCTS</b>	<b>Kt</b>	<b>270</b>	<b>346</b>	<b>615</b>	<b>309</b>	<b>325</b>	<b>634</b>	<b>3.0%</b>
Base petrochemical	Kt	43	46	89	50	42	93	4.1%
Derivative petrochemicals	Kt	226	300	526	258	283	541	2.8%
<b>LPG</b>								
<b>LPG sales</b>	<b>Kt</b>	<b>113</b>	<b>109</b>	<b>223</b>	<b>103</b>	<b>80</b>	<b>182</b>	<b>-18.1%</b>

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

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

**(\*) Includes YPF S.A. + 50% Refinor + Lubricants Chile**

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