
Letter from the Chairman and CEO



At the same time, we are conscious that the characteristics of our activities, linked to natural resources, cause great social interest. For us, to be observed by society constitutes a stimulus to work toward attaining a more sustainable business model.

Repsol YPF assumes
the most advanced principles
and commitments
in corporate responsibility

The World Economic Forum has projected 50% growth in world energy demand for the next twenty years. This growth outlines an important challenge to companies, whom should find formulas to address this demand as well as environmental concerns. In Repsol YPF, we are convinced that supplying energy is compatible with the protection of climate change and respect to the principles of sustainable development. This is why we are placing great effort into improving efficiency, developing cleaner fuels and minimizing the environmental impact of the processes.

In addition, our sector is confronting new challenges, such as the capacity to attract and retain talent; to build trusting relationships with local communities; protect biodiversity and maintain maximum transparency in relations with the governments of those countries in which we are present.

In order to deal with these challenges, in 2006 we worked to develop a common focus and framework in a approaching our corporate responsibility actions. The culmination of this process was the 2007-2009 Corporate Responsibility Master Plan, the implementation which will reinforce the cohesion of our activity around the ideas of transparency, commitment and social responsibility.

In Repsol YPF, we are very aware of our business' social function and our aim for the societies in which we are present, is for them to have accessible, sustainable and safe energy.

*In 2006, we approved
the Corporate Responsibility
Master Plan, in which
a common framework for
the company's actions
is established*

In Repsol YPF, we have assumed advanced principles and compromises in issues related to corporate responsibility. I would like to highlight our Ethics and Conduct Regulation, which encompasses the values and principles that should prevail in the behaviour of our employees, updated in 2006 to include specific compromises in issues such as combating corruption and bribery. Likewise, I would like to emphasize that in Repsol YPF, we continue to endorse the ten principles included in the United Nations Global Compact.

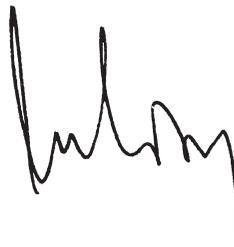
Furthermore, I would like to point out the importance we attach to transparency in our relations with the different host governments, which has resulted in our presence, as a founding member, in the Extractive Industries Transparency Initiative.

Repsol YPF efforts toward transparency and sustainability are widely recognized on an international level. Our company has been included in the prestigious Dow Jones Sustainability Index and the Climate Leadership Index and, respectively, is recognized as the most transparent oil company in the world and Best in class for its climate change strategy.

The present 2006 Corporate Responsibility Report reflects, in a balanced way, the company's social and environmental performance. In its production, we have followed the Global Reporting Initiative reporting framework, and we have advanced notably in the scope and depth of information offered in issues like human development, biodiversity or equal opportunities.

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transparent in its sector*

I am also especially satisfied with the adoption of a pioneering initiative in Spain, by requesting a Committee of Independent Experts to analyze the contents of our Corporate Responsibility Report. The Committee has very positively valued our involvement and transparency. For us, this proves that the path taken by our company is adequate and reinforces our motivation to continue our work with maximum transparency and responsibility.



Antonio Brufau Niubó
Chairman and CEO