SUPPLEMENT DATED 5 AUGUST 2011 TO THE BASE PROSPECTUS DATED 25 OCTOBER 2010 (AS PREVIOUSLY SUPPLEMENTED ON 27 APRIL 2011)

REPSOL INTERNATIONAL FINANCE B.V.

(A private company with limited liability incorporated under the laws of The Netherlands and having its corporate seat (statutaire zetel) in The Hague)

EURO 10,000,000,000

Guaranteed Euro Medium Term Note Programme

Guaranteed by

REPSOL YPF, S.A.

(A sociedad anónima organised under the laws of the Kingdom of Spain)

This supplement (the ***Supplement***) to the base prospectus (as previously supplemented on 27 April 2011, the ***Base Prospectus***) dated 25 October 2010, which comprises a base prospectus, constitutes a supplement, for the purposes of Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter 1 of Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the ***Luxembourg Law***), to the Base Prospectus and is prepared in connection with the euro 10,000,000,000 Guaranteed Euro Medium Term Note Programme established by Repsol International Finance B.V. (the ***Issuer***) and guaranteed by Repsol YPF, S.A. (the ***Guarantor***). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus issued by the Issuer and the Guarantor.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The information incorporated by reference to the Base Prospectus by virtue of this Supplement has been translated from the original Spanish. Each such translation is a direct, complete and accurate translation of the Spanish language text and each of the Issuer and the Guarantor accepts responsibility for the accuracy of such translations.

The Dealers and the Arranger have not separately verified the information contained in the Base Prospectus, as supplemented by this Supplement. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in the Base Prospectus, as supplemented by this Supplement.

On 28 July 2011, the Guarantor filed its unaudited condensed consolidated interim financial statements, prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union (***IFRS-EU***), as of and for the six-month period then ended 30 June 2011 (the ***Interim Financial Statements***) and its interim management report for the six-month period then ended (the ***Interim Management Report***) with the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the ***CNMV***). On the same date, the Guarantor also filed an unaudited preview of its income statement for the six-months period ended 30 June 2011, prepared in accordance with the IFRS-EU (the ***Income Statement Preview***) with the CNMV. An English-language translation of the Limited Review Report of the Interim Financial Statements and the Interim Management Report, the Interim Financial Statement, the Interim Management Report, the Income Statement Preview and the regulatory announcements of the Guarantor have been filed with the Luxembourg Financial Sector Surveillance Commission (*Commission de Surveillance du Secteur Financier* or ***CSSF***) and, by virtue of this Supplement, are incorporated by reference in, and form part of, the Base Prospectus. This Supplement also incorporates by reference certain regulatory announcement released by the Guarantor since the date of the Base Prospectus.

To the extent there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement, and (b) any other statement, pre-dating this Supplement, in, or incorporated by reference in, the Base Prospectus, the statements in (a) above shall prevail.

Documents incorporated by reference

For ease of reference, the table below sets out the relevant page references for (i) the Limited Review Report of the Interim Financial Statements and the Interim Management Report, (ii) the Interim Financial Statements, (iii) the Interim Management Report, (iv) the Income Statement Preview, and (v) the regulatory announcements of the Guarantor incorporated by reference in the Base Prospectus via this Supplement. Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purposes only.

As long as any of the Notes are outstanding, this Supplement and each document incorporated by reference into the Base Prospectus via this Supplement will be available for inspection, free of charge, at the offices of the Issuer at Koningskade 30, 2596 AA The Hague, The Netherlands during normal business hours and on the website of the Luxembourg Stock Exchange at www.bourse.lu. In addition, copies of the documents incorporated by reference referred to above can be obtained from the website of the Guarantor at www.repsol.com.

The second paragraph of paragraph 3 in the "General Information" section on page 113 of the Base Prospectus shall be deleted and replaced with the following text to take account of the publication and incorporation by reference of the Interim Financial Statements:

"There has been no material adverse change in the prospects of the Guarantor since 31 December 2010 (being the date of the last published audited financial statements) nor has there been any significant change in the financial or trading position of the Group since 30 June 2011."

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has been noted or, to the best of the knowledge of the Issuer and the Guarantor, has arisen, as the case may be, since the publication of the Base Prospectus.

In accordance with paragraph 2 of Article 13 of the Luxembourg Law, investors who have already agreed to purchase or subscribe for relevant securities before this Supplement is published have the right, exercisable during the two Luxembourg working days immediately following publication of this Supplement, to withdraw their acceptances.

Repsol YPF, S.A. and Subsidiaries

Limited Review Report

Interim Condensed Consolidated Financial Statements and Interim Management's Report for the six-month period ended 30 June 2011

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Deloitte

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
Torre Picasso
28020 Madrid
España

Tel.: +34 915 14 50 00
Fax: +34 915 14 51 80
www.deloitte.es

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Repsol YPF, S.A.:

1. We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Repsol YPF, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated balance sheet at 30 June 2011 and the related condensed consolidated income statement, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

2. Our review was performed in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying certain analytical and other review procedures. A limited review is substantially less in scope than an audit and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

3. As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2011 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

4. Without affecting our conclusion, we draw attention to Note 2 to the accompanying interim condensed consolidated financial statements, which indicates that the aforementioned interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2010.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

5. The accompanying interim consolidated management's report for the six-month period ended 30 June 2011 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated management's report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2011. Our work was confined to checking the interim consolidated management's report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the consolidated companies.

6. This report was prepared at the request of the Parent's directors in relation to the publication of the half-yearly financial report required by Article 35 of Spanish Securities Market Law 24/1988, of 28 July, implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Jorge Izquierdo Mazón
27 July 2011

REPSOL YPF S.A. and investees composing the
REPSOL YPF GROUP

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
AND INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH
PERIOD ENDED JUNE 30, 2011

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Repsol YPF, S.A. and investees composing the Repsol YPF Group
Consolidated Balance Sheets at June 30, 2011 and December 31, 2010

		Millions of euros	
ASSETS	Note	**06/30/2011**	**12/31/2010**
Intangible assets:		7,417	7,453
a) Goodwill	3	4,414	4,617
b) Other intangible assets	3	3,003	2,836
Property, plant and equipment	3	32,620	33,585
Investment properties		25	26
Investments accounted for using the equity method		584	585
Non-current financial assets	5	2,123	1,789
Deferred tax assets		1,939	1,993
Other non-current assets	5	309	322
NON-CURRENT ASSETS		**45,017**	**45,753**
Non-current assets held for sale	3	225	340
Inventories		6,283	5,837
Trade and other receivables		8,878	8,569
a) Trade receivables		6,235	5,795
b) Other receivables		2,225	2,405
c) Income tax assets		418	369
Other current financial assets	5	690	684
Cash and cash equivalents	5	5,736	6,448
CURRENT ASSETS		**21,812**	**21,878**
TOTAL ASSETS		**66,829**	**67,631**

The accompanying explanatory notes 1 to 14 are an integral part of the Consolidated Balance Sheet at June 30, 2011.

Repsol YPF, S.A. and investees composing the Repsol YPF Group
Consolidated Balance Sheets at June 30, 2011 and December 31,2010

		Millions of euros	
EQUITY AND LIABILITIES	Note	**06/30/2011**	**12/31/2010**
EQUITY			
Share Capital		1,221	1,221
Share premium		6,428	6,428
Reserves		247	247
Retained earnings and other reserves		17,241	13,309
Net income attributable to the shareholders of the parent		1,344	4,693
Interim dividend		-	(641)
EQUITY		**26,481**	**25,257**
Financial assets available for sale		6	6
Hedge transactions		(89)	(131)
Translation differences		(2,091)	(992)
ADJUSTMENTS FOR CHANGE IN VALUE		**(2,174)**	**(1,117)**
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		**24,307**	**24,140**
MINORITY INTEREST		**3,144**	**1,846**
TOTAL EQUITY		**27,451**	**25,986**
Grants		116	110
Non-current provisions		3,237	3,772
Non-current financial liabilities	5	14,268	14,940
a) Bank borrowings, bonds and other securities		14,177	14,805
b) Other financial liabilities		91	135
Deferred tax liabilities		3,212	3,387
Other non-current liabilities		3,530	3,663
NON-CURRENT LIABILITIES		**24,363**	**25,872**
Liabilities related to non-current assets held for sale		49	153
Current provisions		285	404
Current financial liabilities:	5	3,914	4,362
a) Bank borrowings, bonds and other securities		3,854	4,224
b) Other financial liabilities		60	138
Trade and other accounts payable:		10,767	10,854
a) Trade payables		4,690	4,539
b) Other payables		5,409	5,550
c) Income tax liabilities		668	765
CURRENT LIABILITIES		**15,015**	**15,773**
TOTAL EQUITY AND LIABILITIES		**66,829**	**67,631**

The accompanying explanatory notes 1 to 14 are an integral part of the Consolidated Balance Sheet at June 30, 2011.

Repsol YPF, S.A. and investees composing the Repsol YPF Group
Consolidated Income Statements for the interim periods ended June 30, 2011 and 2010

		Millions of euros	
		06/30/2011	06/30/2010
	Note	Amount	Amount
Sales	4	29,442	26,034
Services rendered and other income	4	793	829
Change in inventories of finished goods and work in progress inventories		512	425
Income from reversal of impairment losses and gain on disposal of non-current assets		95	286
Allocation of grants on non financial assets and other grants		6	9
Other operating income		637	734
OPERATING REVENUE	4	**31,485**	**28,317**
Supplies		(20,864)	(17,219)
Personnel expenses		(1,275)	(1,152)
Other operating expenses		(4,845)	(4,909)
Depreciation and amortization of non-current assets		(1,749)	(1,914)
Impairment losses recognized and losses on disposal of non-current assets		(30)	(119)
OPERATING EXPENSES		**(28,763)**	**(25,313)**
OPERATING INCOME	4	**2,722**	**3,004**
Finance income		122	145
Finance expense		(508)	(622)
Change in the fair value of financial instruments		(234)	(165)
Net exchange gains/ (losses)		268	174
Impairment losses and gain/(losses) on disposals of financial instruments		-	1
FINANCIAL RESULT		**(352)**	**(467)**
NET INCOME BEFORE TAX AND SHARE OF RESULTS OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD		**2,370**	**2,537**
Income tax		(912)	(1,104)
Share of results of companies accounted for using the equity method		36	42
CONSOLIDATED NET INCOME FOR THE INTERIM PERIOD		**1,494**	**1,475**
Net income attributable to minority interests		(150)	(137)
NET INCOME ATTRIBUTABLE TO THE PARENT		**1,344**	**1,338**

EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (1)	**Amount (euros)**	**Amount (euros)**
Basic	1.10	1.10
Diluted	1.10	1.10

(1) Earnings per share was calculated based on the number of shares outstanding, which totalled 1,220,863,463 at June 30, 2011 and June 30, 2010.

The accompanying explanatory notes 1 to 14 are an integral part of the Consolidated Income Statement for the six-month period ended June 30, 2011.

Repsol YPF, S.A. and investees composing the Repsol YPF Group
Consolidated Statements of Recognized Income and Expenses corresponding to the interim periods ended June 30, 2011 and 2010

	Millions of euros	
	06/30/2011	**06/30/2010**
CONSOLIDATED NET INCOME FOR THE INTERIM PERIOD (from the Income Statement)	**1,494**	**1,475**
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY:		
From measurement of financial assets available for sale	1	(8)
From cash flows hedges	(22)	(81)
Translation differences	(1,520)	1,955
From actuarial gains and losses and other adjustments	(1)	4
Entities accounted for using the equity method	17	(3)
Tax effect	12	(95)
TOTAL	**(1,513)**	**1,772**
AMOUNTS TRANSFERRED TO THE CONSOLIDATED INCOME STATEMENT:		
From measurement of financial assets available for sale	-	(1)
From cash flow hedges	44	45
Translation differences	3	1
Tax effect	(13)	(8)
TOTAL	**34**	**37**
TOTAL RECOGNIZED INCOME/ (EXPENSES)	**15**	**3,284**
a) Attributable to the parent company	17	2,966
b) Attributable to minority interests	(2)	318

The accompanying explanatory notes 1 to 14 are an integral part of the Consolidated Statement of Recognized Income and Expenses corresponding to the six-month period ended June 30, 2011.

