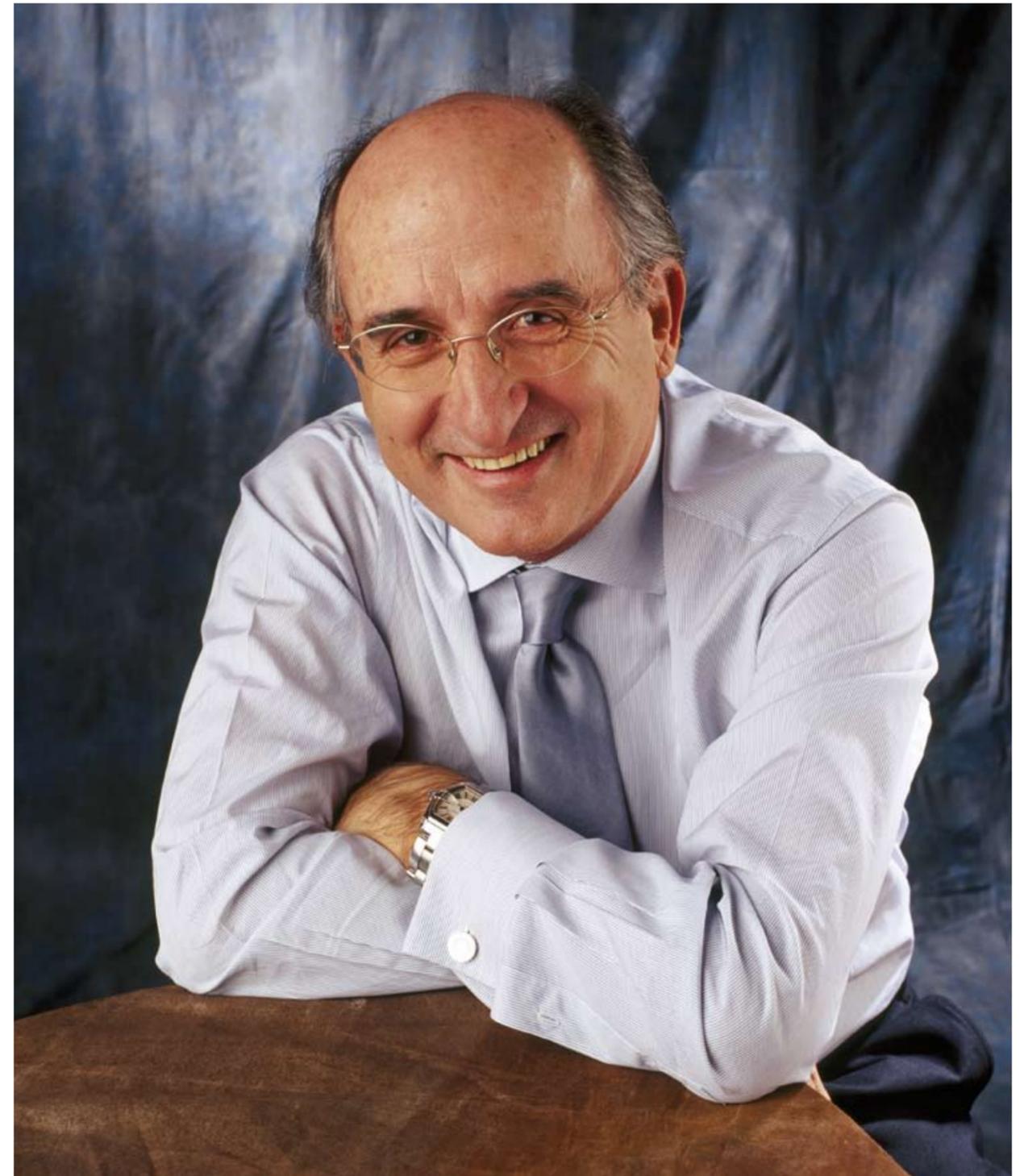


Letter from the Chairman and CEO

Yet another year I am pleased to welcome you to this Corporate Responsibility Report of Repsol YPF. This publication, in line with the recommendations of the Global Reporting Initiative's Sustainability Reporting Guidelines, properly reflects our company's performance as regards the social, environmental, safety, health or ethical issues of greatest concern for our stakeholders.

