

A message from the Chairman and CEO

“OUR STRATEGY ON CARBON AND NEW ENERGY SOURCES
WILL MAGNIFY THE RESULT OF OUR CONTRIBUTION TO
EFFORTS TO KEEP GLOBAL WARMING IN CHECK”

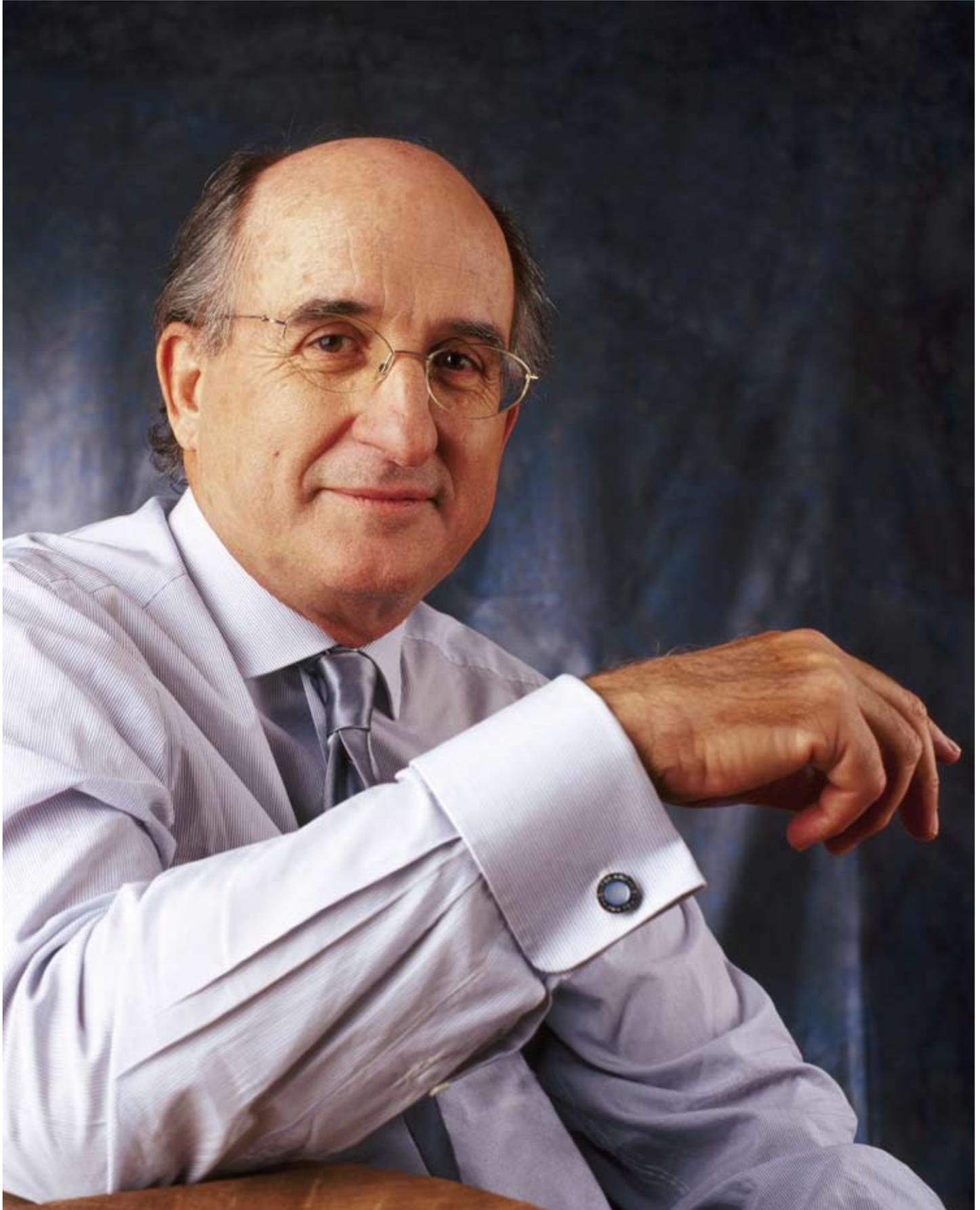
In past decades, the oil and gas industry has striven to provide the world with cheap energy, which we have achieved with outstanding success. Nevertheless, the inconsistencies which have become clear in recent years place us on a collision course with other requirements arising from the new global model that the planet needs.