Repsol YPF, S.A. and investees composing the Repsol YPF Group
Consolidated Statements of Changes in Equity corresponding to the interim periods ended June 30, 2011 and 2010
Millions of euros

	Equity attributable to Shareholders of the Parent							
	Capital and reserves							
	Share Capital	Share premium and reserves	Treasury shares	Net income attributable to the shareholders of the parent	Adjustments for changes in value	Total Equity attributable to the shareholders of the parent	Minority interes	Total Equity
Closing balance at 12/31/2009	**1,221**	**18,775**	**-**	**1,559**	**(1,604)**	**19,951**	**1,440**	**21,391**
Adjustments	-	-	-	-	-	-	-	-
Initial adjusted balance	**1,221**	**18,775**	**-**	**1,559**	**(1,604)**	**19,951**	**1,440**	**21,391**
Total recognized income/ (expenses)	-	4	-	1,338	1,624	2,966	318	3,284
Transactions with shareholders or owners								
Dividend payments	-	(519)	-	-	-	(519)	(118)	(637)
Transactions with treasury shares or own equity instruments (net)	-	-	-	-	-	-	-	-
Changes in the scope of consolidation	-	-	-	-	-	-	-	-
Other changes in net equity								
Transfers between equity accounts	-	1,559	-	(1,559)	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Closing balance at 06/30/2010	**1,221**	**19,819**	**-**	**1,338**	**20**	**22,398**	**1,640**	**24,038**
Total recognized income/ (expenses)	-	(12)	-	3,355	(1,181)	2,162	4	2,166
Transactions with shareholders or owners								
Dividend payments	-	(641)	-	-	-	(641)	(107)	(748)
Transactions with treasury shares or own equity instruments (net)	-	-		-	-	-	-	-
Changes in the scope of consolidation	-	180	-	-	44	224	312	536
Other changes in net equity								
Transactions between equity accounts	-	-	-	-		-	-	-
Other changes	-	(3)	-	-	-	(3)	(3)	(6)
Closing balance at 12/31/2010	**1,221**	**19,343**	**-**	**4,693**	**(1,117)**	**24,140**	**1,846**	**25,986**
Adjustments	-	-	-	-	-	-	-	-
Initial adjusted balance	**1,221**	**19,343**	**-**	**4,693**	**(1,117)**	**24,140**	**1,846**	**25,986**
Total recognized income/ (expenses)	-	(1)	-	1,344	(1,326)	17	(2)	15
Transactions with shareholders or owners								
Dividend payments	-	(641)	-	-	-	(641)	(177)	(818)
Transactions with treasury shares or own equity instruments (net)	-	-	-	-	-	-	-	-
Changes in the scope of consolidation	-	488	-	-	305	793	1,476	2,269
Other changes in net equity								
Transfers between equity accounts	-	4,729	-	(4,693)	(36)	-	-	-
Other changes	-	(2)	-	-	-	(2)	1	(1)
Closing balance at 06/30/2011	**1,221**	**23,916**	**-**	**1,344**	**(2,174)**	**24,307**	**3,144**	**27,451**

The accompanying explanatory notes 1 to 14 are an integral part of the Consolidated Statement of Changes in Equity for the interim period ended June 30, 2011.

Repsol YPF, S.A. and investees composing the Repsol YPF Group
Consolidated Statement of Cash Flows corresponding to the interim periods ended June 30, 2011 and 2010

Millions of euros

	06/30/2011	06/30/2010
Net income before taxes and share of results of companies accounted for using the equity method	**2,370**	**2,537**
Adjustments to net income	**2,103**	**2,332**
Depreciation and amortization of non-current assets	1,749	1,914
Other adjustments to the result (net)	354	418
Changes in working capital	**(1,313)**	**(1,010)**
Other cash flows from operating activities:	**(1,124)**	**(941)**
Dividens received	19	27
Income tax received /(paid)	(961)	(782)
Other proceeds from/ (payments for) form operating activities	(182)	(186)
Cash Flows from Operating Activities	**2,036**	**2,918**
Payments for investments activities:	**(2,661)**	**(2,038)**
Group companies, associates and business units	(90)	(13)
Property, plant and equipment, intangible assets and investment properties	(2,278)	(1,912)
Other financial assets	(293)	(113)
Proceeds form divestments:	**2,426**	**824**
Group companies, associates and business units	1,903	682
Property, plant and equipment, intangible assets and investment properties	225	33
Other financial assets	298	109
Other cash flows	**(6)**	**-**
Cash Flows used in Investment Activities	**(241)**	**(1,214)**
Proceeds from/ (payments for) equity instruments	**-**	**-**
Acquisition	-	-
Disposal	-	-
Proceeds from/(payments for) financial liabilites	**(789)**	**(101)**
Issues	4,441	5,251
Return and redemption	(5,230)	(5,352)
Payments for dividends and payments on other equity instruments	**(818)**	**(181)**
Other cash flows from financing activities	**(762)**	**(539)**
Interest payments	(448)	(472)
Other proceeds form/ (payments for) financing activities	(314)	(67)
Cash Flows used in/ (from) Financing Activities	**(2,369)**	**(821)**
Effect of changes in exchange rates	(138)	153
Net Increase / (Decrease) in cash and cash equivalents	(712)	1,036
Cash and cash equivalents at the beginning of the period	6,448	2,308
Cash and cash equivalents at the end of the period	5,736	3,344

COMPONENTS OF CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	**06/30/2011**	**06/30/2010**
(+) Cash and banks	3,986	2,094
(+) Other financial assets	1,750	1,250
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5,736**	**3,344**

The accompanying explanatory notes 1 to 14 are an integral part of the Consolidated Statement of Cash Flows for the interim period ended June 30, 2011.

REPSOL YPF, S.A. AND INVESTEES COMPOSING THE REPSOL YPF GROUP

Explanatory notes to the interim condensed consolidated financial statements for the six-month period ended June 30, 2011.

CONTENTS

(1) GENERAL INFORMATION

Repsol YPF, S.A. and investees composing the Repsol YPF Group (hereinafter "Repsol YPF", "the Repsol YPF Group" or "the Group") constitute an integrated group of oil and gas companies which commenced operations in 1987.

The Repsol YPF Group is engaged in all the activities relating to the oil and gas industry, including exploration, development and production of crude oil and natural gas, transportation of oil products, liquid petroleum gas (LPG) and natural gas, refining, the production of a wide range of oil products and the retailing of oil products, oil derivatives, petrochemicals, LPG and natural gas, as well as the generation, transportation, distribution and supply of electricity. The Group conducts its activities in a number of countries, primarily Spain and Argentina.

The corporate name of the parent of the Group of companies that prepares and files these interim condensed consolidated financial statements is Repsol YPF, S.A.

Repsol YPF, S.A. is registered at the Madrid Mercantile Registry in volume 3893, folio 175, sheet no. M-65289, entry 63ª. Its Employer Identification Number is A-78/374725 and its National Classification of Economic Activities Number is 742.

Its registered office is in Madrid, at Paseo de la Castellana, 278, where the Shareholder Service Office is located, the telephone number of which is 900.100.100

Repsol YPF is a private-law entity incorporated in accordance with Spanish legislation, and is subject to the Revised Text of the Spanish Corporations Law approved by Legislative Royal Decree 1/2010 dated July 2, 2010 and to the legislation governing listed corporations.

Repsol YPF, S.A.'s shares are represented by book entries and are all admitted to trading on the Spanish Stock Exchanges (Madrid, Barcelona, Bilbao, and Valencia) and the Buenos Aires Stock Exchange (Bolsa de Comercio de Buenos Aires).

On February 22, 2011, the Company officially applied for the delisting of its American Depositary Shares (ADSs) from the New York Stock Exchange (NYSE) and on March 4, 2011 Repsol's ADSs ceased to be listed on this market. Subsequently, ninety days from filling on March 7, 2011 of Form 15F with the Securities and Exchange Commission (SEC), Repsol's deregistration with SEC became effective. However, the Company maintains an ADS program which began to trade on the OTCQX market on March 9, 2011.

The capital stock of Repsol YPF comprises 1,220,863,463 shares with a par value of 1 euro each. At June 30, 2011 and December 31, 2010 neither Repsol YPF, S.A. nor any of its subsidiaries held any treasury shares.

These interim condensed financial statements for the six-month period ended June 30, 2011 were prepared by the Board of Directors of Repsol YPF, S.A. at their meeting on July 27, 2011.

9

(2) BASIS OF PRESENTATION

The interim condensed consolidated financial statements are presented in millions of euros (except where otherwise specified), and were prepared based on the accounting records of Repsol YPF, S.A. and its investees and they are presented in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union at June 30, 2011, pursuant to the requirements established in IAS 34 *Interim Financial Reporting* and in conformity with Art. 12 of RD 1362/2007 and the disclosures of information required in Circular 1/2008, of January 30, from the Spanish "*Comisión Nacional del Mercado de Valores*" (CNMV). In this regard, the interim condensed consolidated financial statements present fairly the Group's consolidated equity and the financial position at June 30, 2011, as well as the results of operations, the changes in consolidated equity and consolidated cash flows that have occurred in the six-month period ended on that date.

Pursuant to the provisions of IAS 34, interim financial information is prepared only with the intention of updating the content of the last annual consolidated financial statements prepared by the Group, emphasizing new activities, events and circumstances that occur during the half-year and not duplicating the information published previously in the consolidated financial statements for 2010. Therefore, for an adequate understanding of the information that is included in these interim condensed financial statements, they must be read in conjunction with the consolidated financial statements of the Repsol YPF Group for 2010, which were approved by the General Shareholders' Meeting of Repsol YPF, S.A., held on April 15, 2011.

Accounting Policies

When preparing these interim condensed consolidated financial statements, Repsol YPF followed the same accounting policies and the same presentation criteria as in the consolidated financial statements for 2010, except for the following standards and interpretations and amendments thereof issued by the IASB and endorsed by the European Union, which are being applied for the first time in 2011:

- Revised of IAS 24 *Related Party Disclosures*
- Amendment to IAS 32 *Classification of Rights Issues*
- Amendment to IFRS 1 *Limited Exemption from Comparative IFRS 7 Disclosures, applicable for First-time Adopters*
- Improvements to IFRSs 2008-2010
- Amendment to IFRIC 14 *Prepayments of a Minimum Funding Requirement*
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

The coming into effect of the aforementioned standards did not have a significant impact on the Group's interim condensed consolidated financial statements.

There follows a list of the standards and amendments thereto issued by the IASB at June 30, 2011, mandatorily applicable for the first time in reporting periods after 2011 and pending to be endorsed by the European Union:

- IFRS 9 *Financial Instruments* [(1)]
- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*
- Amendments to IAS 27 *Separate Financial Statements*
- Amendments to IAS 28 *Investments in Associates and Joint Ventures*
- Amendments to IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters*
- Amendments to IFRS 7 *Disclosures: Transfers of Financial Assets*
- Amendments to IAS 1 *Presentation of Other Items of Other Comprehensive Income*
- Amendments to IAS 12 *Deferred Tax: Recovery of Underlying Assets*
- Amendments to IAS 19 *Employee Benefits*

(1) This constitutes the first phase of the three-phase project for the replacement of the prevailing IAS 39: "*Financial instruments - Recognition and measurement*".

None of the above-listed standards or amendments has been early applied in 2011. The Group is assessing the impact of the application of these standards, amendments and interpretations that their application may have on the interim condensed consolidated financial statements.

The principal accounting policies and valuation criteria are detailed in note 3 of the Notes to the Consolidated Financial Statements for 2010.

Changes in estimates

Management estimates have been used to quantify certain assets, liabilities, income, and expenses that are recorded in the interim condensed consolidated financial statements. These estimates are made based on the best available information and they refer to:

1) The expense for income tax, which, pursuant to IAS 34, is recognized in interim periods based on the best estimate of the average weighted tax rate that the Group expects for the annual period;
2) The evaluation of possible impairment losses on certain assets (see note 3);
3) The market value of certain financial instruments;
4) The provision for litigation and other contingencies; and
5) Crude oil and gas reserves.

Despite the fact that the estimates described above are made based on the best available information on the date on which the facts are analyzed, possible future events might require their revision (upward or downward) at the end of 2011 or in subsequent years.

During the six-month period ended June 30, 2011, no material changes occurred in the methodology for calculating the estimates made at the end of 2010.

Relative importance

When determining the information to be included in these interim condensed financial statements under the different items in the financial statements or other matters, the Repsol YPF Group, pursuant to IAS 34, has taken into account their relative importance in relation to the interim condensed consolidated financial statements for the six-month period.

11

Seasonality

Among the activities of the Group, the LPG and natural gas businesses are the ones most affected by seasonality due to their connection to weather conditions, with more activity in the winter and less in the summer in the northern hemisphere. However, Repsol YPF's operations in Latin America partially offset this effect, given that the winters in the northern hemisphere coincide with summers in the southern hemisphere, significantly reducing the effect of seasonality on the natural gas business.

Changes in the structure of the Group

Repsol YPF prepares its consolidated financial statements including its investments in all its subsidiaries, associates and joint ventures. Appendix I of the consolidated financial statements at December 31, 2010 details the main subsidiaries, associates and joint ventures, held directly or indirectly by Repsol YPF, S.A., which were included in the scope of consolidation at that date.

Appendix I to the accompanying interim condensed consolidated financial statements details the changes in the structure of the Group that have taken place during the first half of 2011.