We have no doubt that integrity, transparency and responsibility are traits identifying companies with the greatest future and that companies' market value is increasingly associated with these and other intangibles which are not reflected in traditional financial statements. This is a trend which we feel will be accentuated over coming years, and one that will be a competitive advantage for companies which, like Repsol YPF, are able to read the signs coming from the surroundings and adapt their models of governance and management.

Transparency constitutes a distinctive identifiable trait of our company. We take this to mean the process for publication of full, relevant and understandable information in a standard format enabling all the stakeholders to come to informed decisions. I am thus pleased to point out that our efforts as regards information transparency were acknowledged yet again in 2008 by the Dow Jones Sustainability Indexes and the Climate Leadership Index.



“As for the results accomplished, we should stress that 80% of the measures forming part of our Corporate Responsibility Master Plan for 2007–2009 had already been implemented at the end of 2008”

We would like the information that we are making available to the market and our stakeholders to offer quality guarantees. That is why, as we did in previous years, we have made use of an independent third party to review and verify the contents of this report. An Independent Experts Committee was also involved in this process, with the aim of raising questions about corporate responsibility issues with us with absolute freedom and later on assessing our responses. The questions and answers have also been included in this report.

Integrity is another of our salient features. It covers the policies and procedures which we have set up to ensure consistency between our activities and internal and external norms and standards that apply to us or which we have decided to apply to ourselves. An essential part of this task was the work of our Ethics Committee, which continued to monitor strict compliance of the Ethics and Conduct Regulation of Repsol YPF in 2008.

As for the results accomplished, we should stress that 80% of the measures forming part of our Corporate Responsibility Master Plan for 2007–2009 had already been implemented at the end of 2008. During the year, our company passed the policies for Relations with the Community and Relations with Indigenous Communities, and we have made major progress in the management of safety, biodiversity and climate change. In this last field we should stress the attainment ahead of schedule of the strategic target for reduction of greenhouse gas emissions of our installations, which we had set ourselves for up to 2012, and the establishment of a new, even more ambitious, reduction target.

As regards people, I would like to take this opportunity to remind you of our commitment to becoming the company which best manages talent. In 2008 we took some relevant steps in this direction, and in early 2009 we authorised the creation of the General Managing Division of People and Organisation.

“Companies in the sector will have to contribute to satisfying a growing energy demand, reducing the pressure on our surroundings and doing our part to palliate the problem of climate change”

In coming decades we must be capable of helping to successfully meet the challenge of developing a new energy model which does not jeopardise the prosperity of coming generations. Companies in the sector will have to contribute if possible even more to satisfying a growing energy demand, reducing the pressure on our surroundings and doing our part to palliate the problem of climate change as well as helping to provide energy to hundreds of millions of people today excluded from enjoyment of this primary asset. Technological progress must play a key role in this challenge.

These challenges will be the aspects marking our company's future performance. They will also be the cornerstone of our action as regards corporate responsibility and shape our second Corporate Responsibility Master Plan for the 2010–2012 period, which we will approve before the end of the financial year 2009. I would also like to remind you of Repsol YPF's commitment to the ten principles for action of the United Nations Global Compact, a basic tool for the private sector's contribution to the social, environmental and transparency challenges faced by companies, governments and citizens worldwide.

Lastly, I would like to ask you to read our Corporate Responsibility Report carefully. This is a reflection of an advanced energy company which is very quickly incorporating society's concerns and expectations, also those of the community of over 36,000 people forming Repsol YPF.

Antonio Brufau Niubó
Chairman and CEO