Oil companies have been slow to act on the signs that this model is coming to an end. We are now at the threshold of change, exemplified by the major factors of growing energy demand, universal access to energy and the fight against climate change.

Energy consumption in the world will increase by around 40% from 2007 to 2030. Most of this

increase will take place in countries with emerging economies. Estimates indicate that the fossil fuel industry will be expected to cover 75% of this increase, which will mean exploring remote regions and developing smaller-scale reserves, under increasingly difficult conditions but with increasingly stringent requirements in terms of sustainability.

Providing the world's poorest people with access to modern energies continues to be a priority issue. Approximately one out of every five people on the planet still lack access to electricity and, according to some predictions, there will be little improvement in the number of people affected by this social injustice over coming decades.



“WE HAVE DEDICATED MORE RESOURCES TO IMPROVING DIALOGUE WITH SOCIAL AGENTS AND THIS EXPERIENCE HAS BEEN EXTREMELY ENRICHING”

Fossil fuel consumption is inexorably linked to CO₂ emissions. Therefore, energy companies should be on the front line in the battle against climate change. It is essential that we provide effective solutions to help maintain levels of greenhouse gases in the atmosphere below 450 parts per million of CO₂ equivalent. Repsol YPF put its Strategy on Carbon and New Energy Sources into place 2009, and this will magnify the results of our contribution to efforts to keep global warming in check.

The new global energy model will mean using every available energy source, which will of course include renewables. These must all be produced and used much more efficiently.

We must break down certain barriers that are preventing adoption of the new global energy model, particularly the poor energy governance and often conservative technological outlook of energy companies. Reinventing the energy model will also mean reinventing the energy company model. We need companies with a comprehensive vision to deal with the energy problem, that are more capable of leveraging

talent and are geared towards the society of the future, enabling them to be seen as allies rather than adversaries in tackling the challenges of our time.

Commitment to technology as the driving force for global change means companies must be willing to change, while simultaneously transforming the sector in which they operate. But it also requires strong support for R&D, from both the public and private sectors. Additionally, the scale of the technology challenges facing us calls for a vision that goes beyond national frontiers.

Carbon capture and sequestration technologies will play a key role in this future. These technologies are considered essential to keeping global warming in check and are a great opportunity for oil and gas companies to contribute their knowledge of drilling, geophysics and subsoil engineering.

The EU and some Latin American countries have agreed medium-term fossil fuel market share objectives, which require heavy

“THE MALE/FEMALE RATIO OF OUR STAFF IS 3:1, BUT THERE IS A GROWING NUMBER OF WOMEN IN THE COMPANY’S GOVERNING BODIES AND AT MANAGEMENT LEVEL”

investment in refining and service station adaptations, which are already underway. We are also carrying out research on second and third-generation 4 biofuels in order to find alternatives to the transport sector’s excessive dependence on fossil fuels.

We believe that our company will only flourish in the future if it incorporates the major commitments of the global society that we form part of, and we are already working to bring this about. Despite the financial crisis, in 2009 we dedicated more resources to improving dialogue with social agents and the experience has been very enriching.

I have often said that Repsol YPF’s employees are the company’s greatest asset. The male/female ratio of our staff is still 3:1, although there is a growing number of women in Repsol YPF’s governing bodies and management. We come from different cultures and countries and speak different languages. We are on the lookout for good professionals, even though their skills may be different, because we strongly believe that the company benefits from what they have to offer.

In reality, Repsol YPF is a community of 41,000 people from more than 30 countries who share common objectives and gladly allow themselves to be governed by our Code of Ethics and Conduct, in the belief that the important thing is not just what we do, but also how we do it.



Antonio Brufau Niubó
CHAIRMAN AND CEO