The principal changes in the scope of consolidation that have taken place during the interim period ended at June 30, 2011 and their impact on the accompanying interim condensed consolidated financial statements are detailed below.

a) *Business combinations, other acquisitions or increases in interest in subsidiaries, joint ventures and/or associates*

In April 2011, Repsol Sinopec Brasil, S.A., through its subsidiary, Repsol Sinopec Brasil, B.V, (Repsol Sinopec Brasil), acquired to Petrobrás its 10% shareholding in Agri Development, B.V. (Agri), a company whose core business is the lease of oil and gas operating assets. Repsol Sinopec Brasil also acquired 10% of the debt that Agri maintains with Braspetro Oil Services Company (Brasoil) to finance its business operations. This transaction implied a total outlay of USD44 million (€31 million). The breakdown of the net assets acquired in this business combination, taking into account the Group's 60% interest in Repsol Sinopec Brasil, is shown below:

	Millions of euros	
	Fair value	**Carrying amount of the acquired company**
Current assets	3	3
Non-current assets (1)	54	29
TOTAL ASSETS	**57**	**32**
Current liabilities	-	-
Non-current liabilites	5	-
TOTAL LIABILITIES	**5**	**-**
NET ASSETS	**52**	**32**
Cash delivered in the business combination	31	
Gain net of tax effect	21	

(1) The acquiree's most significant non-current assets are a floating production, storage and offloading unit (FPSO) and drilling towers (X-mas trees).

This business combination gave rise to a gain net of the corresponding tax effect of USD29 million (€21 million).

In June 2011, Repsol acquired 100% of British company Sea Energy Renewables, later renamed Repsol Nuevas Energías U.K., a company that promotes and developes offshore wind farms in Scotland, trough this acquisition, Repsol obtained the rights to develop three offshore wind farms in the Scottish coast. In addition, Repsol reached an agreement with EDP Renováveis to jointly develope two of these facilities, specifically, the 1,500 MW Moray Firth wind farm and the 905 MW Inch Cape wind farm. Following this transaction the Group's ownership interests in these facilities are 33% and 51%, respectively. Repsol will also own 25% of the Beatrice wind farm, in which the company Scottish and Southern Renewables holds the remaining 75%. These projects give Repsol the right to develop, build and operate a total of 1,190 MW offshore wind power projects in the UK market. The agreements provide to Gas Natural Fenosa the opportunity to join the project. This transaction implied an investment of €46 million (£41 million). The breakdown of the net assets acquired and the corresponding goodwill is the following:

	Millions of euros	
	Fair value	**Carrying amount of the acquired company**
Current assets	2	2
Non-current assets	46	5
TOTAL ASSETS	**48**	**7**
Current liabilities	2	2
Non-current liabilities	10	-
TOTAL LIABILITIES	**12**	**2**
NET ASSETS	**36**	**5**
Cost of the business combination	46	
Goodwill	10	

As of the date of the accompanying interim condensed consolidated financial statements, this business combination has been accounted for on a provisional basis. As a consequence of the purchase price allocation process and in relation with the carrying amounts of the net assets acquired at the acquisition-date, the main assets and liabilities recognized at fair value correspond to the rights to operate the wind farms, which are registered as intangible assets, and to the deferred tax liabilities corresponding to the fair value revaluation which are estimated that will not be deductible.

Additionally, in May 2011, was consummated the asset and liabilities swap pursuant to the agreement reached in August 2010 between Gas Natural Fenosa and Enel Green Power in order to terminate the renewable energy joint venture held by both parties through Enel Unión Fenosa Renovables, S.A. (EUFER), in which each held a 50% interest. As a result of this transaction, Gas Natural Fenosa acquired approximately one-half of the assets and liabilities corresponding to the former renewable energy business, and therefore, this transaction has been accounted for as a business combination and not as an asset acquisition. The breakdown of the net assets acquired in this business combination, showing their carrying amounts in EUFER's books and their fair values (stated on the basis of Repsol YPF's interest in Gas Natural Fenosa), is shown below:

	Millions of euros	
	Fair value	Carrying amount of the acquired company
Current assets	18	18
Non-current assets	263	211
TOTAL ASSETS	**281**	**229**
Non-controlling interests	2	2
Current liabilities	27	24
Non-current liabilities	167	167
TOTAL LIABILITIES	**196**	**193**
NET ASSETS	**85**	**36**
Cost of the business combination	86	
Goodwill	1	

This business combination has been accounted for on a provisional basis. The impact on net income for the six-month period ended June 30, 2011 was not material. The main outcome of the purchase price allocation process was the revaluation to fair value of intangible assets, mainly the rights to operate the assets received, fundamentally wind farms.

b) Reduction in interests in subsidiaries, joint ventures and/or associates and similar transactions

On March 14, 2011 Repsol agreed to sell 3.83% of YPF's share capital to Lazard Asset Management and other investment funds for a net amount of USD632 million (€446 million), Lazard Asset Management acquired 2.9% of shareholding in YPF, while other investors purchased a 0.93% stake. Repsol YPF granted Lazard Asset Management a put option on the proportional shares acquired by Lazard which exceed 20% of YPF's free float. The put option can be exercised at any time before October 10, 2011.

Also on March 14, 2011, Repsol announced a public offering to sale 24.27 million YPF shares in the form of American Depositary Shares (ADSs), representing 6.17% of YPF's share capital. On March 23, 2011, the Company announced the offering price and the final size was set at 26.21 million ADSs, which was higher than initially announced. Subsequently, on March 25, the underwriters fully exercised their option to purchase from Repsol YPF another 3.93 million ADSs (the greenshoe). As a result, the share offering closed on March 28 totalled 30.15 million ADSs (7.67% of the total outstanding), raising total net proceeds of USD1,209 million (€862 million).

Later, in May, the Petersen Group exercised its option to purchase a 10% stake in YPF, ahead of the exercise deadline of February 2012. The net amount of the transaction was USD1,302 million (€913 million). Part of the transaction was funded through a USD626 million (€439 million) loan extended by Repsol to the Petersen Group. Following the closing of the transaction, the Petersen Group owns 25.46% of the Argentine oil company.

Additionally, during the first six months of the year, Repsol YPF sold through the market minor interests in its subsidiary YPF.

Taking into account all shares in the Argentine oil company sold, the Group sold during the first half of 2011 a total of 86,025,262 shares of YPF, which represents a 21.87% stake in the company, for a total net amount of USD3,212 million (€2,270 million). At June 30, 2011, Repsol's ownership interest in YPF was 57.94%.

14

Lastly, on May 20, 2011, Gas Natural Fenosa agreed the sale of its investments in power distributors in Guatemala, Distribuidora de Electricidad de Oriente, S.A. and Distribuidora de Electricidad de Occidente, S.A., and in other companies involved in energy activities in Guatemala for a total of €239 million (€72 million, stated on the basis of Repsol YPF's interest in Gas Natural Fenosa). This disposal generated a before-tax loss of €3 million (stated on the basis of Repsol YPF's interest in Gas Natural Fenosa).

(3) DESCRIPTION OF TRANSACTIONS DURING THE PERIOD

Libya is currently experiencing a situation of military conflict. As a consequence, production has been suspended since March 5, 2011, a situation that is having an adverse impact on the Repsol YPF Group's results performance. At June 30, 2011, 0.8% of Repsol YPF's total consolidated assets were located in Libya, mostly corresponding to hydrocarbons exploration and production activities. In 2010, 4.5% of the Group's total annual hydrocabons production was generated in Libya.

The following sections provides a description of the most significant changes in the accompanying consolidated balance sheet headings for the six month periods ending June 30, 2011 and 2010.

Generally speaking, it is important to note that the exchange rates of the functional currencies of the Group companies fluctuated significantly in the first half of 2011, the most significant of which, due to its impact on the accompanying interim condensed consolidated financial statements, is the dollar/Euro exchange rate, with the dollar depreciating from USD1.34/€ at year-end 2010 to USD1.45/€ at June 30, 2011. Since the Group's presentation currency is the Euro, the aforementioned exchange rate fluctuations drove to a reduction in certain balance sheet items. The most significant variations were in the following headings: goodwill (€175 million), property, plant and equipment (€1,360 million), equity (€1,529 million) and current and non-current financial liabilities (€280 million).

a) Other intangible assets

During the first quarter of 2011, Repsol YPF S.A., through its subsidiary Repsol E&P USA Inc., closed an agreement with the companies "70 & 148, LLC" and GMT Exploration, LLC to jointly explore the blocks held by these two companies in the "North Slope in Alaska". Repsol's shareholding interest in these blocks will be 70%. The agreement implied an investment of USD300 million (€214 million) in the first half of the year. The blocks are located close to large producing fields and cover an area of 2,000 square kilometers. Repsol has agreed to carry out the investment necessary to explore and evaluate the economic viability of the resources contained in these blocks.

b) Property, plant and equipment

The main investments made in the first half of 2011 corresponded to exploration and production assets in Argentina (€582 million), United States (€107 million), Brazil (€105 million), Venezuela (€55 million), Trinidad y Tobago (€37 million), Bolivia (€68 million), Peru (€51 million) and Spain (€26 million). In addition, during this period, significant investments were made in refining assets in Spain (€481 million) corresponding to the increase-capacity at the Cartagena Refinery, which will be brought on stream in 2011, and to the coker unit at the Petronor Refinery in Bilbao, which is also slated for start-up in 2011.

The main investments made in the first half of 2010 corresponded to exploration and production assets in Argentina (€484 million), Brazil (€143 million), Trinidad & Tobago (€47 million), Libya (€24 million), Peru (€24 million), Bolivia (€22 million) and Spain (€15 million). In addition, significant investments were made in refining assets in Spain (€583 million) and in LNG assets in Canada (€40 million).

Additionally, during the six-month period ended June 30, 2010, the Group recognized property, plant and equipment additions amounting to €448 million, corresponding to two LNG carriers acquired by financial leasing for the transportation of LNG.

c) Equity

The sale of 21.87% of YPF's share capital in the first half of 2011, as outlined in the section headed *Changes in the structure of the Group* in note 2 above, entailed an increase in "Minority interest" of €1,477 million. The resulting pre-tax gain, which is recognized within "Other reserves", amounted to €488 million, taking into account the effect of the accumulated translation differences.

d) Non-current assets held for sale

<u>Assets classified as held for sale during the six-month period ended June 30, 2011 and associated liabilities</u>

On February 7, 2011, Gas Natural Fenosa agreed to sell approximately 300,000 additional gas supply points in the Madrid region to a company of the Group Madrileña Red de Gas for €450 million (€136 million adjusted for Repsol YPF's interest in Gas Natural Fenosa). From the date this agreement was reached, these assets were classified as non-current assets held for sale. Upon receipt of the corresponding permits, the sale was closed on June 30, 2011, generating a gain of €280 million (€84 million adjusted for Repsol YPF's interest in Gas Natural Fenosa).

The assets of Plana del Vent combined cycle plant were derecognized on April 1, 2011 following their sale by Gas Natural Fenosa once all the required closing conditions were met, as agreed on July, 2010. This sale did not give rise to any gain/loss for the Group.

In addition, on April 14, 2011, Gas Natural Fenosa agreed the sale of its 800 MW installed capacity combined cycle plant in Arrúbal (La Rioja). Once it has obtained all the required permits, Gas Natural Fenosa will transfer ownership of the plant for a total of €313 million euros (€94 million Repsol YPF´s interest in Gas Natural Fenosa). The agreement additionally contemplates gas supply and power *offtake* agreements for the plant. These assets have been classified as non-current assets held for sale since the date the agreement was reached.

Gas Natural Fenosa and Enel Green Power agreed to terminate the renewable energy venture held by both parties until that time through Enel Unión Fenosa Renovables, S.A. (EUFER) on August 2, 2010. This transaction closed in June 2011, as outlined in note 2, Basis of presentation – *Changes in Group structure*.

Lastly, on June 30, 2011, Gas Natural Fenosa agreed to sell approximately 245,000 additional gas supply customers and associated contracts in the Madrid region for €38 million (€11 million stated on the basis of Repsol YPF's ownership interest in Gas Natural Fenosa). This transaction is subject to obtaining the pertinent authorizations. Since the date of agreement, these assets, carried at €23 million (€7 million stated on the basis of Repsol YPF's interest in Gas Natural Fenosa) have been classified as non-current assets held for sale.

16

Assets classified as held for sale during the six-month period ended June 30, 2010 and associated liabilities

During the first half of 2010, commercialization & distribution assets in Madrid and combined cycle electrical power assets in Mexico amounting to €126 and €305 million, respectively, were derecognized.

In February 2010, a €132 million disposal corresponding to the 100% stake in Termobarrancas and to the concession related to the Barrancas exploration and development area was derecognized due to their sale to PDVSA.

On April 8, 2010, Repsol YPF and Enagás signed an agreement by virtue of which Repsol sold to Enagás its 82% stake in Gaviota, a subterranean natural gas storage facility, for €87 million. €16 million of this amount was hinged on the approval from the Ministry of Industry, Tourism, and Commerce to the expansion project. This transaction will be formalized when the necessary administrative and competency authorizations are received. Some of those authorizations were obtained in 2011. However, while certain requirements needed to transfer the property are still pending at June 30, 2011 this asset was classified as non-current asset held for sale.

e) Impairment of assets

Repsol YPF performs an impairment test of its intangible assets, its property, plant and equipment, and other fixed assets, as well as its goodwill, at least annually, or whenever any indicator of impairment exists, in order to determine whether there is an impairment of assets.

During the interim period ended June 30, 2011, no significant impairment provisions have been registered.

During the interim period ended June 30, 2010, the Group impaired the assets that were registered in its natural gas liquefaction project in Iran (Persian LNG) amounting to €87 million, (of which €53 million corresponded to assets allocated to the Upstream segment, and €34 million to assets belonging to the LNG segment), due the fact that in May 2010 Repsol YPF formally notified the National Iranian Oil Company (NIOC) and Shell its decision to discontinue its participation in the project.

The total amount corresponding to net impairment losses, recognized on the accompanying consolidated income statement for the first half of 2010 amounted to €84 million.

(4) SEGMENT REPORTING

The Group's organizational structure is oriented at achieving the Group company's growth plans as well as setting the base for future developments. The principal aspects of this structure are:

– Three integrated strategic businesses:

  - Upstream, corresponding to the exploration and development operations of crude oil and natural gas reserves, except for YPF's operations;
  - LNG, corresponding to the Liquid Natural Gas business, except for YPF's operations; and

- Downstream, corresponding to Refining & Marketing for oil products, Chemicals and LPG, except for YPF's operations.

– Two participations in strategic companies:

- YPF, which includes the operations of YPF, S.A. and its group companies in the same businesses outlined above for the rest of the Group; and
- Gas Natural SDG, corresponding to the marketing of natural gas and the generation, distribution and marketing of electricity power.

The principal figures of the Group's income statement attending to this organization are shown below:

Operating revenues by segment

	Operating revenues from customers		Operating revenues amoung segments		Total operating revenues	
SEGMENTS	**06/30/2011**	**06/30/2010**	**06/30/2011**	**06/30/2010**	**06/30/2011**	**06/30/2010**
Upstream	1,486	1,514	395	497	1,881	2,011
LNG	1,273	519	103	75	1,376	594
Downstream	20,474	17,908	79	40	20,553	17,948
YPF	5,112	5,318	72	51	5,184	5,369
Gas Natural SDG	3,139	2,923	85	69	3,224	2,992
Corporate	1	135	184	149	185	284
(-) Adjustments and eliminations of operating revenue amoung segments (1)	-	-	(918)	(881)	(918)	(881)
TOTAL	31,485	28,317	-	-	31,485	28,317

(1) These correspond primarily to the elimination of commercial transactions between segments.

Operating income by segment

Operating income by segments		
SEGMENTS	**06/30/2011**	**06/30/2010**
Upstream	806	731
LNG	168	11
Downstream	756	928
YPF	601	831
Gas Natural SDG	512	551
Corporate	(121)	(48)
Total Operating income related to the reported segments	2,722	**3,004**
No assigned results (Financial result)	(352)	(467)
Other results (Results of companies accounted for using the equity method)	36	42
NET INCOME BEFORE TAX AND AFTER SHARE OF RESULTS OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	**2,406**	**2,579**
Income tax	(912)	(1,104)
CONSOLIDATED NET INCOME FOR THE YEAR	**1,494**	**1,475**

The following table details total assets by segment:

Segments	06/30/2011	06/30/2010
Upstream	9,161	9,351
LNG	3,977	4,238
Downstream	18,213	17,524
YPF	11,918	12,446
Gas Natural SDG	12,809	13,344
Corporación (1)	10,751	10,728
Total Assets by segment (2)	**66,829**	**67,631**

(1) At June 30, 2011 and December 31, 2010, financial assets amounting to €8,007 million and €8,246 million were included, respectively.
(2) Each segment includes its correspondent investments accounted for using the equity method.

In addition, the distribution of the net amount of turnover (comprising "Sales" and "Services rendered and other income" headings on the accompanying interim consolidated income statement), by geographic area depending on the markets to which they correspond, is as follows:

Geographic area	06/30/2011	06/30/2010
Spain	14,227	12,125
Other in the European Union	3,497	2,594
Others in the O.E.C.D. countries	2,605	2,061
Other countries	9,906	10,083
TOTAL	**30,235**	**26,863**

(5) DISCLOSURE OF FINANCIAL INSTRUMENTS BY NATURE AND CATEGORY

a) Financial assets

This note discloses the following concepts included on the balance sheet headlines, as follows:

	Millions of euros	
	06/30/2011	**12/31/2010**
Non-current financial assets	2,123	1,789
Derivatives on non-current commercial transactions (1)	2	2
Other current financial assets	690	684
Derivatives on current commercial transactions (2)	90	40
Cash and cash equivalents	5,736	6,448
	8,641	**8,963**

(1) Recognized under "Other non- current assets" on the balance sheet.
(2) Recognized under the "Other receivables" on the balance sheet.

The detail of the Group's financial assets by categories at June 30, 2011 and December 31, 2010, is as follows:

Nature/Category	June 30, 2011 Financial assets held for trading	Other financial assets at fair value through profit or loss	Financial assets available for sale	Loans and receivables	Held to maturity investments	Hedging derivatives	Total
Equity instruments	-	-	146	-	-	-	146
Derivatives	2	-	-	-	-	-	2
Other financial assets (1)	-	65	-	1,857	55	-	1,977
Long Term/Non current (2)	**2**	**65**	**146**	**1,857**	**55**	**-**	**2,125**
Derivatives	137	-	-	-	-	14	151
Other financial assets (3)	-	98	-	457	5,810	-	6,365
Short term / Current (4)	**137**	**98**	**-**	**457**	**5,810**	**14**	**6,516**
TOTAL	**139**	**163**	**146**	**2,314**	**5,865**	**14**	**8,641**

Nature/Category	December 31, 2010 Financial assets held for trading	Other financial assets at fair value through profit or loss	Financial assets available for sale	Loans and receivables	Held to maturity investments	Hedging derivatives	Total
Equity instruments	-	-	150	-	-	-	150
Derivatives	2	-	-	-	-	-	2
Other financial assets (1)	-	64	-	1,509	66	-	1,639
Long Term/Non current (2)	**2**	**64**	**150**	**1,509**	**66**	**-**	**1,791**
Derivatives	37	-	-	-	-	71	108
Other financial assets (3)	-	346	-	601	6,117	-	7,064
Short term / Current (4)	**37**	**346**	**-**	**601**	**6,117**	**71**	**7,172**
TOTAL	**39**	**410**	**150**	**2,110**	**6,183**	**71**	**8,963**

(1) The main change relates to the concession to the Petersen Group of a loan amounting to USD626 million (€439 million) related to the sale to this entity of 10% of Repsol YPF's interest in YPF (note 2).

(2) This heading does not include €307 million and €320 million at June 30, 2011 and December 31, 2010, respectively, of non-current accounts receivable recognized within "Other non-current assets".

(3) The "Loans and receivables" column include €396 million and €526 million at June 30, 2011 and December 31, 2010, respectively, of funding for the tariff deficit in the regulated electricity business. This asset accrues interest at market rates. During the first half of 2011, were completed four issues to securitize the electricity system tariff deficit, with Gas Natural Fenosa collecting an aggregate €236 million of the amounts owed to it. The figures stated on the basis of Repsol YPF's interest in Gas Natural Fenosa.

(4) The balance sheet headings "Trade receivables" and "Other receivables" include €8,370 million and € 8,160 million at June 30, 2011 and December 31, 2010, respectively, of accounts receivables not included in the breakdown of the financial assets in the above table.

b) Financial Liabilities

This note discloses the categories of financial liabilities, included in the consolidated balance sheet and that corresponds to:

	Millions of euros	
	06/30/2011	**12/31/2010**
Non-current financial liabilities	14,268	14,940
Derivatives on non-current commercial transactions (1)	3	1
Current financial liabilities	3,914	4,362
Derivatives on current commercial transactions (2)	61	115
	18,246	**19,418**

(1) Recognized under the heading "Other non-current liabilities" on the balance sheet.
(2) Recognized under the heading "Other payables" on the balance sheet.

The detail of the acquired financial liabilities as of June 30, 2011 and December 31, 2010 is as follows:

	June 30, 2011			
	Financial liabilities held for trading	Debts and payable items	Hedging derivatives	Total
Bank borrowings	-	4,430	-	4,430
Bonds and other securities (1)	-	9,747	-	9,747
Derivates	3	-	91	94
Long term debts/Non-current financial liabilities	**3**	**14,177**	**91**	**14,271**
Bank borrowings	-	1,953	-	1,953
Bonds and other securities (2)	-	1,901	-	1,901
Derivates	86	-	35	121
Short term debts/Current financial liabilites	**86**	**3,854**	**35**	**3,975**
TOTAL	**89**	**18,031**	**126**	**18,246**

	December 31, 2010			
	Financial liabilities held for trading	Debts and payable items	Hedging derivatives	Total
Bank borrowings	-	4,716	-	4,716
Bonds and other securities (1)	-	10,089	-	10,089
Derivatives	6	-	130	136
Long term debts/Non-current financial liabilities	**6**	**14,805**	**130**	**14,941**
Bank borrowings	-	1,872	-	1,872
Bonds and other securities (2)	-	2,352	-	2,352
Derivatives	219	-	34	253
Short term debts/Current financial liabilities	**219**	**4,224**	**34**	**4,477**
TOTAL	**225**	**19,029**	**164**	**19,418**

(1) Includes preference shares amounting to €3,185 million and €3,205 million at June 30, 2011 and December 31, 2010, respectively.

(2) Included preference shares amounting to €543 million at December 31, 2010. On February 8, 2011, the Group redeemed 100% of the NYSE-listed preference shares issued by Repsol International Capital (note 19 of 2010 consolidated financial statements).

Note: At June 30, 2011 and December 31, 2010, the preceding table did not include €2,646 million and €2,852 million, respectively, recognized under "Other non-current liabilities," as well as €209 million and €223 million, respectively, registered under "Other payables," corresponding to finance leases recognized using the amortized cost method.

Below is a disclosure of issues, repurchases, and redemptions of debt securities (recognized under current and non-current "Bonds and other securities") which have taken place during the six-month periods ended June 30, 2011 and 2010:

	Balance at 12/31/2010	(+) Issues	(-) Repurchases or redemptions	(+/-) Exchange rate and other adjustments	Balance 06/30/2011
Bonds an other debt securities issued in the European Union with Prospectus	11,453	2,493	(2,846)	41	11,141
Bonds an other debt securities issued in the European Union without Prospectus	-	-	-	-	-
Bonds and other debt securities issued outside of European Union	988	128	(578)	(31)	507
TOTAL	**12,441**	**2,621**	**(3,424)**	**10**	**11,648**

	Balance at 12/31/2009	(+) Issues	(-) Repurchases or redemptions	(+/-) Exchange rate and other adjustments	Balance 06/30/2010
Bonds an other debt securities issued in the European Union with Prospectus	10,697	2,099	(1,478)	(12)	11,306
Bonds an other debt securities issued in the European Union without Prospectus	2	-	(2)	-	-
Bonds and other debt securities issued outside of European Union	852	87	(11)	116	1,044
TOTAL	**11,551**	**2,186**	**(1,491)**	**104**	**12,350**

On February 8, 2011, the USD725 million of Series A preference shares issued by Repsol International Capital Ltd. and guaranteed by Repsol YPF S.A. were redeemed.

Addionally, on June 21, 2011, YPF issued 300 million Argentine pesos (€51 million) of 18-month bonds in the Argentine bond market.

On January 25 and May 10, 2011, Gas Natural Fenosa issued €181 million and €151 million of bonds in the euromarket under its *Euro Medium Term Notes* (EMTN) program which were due 6 and 8 years, respectively. The total drawn down under this EMTN program at June 30, 2011 was €2,428 million (stated on the basis of Repsol YPF's interest in Gas Natural Fenosa).

In May 2011, Gas Natural Fenosa, through its subsidiary Gas Natural México, S.A. de C.V., registered a 3,017 million Mexican peso (€181 million) security issuance program (*certificados bursatiles*) with the Mexican Stock Exchange. A total of 1,207 million Mexican pesos (€72 million) of four and seven year debt, secured by Gas Natural SDG, S.A., have been issued under this program (amounts stated on the basis of Repsol YPF's interest in Gas Natural Fenosa).

On March 26, 2010, the Group, through its subsidiary Repsol International Finance, B.V. (RIF), signed a €1,500 million euro commercial paper program (ECP) which is guaranteed by Repsol YPF S.A. The ECP Program was increased to €2,000 million on November 12, 2010. During the first half of 2011, RIF issued €1,748 million and USD25 million under this Program. The balance outstanding under this issuance program amounts to €765 and € 1,022 million in 2011 and 2010, respectively.

Lastly, during the first half, Gas Natural Fenosa issued an additional €397 million under its ECP and promissory notes programs. The amount drawn down under its ECP program at June 30, 2011 totals €159 million, while the amount issued under the promissory notes program is €16 million (amounts stated on the basis of Repsol YPF's interest in Gas Natural Fenosa).

23

On January 14, 2010 Gas Natural Fenosa closed three bond issues under the EMTN program in the euromarket, consisting of three tranches with maturities of 5, 8, and 10 years, and amounting to €195 million, €210 million, and €255 million, respectively (amounts stated on the basis of Repsol YPF's interest in Gas Natural Fenosa).

In addition, on March 23, 2010, Gas Natural Fenosa established a €301 million ECP Program (stated on the basis of Repsol YPF's interest in Gas Natural Fenosa). The issuer in this program was Unión Fenosa Finance B.V.

On March 24, 2010, Gas Natural SDG signed a €1,205 million loan agreement with 18 banks under the "Club Deal" scheme. The loan is divided into two tranches: €301 million maturing in 3 years and €904 million maturing in 5 years (amounts stated on the basis of Repsol YPF's interest in Gas Natural Fenosa).

As a result of the aforementioned financial transactions corresponding to Gas Natural Fenosa, together with the proceeds from the sale of assets related to gas generation in Mexico and gas distribution in Madrid, the financing contracted by said company for the acquisition of Unión Fenosa was canceled on June 2, 2010.

On May 5, 2010 matured a bond issued by Repsol International Finance B.V. and guaranteed by Repsol YPF S.A. amounting to €943 million.

The amounts guaranteed by Group companies in the interim periods ending June 30, 2011 and 2010 for issues, repurchases, or redemptions made by associates, jointly controlled entities (for the percentage not included in the consolidation process) or non-Group companies, are detailed below:

GUARANTEED DEBT

	Balance at 12/31/2010	(+) Granted	(-) Cancelled	(+/-) Exchange rate and other	Balance at 06/30/2011
Debt security issues guaranteed by the Group (amount guaranteed)	30	-	-	(2)	28

	Balance at 12/31/2009	(+) Granted	(-) Cancelled	(+/-) Exchange rates and other	Balance at 06/30/2010
Debt security issues guaranteed by the Group (amount guaranteed)	28	-	-	-	28

(6) DIVIDENS PAID

Dividends paid by Repsol YPF, S.A. in the six-month period ended June 30, 2011 and 2010 were as follows:

	06/30/2011			06/30/2010 (2)		
	% on nominal amount	**Euros per share**	**Amount (1)**	**% on nominal amount**	**Euros per share**	**Amount**
Ordinary shares	52.5%	0.525	641	-	-	-
Remaining shares (without vote, redeemable, etc)	-	-	-	-	-	-
Total dividens paid				-	-	-
a) Dividends charged to profits	52.5%	0.525	641	-	-	-
b) Dividends charged to reserves or share premium issues	-	-	-	-	-	-
c) Dividends in kind	-	-	-	-	-	-

(1) This amount relates to the 2010 interim dividend that has been paid out in January 13, 2011.
(2) The interim dividend against 2009 profit was paid out in December 2009.

Note: the final dividend from 2010 profits, amounting to €0.525 per share, was paid to shareholders on July 7, 2011.

(7) TAX SITUATION

For the calculation of this period's corporate income tax, the effective tax rate that would be applicable to the total profits expected for the yearly period was used, so that the tax expense for the interim period is the result of applying the estimated average effective tax rate for the year to the result before taxes in the interim period. However, the tax effects derived from occasional events or unique transactions undertaken during the period are fully taken into account in the period.

The tax expense recorded on the income statement at June 30, 2011 was calculated by applying an effective tax rate of 38.5%, which is lower than the effective tax rate estimated for the first half of 2010 (43.5%), due mainly to the drop in taxable profit generated in Libya where profits are taxed at high average rates.

(8) RELATED PARTIES TRANSACTIONS

Repsol YPF undertakes transactions with related parties under general market conditions. For purposes of presenting this information, related parties are considered to be the following:

a. Major shareholders: according to the latest information available, the major shareholders in the company that are considered related parties of Repsol YPF are:
   - Sacyr Vallehermoso, S.A. which has a total interest of 20.01% in Repsol YPF.
   - Caixa Bank. S.A. (belonging to the Caixa Group) has a total direct and indirect interest in Repsol YPF of 12.83%
   - Petróleos Mexicanos (Pemex) has a total interest of 4.81% through its subsidiary Pemex Internacional España, S.A. and through various equity swaps with a series of financial entities which entitle Pemex to exercise dividend and voting rights on as much as 4.81% of the Company’s shares.

b. Directors and Executives: includes members of the Board of Directors and of the Executive Committee.

c. Group companies for the part not owned by the Group: includes transactions with Group companies or entities for the part not eliminated in the consolidation process (corresponding to the part not owned in the proportionately consolidated companies and the transactions undertaken with companies accounted for using the equity method).

Income and expenses, as well as other transactions, recorded during the first half of 2011 in respect of transactions with related parties have been as follows:

EXPENSES AND INCOME: Thousands of euros	June 30, 2011			
	Major shareholders	Directors and executives (1)	Persons, companies or entities within the perimeter	Total
Finance costs	7,148	-	281	7,429
Management or cooperation agreements	-	-	1,258	1,258
Transfer of R&D and license agreement	-	-	47	47
Operating leases	271	-	16,639	16,910
Receipts from services	1,298	-	181,326	182,624
Purchase of goods (finished or in progress) (2)	1,251,341	-	2,755,374	4,006,715
Loss from the removal or sale of assets	-	-	202	202
Other expenses	7,398	-	7,389	14,787
EXPENSES:	**1,267,456**	**-**	**2,962,516**	**4,229,972**
Finance income	21,783	3	9,328	31,114
Management or cooperation agreements	-	-	2,135	2,135
Transfer of R&D and license agreement	-	-	522	522
Dividends received	-	-	-	-
Operating leases	2	-	-	2
Services rendered	17,124	-	12,691	29,815
Sale of goods (finished or in progress)	62,190	-	576,704	638,894
Profit from the removal or sale of assets	-	-	-	-
Other income	17,134	-	39,908	57,042
INCOME	**118,233**	**3**	**641,288**	**759,524**

OTHER TRANSACTIONS Thousands of euros	June 30, 2011			
	Major shareholders	Directors and executives (1)	Persons, companies or entities within the perimeter	Total
Purchases of tangible, intangible or other assets	47,216	-	117	47,333
Finance agreements: credits and capital contribution (lender)	621	203	277,191	278,015
Amortization or cancellation of credits and lease agreements (lessor)	-	-	-	-
Sale of tangible, intangible or other assets	76,609	-	106	76,715
Finance agreements:credits and capital contributions (borrower) (3)	662,772	-	5,774	668,546
Amortization or cancellation of loans and lease agreements (lessee)	-	-	-	-
Guaranteed given	114,744	-	605,688	720,432
Guarantees received	60,549	-	150	60,699
Commitments acquired (4)	558,193	-	19,415,211	19,973,404
Commitments/ guaranties cancelled	14,393	-	666,562	680,955
Dividends and other profit distributed	278,086	237	-	278,323
Other transactions (5)	2,632,113	-	-	2,632,113

(1) Includes those transactions with Directors and Executives not included in note 11 on Compensations received by Directors and Executives, which correspond to the present outstanding balance of the loans granted to senior management and the corresponding interest accrued, as well as dividends received from Group companies.
(2) These purchases include those related to long-standing agreement with Pemex . The supply level fixed for 2011 under the framework of this agreement was approximately 85,000 barrels per day.
(3) Includes credit policies with a limit of 462 million.
(4) Corresponds to purchase commitments currently outstanding, net of sales commitments
(5) Corresponds mainly to:
   (a) Temporary financial investments: €1,337 million.
   (b) Exchange-rate hedging transactions: €312 million.
   (c) Interest-rate hedging transactions: €705 million.

Income and expenses, as well as other transactions, recorded during the first half of 2010 in respect of transactions with related parties were as follows:

EXPENSES AND INCOME: Thousands of euros	June 30, 2010 Major shareholders	Directors and executives (1)	Persons, companies or entities within the perimeter	Total
Finance costs	3,392	-	-	3,392
Management or cooperation agreements	-	-	627	627
Transfers of R&D and licence agreements	-	-	278	278
Operating leases	959	-	5,124	6,083
Receipts from services	2,283	-	185,398	187,681
Purchase of goods (finished or in progress)	1,051,000	-	2,362,198	3,413,198
Losses on the derecognition or sale of assets	-	-	38	38
Other expenses	9,328	-	5,379	14,707
EXPENSES:	**1,066,962**	**-**	**2,559,042**	**3,626,004**
Finance income	11,921	4	10,698	22,623
Management or cooperation agreements	-	-	2,698	2,698
Transfers of R&D and licence agreements	-		1,010	1,010
Operating leases	-	-	-	-
Services rendered	19,745	-	22,687	42,432
Sales of goods (finished or in progress)	120,249	-	598,279	718,528
Gain on the derecognition or sale of assets	-	-	3	3
Other income	527	-	31,898	32,425
INCOME	**152,442**	**4**	**667,273**	**819,719**

OTHER TRANSACTIONS Thousands of euros	June 30, 2010 Major shareholders	Directors and executives (1)	Persons, companies or entities within the perimeter	Total
Purchase of tangible, intangible or other assets	25,691	-	118	25,809
Finance agreements: credits and capital contributions (lender)	93,754	249	385,022	479,025
Repayment or cancellation of credit and lease agreements (lessor)	556	-	-	556
Sale of tangible, intangible or other assets	-	-	11	11
Finance agreements: credits and capital contributions (borrower) (2)	775,689	-	5,359	781,048
Repayment or cancellation of loans and lease agreements (lessee)	191	-	-	191
Guarantees given	147,929	-	455,709	603,638
Guarantees received	33,877	-	5	33,882
Commitments acquired (3)	176,527	-	42,137,589	42,314,116
Commitments/guaranties cancelled	478	-	-	478
Dividends and other profit distributed	35,083	-	-	35,083
Other transactions (4)	2,644,417	-	-	2,644,417

(1) Included those transactions with Directors and Executives not included in note 11 A) on Compensations received by Directors and Executives, which corresponded to the present outstanding balance of the loans granted to senior management and the corresponding interest accrued.
(2) Included credit policies with a limit of €528 million.
(3) Corresponds to purchase commitments outstanding, net of sales commitments
(4) Corresponds mainly to:
   (a) Temporary financial investments: €655 million
   (b) Exchange-rate hedging transactions: €1,081 million.
   (c) Interest-rate hedging transactions: €716 million.

(9) CONTINGENT LIABILITIES

Litigation

The principal changes in the six-month period ended June 30, 2011 with respect to the litigation matters described in the 2010 consolidated financial statements are as follows:

Argentina

Claims by ex-employees of YPF: A former employee of the Company before its privatization (1992) who was excluded from the National YPF employee share ownership plan (PPP) set up by the Argentine Government has filed a claim in Bell Ville (Province of Cordoba, Argentina) against YPF Repsol to seek recognition of his status as a shareholder of YPF. In addition, the "Federation of Former Employees of YPF" has joined the proceedings acting on behalf of other former employees excluded from the PPP. Repsol acquired its ownership interest in the capital of YPF in 1999.

Pursuant to the plaintiff's request, the Bell Ville Federal Court of First Instance initially granted a preliminary injunction (the *Preliminary Injunction*), ordering that any sale of shares of YPF, or any other transaction involving the sale, assignment or transfer of shares of YPF, carried out either by Repsol or by YPF be suspended, unless the plaintiff and other beneficiaries of the PPP (organised in the Federation of Former Employees of YPF) are involved or participate in such transactions.

YPF and Repsol filed an appeal against this decision in the Cordoba Federal Court, requesting that the Preliminary Injunction be revoked. The Federal Court of First Instance allowed the appeal and suspended the effects of the Preliminary Injunction. In addition, in March 2011, the Federal Judge responsible for the Buenos Aires Administrative Disputes Court reduced the Preliminary Measures to only 10% of the ownership interest held by Repsol in the capital of YPF. Accordingly, Repsol may freely dispose of its shares in YPF, provided that Repsol continues directly or indirectly to own at least 10% of the latter's share capital.

Under the jurisprudence of the Federal Supreme Court of Argentina (upholding numerous decisions of the relevant Courts of Appeals), YPF and Repsol consider that neither company is likely to be held liable for claims of this nature related with the PPP. In accordance with Law 25,471, the National Government of Argentina assumed sole responsibility for the matter and for any compensation that may be payable to former employees of the Company who were excluded from the PPP under the procedure established in the said plan.

Litigation between YPF and AES Uruguaiana Empreendimentos, S.A. ("AESU"): On April 6, 2011, the Arbitration Tribunal hearing the litigation between YPF and AES Uruguaiana Empreendimentos, S.A. ("AESU") upheld the legal question raised by YPF, ordering the joinder of all claims brought in all of the arbitration proceedings ("AESU vs. YPF", "TGM vs. YPF" and "YPF vs. AESU") in a single case, being the "YPF vs. AESU" arbitration proceedings, in which all parties and claims concerned in the arbitration proceedings so joined will be heard.

Spain

Gas Natural versus Sonatrach – gas supply contract: On June 14, 2011, Sonatrach and Gas Natural Fenosa signed an agreement to resolve all disputes over the prices applicable to the gas supply contracts held by Sagane, S.A. (a Gas Natural Fenosa subsidiary) on which an arbitration decision has been handed down in August 2010, reaching an agreement on the price applicable for 2007-2009 and as from January 1, 2010 to May 31, 2011. Both parties undertook to withdraw from all current legal proceedings.

The amount payable by Gas Natural Fenosa under this settlement is USD1,897 million. The amount corresponding to Repsol as a function of its ownership interest in Gas Natural Fenosa is USD572 million. This settlement did not have any impact on the consolidated income statement for the first six months of 2011 as the liability deriving from the lawsuit was already provisioned under the heading "Provisions" and, therefore, this balance was accordingly transferred to “Trade and other accounts payable”.

Guarantees

On April 29, 2011, Repsol YPF S.A. issued a USD790 million guarantee to Guará, B.V. (Guará) securing performance of the lease agreement on the FPSO unit (*floating production storage and offloading oil unit*) used for development work in this region of Brazil. Guará is owned by the shareholders in the block consortium, Repsol Sinopec Brasil (25%), BG (30%) and Petrobras (45%) and the amount of the guarantee corresponds in full to Repsol Sinopec Brasil’s (a company jointly controlled by Repsol and Sinopec, in which Repsol owns 60%) ownership interest in Guará.

(10) AVERAGE HEADCOUNT

The average employee headcount at June 30, 2011 and 2010 was:

	06/30/2011	06/30/2010
AVERAGE HEADCOUNT		
Men	33,717	29,991
Women	12,354	11,136
	46,071	41,127

(11) COMPENSATIONS

A) Directors’ and executives’ compensation

As of June 30, 2011 the Board of Directors consists of sixteen directors, of whom two are Executive Directors, six are External Directors representing Major Shareholders (Institutional External Directors), and eight are Independent External Directors.

For reporting purposes, in this section Repsol YPF deems "executive personnel" to be the members of the Repsol YPF Group’s Executive Committee. This consideration, made purely for reporting purposes herein, neither substitutes nor comprises a benchmark for interpreting other senior management pay concepts applicable to the Company under prevailing legislation (such as Royal Decree 1382/1985), nor does it have the effect of creating, recognizing, amending or extinguishing any existing legal or contractual rights or obligations.

Compensation received by the members of the Board of Directors and the Executive Committee during the six-month period ended June 30, 2011 and 2010 was as follows:

DIRECTORS:

	Thousands of euros	
Compensation:	**06/30/2011**	**06/30/2010 ***
Fixed compensation	1,982	1,916
Variable compensation (a)	5,941	1,349
Bylaw-stipulated compensation	2,509	2,455
Others	28	26
TOTAL	10,460	5,746
Other benefits:		
Pension funds and plans: contributions (b)	1,227	1,150
Life insurance premiums (b)	159	149

EXECUTIVES:

	Thousands of euros	
	06/30/2011	**06/30/2010 ***
Total compensation received by executives (a) (c)	11,635	5,386

* The 2010 figures have been adapted to make them comparable with the remuneration accrued in the first half of 2011 on the basis of the best estimate available.

(a) The variable compensation includes a one-off bonus associated with 2010 earnings which was accrued and paid in full in the first half of 2011.

(b) In-kind benefits and contributions to life insurance and pension plans include the corresponding tax payments on account.

(c) The composition and number of members of the Executive Committee varied between 2010 and 2011.

B) Share-based payments plans

The General Meeting of the Shareholders held on April 15, 2011 approved two proposed remuneration schemes based on shares of Repsol YPF, S.A.:

i.) The first of the aforementioned plans (the "*Plan for the Grant of Shares to Beneficiaries of Pluri-Annual Remuneration Schemes*") envisages a payment in shares to beneficiaries linked to certain requirements referring to investment and continued employment in the Group.

The Plan, which is split into five cycles (2011-2014, 2012-2015, 2013-2016, 2014-2017 and 2015- 2018), is aimed at Executive Directors, other Executives and employees of the Group who are the beneficiaries of certain pluri-annual cash remuneration schemes, and it will allow those beneficiaries who so desire (the "Participants") to invest up to 50% of the gross pluri-annual incentive payable in the first year of each cycle in shares of Repsol YPF, S.A. This investment must be made before May 31st of each calendar year after payment of the relevant pluri-annual incentive.

The Participants in each of the Plan Cycles will be entitled to receive one share in Repsol YPF, S.A., for every three shares acquired in the Initial Investment for each Cycle, providing all of the shares acquired in the Initial Investment are held by the beneficiary for a period of three years (Vesting Period).

Three hundred and fifty beneficiaries took part in the first cycle of the Plan (2011-2014) which ended on May 31, 2011, acquiring a total of 227,498 shares at an average price of €23.5357 per share, which implies that the Group is committed to delivering 75,710 shares to those employees who comply with the Plan requirements after the three-year vesting period ends. In keeping with *IFRS 2* regarding equity-settled share-based payments, the related ‘Personnel expenses’ have been recognized with a charge to ‘Retained earnings and other reserves’ within equity, and in the period ended as of June 30, 2011 it amounted to €0.05.

It is estimated that there will be 1,096 potencial beneficiaries in the second cycle, 896 in the third, 888 in the fourth and 928 in the fifth cycle.

ii.) The second plan is the “*2011-2012 Share Acquisition Plan*”, which is aimed at executives and employees of the Repsol YPF Group in Spain. Its purpose is to allow qualifying employees to receive up to €12,000 of their annual compensation in shares of the Company in 2011 and 2012. These shares will be valued at the closing price of Repsol YPF stock on the Spanish stock markets interconnection system (continuous market) on the date of delivery to the beneficiary. As of the date of these interim condensed consolidated financial statements, this Plan was in the implementation phase.

The shares to be delivered under both schemes may consist of directly or indirectly held treasury shares of Repsol YPF, new shares or shares acquired from third parties under agreements entered into to cover the obligations assumed.

(12) OTHER INFORMATION

The end of the price conflict between Gas Natural Fenosa and Sonatrach (note 9 *Contingent Liabilities*) enables both companies to study cooperation opportunities in several areas including the acquisition by Sonatrach of a minority shareholding in Gas Natural SDG, S.A. On June 17, 2011, the Board of Directors of Gas Natural Fenosa approved an equity issue (waiving preemptive subscription rights) to be subscribed in full by Sonatrach, which will give the latter a 3.85% ownership interest in the former. The equity issue and attendant investment by Sonatrach in Gas Natural Fenosa will be executed once the Algerian authorities give their consent.

On June 30, 2011, Gas Natural Fenosa agreed to acquire the ACS Group’s direct and indirect interests in five wind farms located in several regions of Spain with aggregate capacity of 95.5 MW, along with certain specific credit rights, for a combined €72 million (€22 million stated on the basis of Repsol YPF’s interest in Gas Natural Fenosa). This transaction is subject to obtaining the pertinent authorizations from the authorities.

(13) SUBSEQUENT EVENTS

On July 2011, Repsol sold an additional 1,985,823 ordinary class D shares of YPF representing a 0.5% interest in the company for a total of USD85 million (€61 million). Following the sale, the Group’s ownership interest in YPF stands at 57.4%.

(14) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These interim condensed consolidated financial statements are prepared on the basis of IFRSs, as endorsed by the European Union, and Article 12 of Royal Decree 1362/2007. Consequently, certain accounting practices applied by the Group may not conform to other generally accepted accounting principles.

33

APPENDIX I: CHANGES IN THE SCOPE OF CONSOLIDATION

a) *Business combinations, other acquisitions and acquisitions of interest in subsidiaries, joint ventures and/or associates.*

			Cost of the business combination (net) (millions of euros)			
Name of the entity (or business activity) acquired/absorbed	**Type of transaction**	**Transaction close date**	**Consideration (net) paid + other costs directly attributable to the business combination**	**Fair value of the equity instruments issued to acquire the acquiree**	**% of voting rights acquired (5)**	**% of total voting rights in the entity post-acquisition**
Repsol E&P Eurasia LLC	Incorporation	Jan 11	0.0	-	99.99%	99.99%
Energías Especiales de Andalucía, S.L.(1)	Additional investment	Jan 11	0.1	-	2.26%	15.08%
Civeny, S.A. (2)	Acquisition	Feb 11	0.0	-	23.18%	23.18%
Bizoy, S.A. (2)	Acquisition	Feb 11	0.0	-	23.18%	23.18%
J.G.C. Cogeneración Daimiel, S.L(1)	Incorporation	Feb 11	0.4	-	29.44%	29.44%
CSJC Eurotek-Yugra	Acquisition	Mar 11	1.8	-	74.90%	74.90%
Holding Gasinmex S.A de C.V. (1)	Incorporation	Mar 11	0.0	-	24.95%	24.95%
Agri Development BV (3)	Acquisition	Apr 11	30.8	-	6.00%	6.00%
Red Unión Fenosa S.A (1)	Additional investment	Apr 11	1.5	-	1.83%	30.17%
Kuosol S.A.P. de C.V.	Acquisition	May 11	6.1	-	50.00%	50.00%
GEM Suministro de Gas, 3, S.L (1)	Incorporation	May 11	0.0	-	30.17%	30.17%
GEM Suministro de Gas SUR 3, S.L (1)	Incorporation	May 11	0.0	-	30.17%	30.17%
Unión Fenosa Wind Australia PTY, Ltd (1)	Additional investment	May 11	0.6	-	0.30%	27.88%
Eufer Renovables Ibéricas 2004, S.A.(1)	Additional investment	May 11	*	*	15.08%	30.17%
Eólica del Cordal de Montouto, S.L. (1)	Additional investment	May 11	*	*	15.08%	30.17%
Energías Especiales Espina, S.L.U. (1)	Additional investment	May 11	*	*	15.08%	30.17%
Eólica Galaicoasturiana, S.A. (1)	Additional investment	May 11	*	*	15.08%	30.17%
Andaluza de Energía Solar Cuarta, S.L. (1)	Additional investment	May 11	*	*	13.76%	22.93%
Energías Especiales Alcoholeras, S.A. (1)	Additional investment	May 11	*	*	12.43%	24.74%
Vientos del Noroeste, S.A. (1)	Additional investment	May 11	*	*	15.05%	30.17%
Energía Termosolar de los Monegros, S.L. (1)	Additional investment	May 11	*	*	13.57%	27.15%
Energías Especiales de Extremadura, S.L. (1)	Additional investment	May 11	*	*	11.83%	23.53%
Parque Eólico Cabo Vilano S.L. (1)	Additional investment	May 11	*	*	15.08%	30.17%
Parque Eólico Sierra del Merengue, S.A. (1)	Additional investment	May 11	*	*	7.54%	15.08%
Energías Ambientales de Somozas, S.A. (1)	Additional investment	May 11	*	*	6.82%	13.88%

Name of the entity (or business activity) acquired/absorbed	Type of transaction	Transaction close date	Cost of the business combination (net) (millions of euros): Consideration (net) paid + other costs directly attributable to the business combination	Fair value of the equity instruments issued to acquire the acquiree	% of voting rights acquired (5)	% of total voting rights in the entity post-acquisition
Cogeneración del Noroeste, S.L. (1)	Additional investment	May 11	*	*	6.03%	12.07%
Energías Ambientales, S.A. (1)	Additional investment	May 11	*	*	5.04%	9.95%
Energías Ambientales de Vimianzo, S.A. (1)	Additional investment	May 11	*	*	5.04%	9.95%
Energías Ambientales de Novo S.A. (1)	Additional investment	May 11	*	*	5.04%	9.95%
Societat Eòlica de l´Enderrocada, S.A. (1)	Additional investment	May 11	*	*	4.01%	8.14%
Punta de Lens Eólica Marina, S.L. (1)	Additional investment	May 11	*	*	15.08%	30.17%
Punta de las Olas Eólica Marina, S.L. (1)	Additional investment	May 11	*	*	15.08%	30.17%
Eufer Energías Especiais de Portugal, Unipessoal Lda (1)	Additional investment	May 11	*	*	15.08%	30.17%
Prius Enerólica, S.L.U. (1)	Additional investment	May 11	*	*	15.08%	30.17%
Eufer-Caetano Energías Renovaveis, Lda (1)	Additional investment	May 11	*	*	7.69%	15.38%
Operations & Maintenance Energy Uganda, Ltd. (1)	Incorporation	Jun 11	0.0	-	30.17%	30.17%
Unión Fenosa Energías Renovables Chile, S.A.. (1)	Additional investment	Jun 11	0.1	-	3.38%	27.51%
3 G Holdings Limited (1)	Additional investment	Jun 11	0.2	-	2.26%	3.02%
Repsol Exploración Irlanda, S.A.	Incorporation	Jun 11	0.1	-	100.00%	100.00%
Repsol Nuevas Energías U.K.	Acquisition	Jun 11	46.0	-	100.00%	100.00%
Gas Natural SDG, S.A. (4)	Additional investment	Jun 11	0.0	-	0.04%	30.17%

(1) Investments held through Gas Natural.
(2) Investments held through YPF, S.A.
(3) Investment held through Repsol Sinopec Brasil B.V.
(4) Corresponds to the additional investment by Repsol YPF in Gas Natural Fenosa by virtue of execution of the appropriation of 2010 profits approved at the General Shareholders' Meeting of April 14, 2011.
(5) Corresponds to the ownership interest in the acquiree.

*Companies affected by the EUFER business combination detailed in *Business combinations, other acquisitions and acquisitions of interest in subsidiaries, joint ventures and/or associates* in note 2.

b) Reduction in interests in subsidiaries, joint ventures and/or associates and similar transactions

Name of the entity (or business activity) sold, spun off or derecognized	Type of transaction	Transaction close date	% of voting rights sold/ derecognized	% of total voting rights held post disposal	Gain / (loss) on disposal (millions of euros)(1)
YPF, S.A. (2)	Reduction in interest	Several	21.87%	57.94%	488
Gas Natural Finance, B.V (Holanda) (3)	Liquidation	Mar 11	30.17%	0.00%	-
Chilco Distribuidora de Gas y Energía	Reduction in interest	Apr 11	13.37%	31.50%	-
Chilco Metalmecánica	Reduction in interest	Apr 11	13.37%	31.50%	-
Distribuidora de Electricidad de Oriente S.A. (3)	Reduction in interest	May 11	27.99%	0.00%	(3)
Distribuidora de Electricidad de Occidente S.A. (3)	Reduction in interest	May 11	27.39%	0.00%	-
Generación Limpia Guatemala S.A. (3)	Disposal	May 11	30.17%	0.00%	-
Comercializadora Guatemalteca Mayorista de Electricidad, S.A. (3)	Disposal	May 11	30.17%	0.00%	-
Redes Eléctricas de Centroamérica, S.A (3)	Disposal	May 11	30.17%	0.00%	-
ENEL Union Fenosa Renovables, S.A. (3)	Disposal	May 11	15.08%	0.00%	*
Andaluza de Energía Solar Primera, S.L.(3)	Disposal	May 11	9.05%	0.00%	*
Andaluza de Energía Solar Quinta, S.L.(3)	Disposal	May 11	9.05%	0.00%	*
Andaluza de Energía Solar Tercera, S.L. (3)	Disposal	May 11	9.05%	0.00%	*
Aprovechamientos Eléctricos, S.A. (3)	Disposal	May 11	15.08%	0.00%	*
Áridos Energías Especiales S.L. (3)	Disposal	May 11	6.33%	0.00%	*
Azucarera Energías, S.A. (3)	Disposal	May 11	6.03%	0.00%	*
Barbao, S.A. (3)	Disposal	May 11	15.08%	0.00%	*
Boiro Energía S.A. (3)	Disposal	May 11	6.03%	0.00%	*
Depuración, destilación y reciclaje S.L. (3)	Disposal	May 11	6.03%	0.00%	*
Energías Especiales Alto Ulla, S.A. (3)	Disposal	May 11	15.08%	0.00%	*
Energías Especiales de Andalucía, S.L. (3)	Disposal	May 11	15.08%	0.00%	*
Energías Especiales de Careón S.A. (3)	Disposal	May 11	11.76%	0.00%	*
Energías Especiales de Gata, S.L. (3)	Disposal	May 11	15.08%	0.00%	*
Energías Especiales de Padul, S.L.U (3)	Disposal	May 11	15.08%	0.00%	*
Energías Especiales del Bierzo, S.A. (3)	Disposal	May 11	7.54%	0.00%	*
Energías Especiales Montes Castellanos, S.A.U. (3)	Disposal	May 11	15.08%	0.00%	*
Energías Especiales Montes de Andalucía, S.L. (3)	Disposal	May 11	15.08%	0.00%	*
Energías Especiales Noroeste, S.A.U.(3)	Disposal	May 11	15.08%	0.00%	*
Energías Especiales Peña Armada, S.A. (3)	Disposal	May 11	12.07%	0.00%	*
Energías Especiales Santa Bárbara, S.L. (3)	Disposal	May 11	15.08%	0.00%	*
Energías Especiales Valencianas, S.L. (3)	Disposal	May 11	15.08%	0.00%	*
Energías Especiales Montes de San Sebastián, S.L. (3)	Disposal	May 11	15.08%	0.00%	*
Eufer Operación S.L. (3)	Disposal	May 11	15.08%	0.00%	*
Parque Eólico Belmonte S.A. (3)	Disposal	May 11	7.54%	0.00%	*
Parque Eólico de Capelada A.I.E. (3)	Disposal	May 11	7.54%	0.00%	*
Parque Eólico de Corullón S.L. (3)	Disposal	May 11	15.08%	0.00%	*
Parque Eólico de San Andrés S.A. (3)	Disposal	May 11	12.37%	0.00%	*
Parque Eólico Malpica S.A. (3)	Disposal	May 11	5.43%	0.00%	*

Name of the entity (or business activity) sold, spun off or derecognized	Type of transaction	Transaction close date	% of voting rights sold/ derecognized	% of total voting rights held post disposal	Gain / (loss) on disposal (millions of euros)(1)
Parque Eólico Montes de las Navas, S.A. (3)	Disposal	May 11	3.02%	0.00%	*
Promociones Energéticas del Bierzo, S.L. (3)	Disposal	May 11	15.08%	0.00%	*
Proyectos Universitarios Energías Renovables, S.L. (3)	Disposal	May 11	5.13%	0.00%	*
Sistemas Energéticos Mañón Ortigueira, S.A. (3)	Disposal	May 11	14.48%	0.00%	*
Ufefys, S.L. (3)	Disposal	May 11	6.03%	0.00%	*
Energías de Villarubia, S.L. (3)	Disposal	May 11	3.02%	0.00%	*
Enerlasa, S.A. (3)	Disposal	May 11	6.64%	0.00%	*
Sotavento Galicia, S.A. (3)	Disposal	May 11	2.71%	0.00%	*
Tirmadrid, S.A. (3)	Disposal	May 11	2.71%	0.00%	*
Bis Distribución de Gas, S.A (3)	Disposal	Jun 11	30.17%	0.00%	84.3

(1) Pre-tax gain or loss.
(2) The gain generated by these sales was recognized within 'Other reserves' in equity.
(3) Investments held through Gas Natural.

* Companies affected by the EUFER business combination detailed in *Business combinations, other acquisitions and acquisitions of interest in subsidiaries, joint ventures and/or associates* in note 2.

Repsol YPF S.A. and Investees composing the Repsol YPF Group

INTERIM MANAGEMENT REPORT
for the six-month period ended June 30, 2011

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

TABLE OF CONTENTS

ECONOMIC-FINANCIAL INFORMATION

RESULTS

Repsol YPF net income for the first half of 2011 stood at €1,344 million, in line with the net income posted for the same period in 2010.

Operating income was €2,722 million, compared with the €3,004 million generated in the first half of 2010. EBITDA totalled €4,473 million, against €4,869 million in the first six months of 2010.

Operating income was affected by the fall in production in Argentina resulting from social unrest, by the suspension of production in Libya since 5 March 2011, and by lower refining margins, despite the improvement in oil and gas prices, better results in the LNG division and the recovery of the chemical business.

The results of the Repsol YPF Group during the first six months of 2010 and 2011 were as follows:

Figures in million euros	**JANUARY-JUNE**		
	2011	**2010**	**% variation**
Operating income	**2,722**	**3,004**	**(9.4)**
Upstream	806	731	10.3
LNG	168	11	-
Downstream	756	928	(18.5)
YPF	601	831	(27.7)
Gas Natural Fenosa	512	551	(7.1)
Corporate and others	(121)	(48)	(152.1)
Financial result	**(352)**	**(467)**	**24.6**
Net income before tax and share of results of companies accounted for using the equity method	**2,370**	**2,537**	**(6.6)**
Income tax	(912)	(1,104)	17.4
Share of results of companies accounted for using the equity method	36	42	(14.3)
Consolidated net income for the year	**1,494**	**1,475**	**1.3**
NET INCOME ATTRIBUTABLE TO:			
Minority interests	150	137	9.5
THE PARENT	**1,344**	**1,338**	**0.4**

The main year-on-year differences are shown bellow:

UPSTREAM

Operating income in the first six months of 2011 totalled €806 million, which represents an increase of 10.3% on the first half of 2010.

Libya is currently experiencing a situation of military conflict. As a consequence, production has been suspended since 5 March 2011, a situation that is having an adverse impact on Repsol YPF's results for this six-month period.

In spite of the situation described in the preceding paragraph, results in the Upstream segment increased in the first half of 2011 in comparison with the same period in 2010. This was largely due to higher oil and gas realisation prices, which offset lower production volume (mainly in Libya and the United States) and the effect of depreciation in the dollar exchange rate. Additionally, the result for the first six months of 2010 included the effects of discontinuing the Persian LNG project.

Production in the first half of 2011 (310 thousands of barrels of oil equivalent per day, kboepd) was 10.1% down on the same period in 2010 (345 kboepd), primarily due to the suspension of operations in Libya and lower production at Shenzi due to the moratorium on drilling in the US Gulf of Mexico that was imposed in 2010. These were partially offset by the start-up of Peru LNG in June 2010.

In the first six months of 2011, investment in this Business amounted to €790 million. Investment in development accounted for 47% of the total, mainly in the United States (24%), Bolivia (16%), Venezuela (14%), Trinidad and Tobago (11%), Peru (10%) and Brazil (10%). Investments in exploration accounted for 45% of the total, being carried out primarily in the United States (64%) and Brazil (19%).

LNG

Operating income totalled €168 million in the first half of 2011, representing a substantial increase on the €11 million posted for the same period in 2010.

This increase is mainly due to higher LNG volumes (with the Peru LNG plant being in operations since June 2010) and marketing margins, as well as increased marketing volumes from the Canaport LNG project. Result from the first half of 2010 also includes the effects of discontinuing the Persian LNG project.

In the first six months, investments in the LNG area stood at €7 million. In 2010, investments reached €49 million, mainly corresponding to the construction of the third tank at the Canaport terminal.

DOWNSTREAM

Operating income for the first half of 2011 was €756 million, against €928 million for the same period in 2010.

The decrease is income can largely be explained by the weakness of refining margins and lower volumes in marketing activities, despite the recovery of the chemical business.

Investments in the Downstream area in the first six months of 2011 amounted to €652 million, and these were basically allocated to enlargement and conversion of the Cartagena refinery and the fuel oil reductor unit in Bilbao.

YPF

Operating income reached €601 million in the first half of 2011, compared with €831 million in the first six months of 2010.

This decrease is primarily the result of social unrest regarding oil production and the inflationary cost impact. Greater revenues derived from the increase in fuel prices at the pump stations, and from products linked to international prices sold on Argentina's domestic market, were unable to offset the negative effects described previously.

In the first half of the year, hydrocarbon production was at 485 kboepd, a fall of 12.1% on the same period for the previous year. This decrease was 10.5% in gas and 13.3% in liquids. The bigger fall in the production of crude oil is the result of the impact of social unrest on production.

During the first half of 2011, investments stood at €741 million, of which €582 million was invested in Exploration and Production. Some 72% of E&P investments were assigned to development projects.

GAS NATURAL FENOSA

Operating income for the first half of 2011 was €512 million, compared with €551 million for the same period the previous year.

In both 2010 and 2011, the result includes capital gains obtained from the divestment process following the acquisition of Unión Fenosa. Without taking these effects into account, the operating income is similar in both years, as a consequence of which better results in power distribution in Spain and increased wholesale gas marketing margins offset lower income from the power in Spain and power distribution in Latin America.

Accumulated investments over the six-month period reached €406 million. Material investment was largely allocated to power and gas distribution activities, both in Spain and Latin America. This figure also includes sums from the financial investment caption.

CORPORATE

This section includes corporate operating costs and activities not attributable to operating areas, as well as inter-segment consolidation adjustments. A loss of €121 million was posted in 2011, against the €48 million in net expenses incurred in 2010.

FINANCIAL RESULT

Net financial expenses for the first half of 2011 were €352 million, representing a fall in expenditure of €115 million compared with the same period in the previous year.

Figures in million euros	**JANUARY-JUNE**	
	2011	**2010**
Net interest expenses (including preference shares)	(258)	(331)
Hedging positions (income/expense)	34	10
Update of provisions	(87)	(86)
Capitalised interests	77	69
Other financial income/expenses	(118)	(129)
Total	**(352)**	**(467)**

It is worth highlighting the following aspects:

- **Net interest expenses:** Expenditure has fallen due mainly to the fact that the average balances in floating rate investments are much higher in 2011 than those for the same period in 2010 and have higher remuneration. In addition, the early redemption of Series A preference shares took place on 8 February 2011 for $725 million, having been issued at an interest rate of 7.45% (higher than the Group's average cost of debt).
- **Hedging positions income (expense):** Increased financial income of €24 million compared with the same period in the previous year, mainly due to the maintenance of holding passive positions in Argentinean pesos, together with the depreciation of this currency versus the dollar.

INCOME TAX

Income tax expenditure is calculated in accordance with the estimated tax rate for the whole of 2011, meaning that tax expenditure for the interim period shall be the estimated annual average effective tax rate applied to the profit before tax for the interim period.

The effective tax rate for the first half of 2011 has been estimated at 38.5%, which is less than that estimated for the same period in the previous year (43.5%). The notable fall in income from Libya, which is subject to high tax rates, is the main reason for the reduction in the Group's effective tax rate.

FINANCIAL OVERVIEW

The net financial debt of the Consolidated Group at the end of the first six months of 2011 was €6,900 million, compared with €7,224 million at the end of 2010. This means that the period saw a debt reduction of €324 million.

The net debt to capital employed ratio at the end of the first half of 2011, for the Consolidated Group, was 18.4%, falling from 19.5% at the end of 2010. If the preference shares are taken into account, this ratio stood at 26.9%.

The variation in the Consolidated Group's net debt during the first half of 2011, as well as the causes thereof, are as follows:

Figures in million euros

Net financial debt at 31 December 2010	**7,224**
EBITDA	(4,473)
Variation in trade working capital	1,313
Investments [(1)]	2,503
Divestments [(1)]	(2,850)
Dividends paid (including affiliates)	818
Currency translation differences	234
Taxes paid	961
Interests and other movements	1,170
Net financial debt at 30 June 2010	**6,900**

(1) During the period January-June 2011, there were additional financial investments of €158 million and financial divestments of €15 million, that do no appear in this table. The table above also contains the $626 million (€439 million) loan extended to the Petersen Group relating to 48% of the sum corresponding to the purchase option for a 10% stake in YPF, shown under the heading *Divestments*.

The EBITDA generated in this period, along with the divestments made, covered expenditure on investments, trade working capital, taxes, interests and dividends during the period.

Divestments for this six-month period include the following:

- Various sales of shares in YPF, up to a total of 86,025,262 shares, (corresponding to a 21.87% stake in this company), notably the option exercised by the Petersen Group to purchase a 10% stake. At 30 June 2011, the Group held 57.94% interest in YPF. These transactions are described in detail under the *Highlights* section of this management report.
- Significant divestments made by Gas Natural Fenosa.

At 30 June 2011, the net financial debt of Repsol YPF excluding Gas Natural Fenosa amounted to €1,999 million, up €302 million on the figure at the end of 2010. Taking preference shares into account, net financial debt is €262 million lower than at the end of 2010.

The net debt to capital employed ratio for the Consolidated Group excluding Gas Natural Fenosa stood at 6.2% at 30 June 2011. Taking preference shares into account, this ratio was 15.6%.

RISK FACTORS

The earnings and operations of Repsol YPF are subject to risks as a result of changes in competitive, economic, political, legal, regulatory, social, industrial, business and financial conditions.

The risks faced by the Group in the second half of 2011 are fundamentally the same as those detailed in the management report accompanying the financial statements for 2010. This information should therefore be read in conjunction with the description of the risk factors included in the Consolidated Management Report 2010, as well as in Note 20 – Financial risk and capital management – of the Consolidated Financial Statements for the same year. Nevertheless, these are listed below in summary form:

OPERATION-RELATED RISKS

Uncertainty in the economic context.

The rhythm of recovery after the recent global economic-financial crisis is still subject to risks and uncertainty. The world economy is growing in an unbalanced way and at a more moderate rate than anticipated at the end of 2010. The increase in public debt could lead to changes in the taxation and regulatory framework applied to the oil and gas industry. Lastly, the economic-financial situation could have negative impacts on third parties with whom Repsol YPF does or may do business.

International reference crude oil prices and demand for crude oil may fluctuate due to factors beyond Repsol YPF' control.

World oil prices have fluctuated widely over the last 10 years and are subject to international supply and demand factors over which Repsol YPF has no control. The fall in oil prices has a negative impact on the profitability of Repsol YPF activities, on the valuation of its assets and on its investment plans. Likewise, a significant reduction of capital investments may negatively affect Repsol YPF's ability to replace oil reserves.

Regulation of Repsol YPF's operations

The oil industry is subject to extensive regulation and intervention by governments in such matters as the award of exploration and production interest, the imposition of specific drilling and exploration obligations, restrictions on production, price controls, required divestment assets, foreign currency controls over the development, and nationalisation, expropriation and the cancellation of contractual rights. As a general rule, licence-holders are subject to the payment of royalties and income and production taxes, which can be high when compared with the taxes paid by other businesses.

Repsol YPF is subject to extensive environmental regulations and risks

Repsol YPF is subject to extensive environmental laws and regulations in practically all the countries in which it operates. These govern, among others matters, the Group's operations in: the environmental quality standards for products, air emissions and climate change, energy efficiency, water discharges, the remediation of soil and groundwater, and the generation, storage, transport, treatment and final disposal of waste materials.

In particular, due to the concern over the risk of climate change, various countries have adopted or are considering the adoption of new regulatory requirements in order to reduce greenhouse gas emissions. These include the raising of taxes on carbon emissions, increased efficiency standards and the adoption of emissions trading systems. These requirements could increase the prices of Repsol YPF products, as well as altering the demand for hydrocarbons towards relatively lower-carbon sources, such as renewable energies. In addition, compliance with greenhouse gas regulations may also require the company to upgrade the facilities, to monitor or sequester emissions, or to take other actions that may increase costs.

Operating risks related to exploration and exploitation of oil and gas, and reliance on the cost-effective acquisition or discovery of, and, thereafter, development of new oil and gas reserves.

Oil and gas exploration and production activities are subject to risks related to production, facilities, transport, natural hazards and other uncertainties associated with the physical characteristics of oil and gas fields. Repsol YPF operations may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, hydrocarbon leaks or spills, delays in the delivery of equipment or compliance with governmental requirements.

Moreover, Repsol YPF is dependent on the replacement of depleted oil and gas reserves with new proven reserves, in a cost-effective manner that permits subsequent production to be economically viable.

Location of Repsol YPF reserves

Part of the oil and gas reserves are located in countries that are or could be economically and politically unstable.

Libya is currently experiencing a situation of military conflict. As a consequence, the Group's production has been suspended in Libya since 5 March 2011. At 30 June 2011, 0.8% of Repsol YPF's total consolidated assets were located in Libya, mostly corresponding to hydrocarbon exploration and production activities. In 2010, 4.5% of the Group's total annual hydrocarbon production was generated in Libya.

Oil and gas reserves estimates

In order to calculate proven oil and gas reserves, Repsol YPF uses the guidelines and conceptual framework for defining proven reserves issued by the *Securities and Exchange Commission (SEC)*. Oil and gas proven reserves are estimated using geological and engineering data to determine with reasonable certainty, whether the crude oil or natural gas located in known reservoirs can be recovered under existing economic and operating conditions. The accuracy of proven reserves estimates depends on a number of factors, assumptions and variables, some of which are beyond the company's control.

Repsol YPF's natural gas operations are subject to particular operational and market risks

Natural gas prices in the various regions in which Repsol YPF operates tend to vary, and can also be lower than prevailing prices in other regions of the world.

Repsol YPF has entered into long-term contracts to purchase and supply natural gas in various parts of the world, which present different risks (i) of the agreed prices being higher than the price at which such gas could be sold in other markets, (ii) of counterparties failing to fulfil their contractual obligations, thus, it might be necessary to look for other sources of natural gas at higher prices than those called for under such contracts, and (iii) of there being insufficient reserves in the countries in which proven reserves are linked to certain contracts, meaning that Repsol YPF might not be able to satisfy its obligations under these contracts, several of which include penalty clauses for non-fulfillment.

Cyclical nature of petrochemicals activity

The petrochemicals industry is subject to wide fluctuations in supply and demand reflecting the cyclical nature of the regional and international petrochemicals market, as well as to extensive government regulation and intervention in such matters as safety and environmental controls.

Significant presence of Repsol YPF in Argentina

At 31 December 2010 and 30 June 2011 respectively, approximately 19% and 18% of Repsol YPF assets, primarily relating to exploration and production activities, were located in Argentina. These assets essentially correspond to those of YPF, S.A. and its subsidiaries. At 30 June 2011, the Group's share in this company stood at 57.94%.

Repsol YPF's current insurance coverage to all operational risks may not be sufficient

The company maintains insurance covering against certain risks inherent in the oil and gas industry, in line with industry practice. The insurance coverage is subject to deductibles and limits that in certain cases may be materially exceeded by its liabilities. They also contain exclusions which could leave the Group with limited coverage in certain events. On the other hand, the company may not be able to maintain adequate insurance at rates or on terms that it considers reasonable or acceptable, or be able to obtain insurance against certain risks that materialize in the future. If the company experiences an incident against which it is not insured, or the costs of which materially exceed its coverage, it could have a material adverse effect on its business, financial condition and results of operations.

FINANCIAL RISKS

The activities carried out by the Group entail various types of financial risk:

Liquidity risk. This is associated with the Group's ability to finance its obligations at reasonable market prices, and to carry out its business plans with stable financing sources.

Credit risk. The Group's exposure to credit risk is mainly attributable to commercial debts from trading transactions, measured and controlled in relation to the customer or individual third party.

Market risks

- **Exchange rate risk*:*** Repsol YPF is exposed to exchange rate risk because the revenues and cash flows originating from the sale of crude oil, natural gas and refined products are generally in dollars or are influenced by the dollar exchange rate. Likewise, the results of operations are exposed to exchange rate variations in the currencies of countries in which Repsol YPF has operations. Repsol YPF is also exposed to exchange rate risk in relation to the value of its assets and financial investments.

- **Commodity price risk*:*** As a result of its trade operations and activities, the results of the Repsol YPF Group could be affected by volatility in the prices of oil, natural gas and derivative products.

- **Interest rate risk*:*** The market value of the Group's net financing and net interest expenses could be affected by interest rates fluctuations.

CORPORATE AREAS

PEOPLE MANAGEMENT

At the end of June 2010, the total Repsol YPF workforce was made up of 45,491 employees in more than 30 countries, mainly concentrated in Spain and Argentina, which account for 82% of the total. It is also worth noting the company's presence as an employer in countries such as Portugal, Brazil, Peru, Ecuador, Trinidad and Tobago, Chile and Bolivia, among others.

By business areas, 6.14% of employees work in the Upstream area, 0.44% in LNG, 44.00% in Downstream, 30.98% in YPF, 11.26 % in Gas Natural SDG and 7.18% in the Corporate Centre.

During the first six months of the year, Repsol continued to demonstrate its commitment to people with disabilities. In this sense, it is worth mentioning the two awards that were received during this period: the Ability Award for the “Best Large Private Company”, in recognition of Repsol's global and significant contribution to the recruitment and career development of people with disabilities, and the ONCE Foundation's Discapnet Award for its work in integrating this people. Similarly, in February 2011, Repsol initiated the second phase of its project to reach the target of 500 accessible service stations by the end of the year.

THE ENVIRONMENT

Caring for the environment is a central aspect in the management of Repsol’s activities. Environmental aspects are taken into consideration in all phases of the company's activity cycle, in order to prevent damage to people and assets and to minimise environmental impact.

The basis for managing safety and environmental at Repsol is the management system, which consists of an extensive body of standards, procedures, technical guides and management tools that are applicable to all company activities and which are constantly updated in line with industry best practices. The ISO 14001 certification has been promoted in the facilities as a way of encouraging continuous improvement and obtaining external validation of the management systems. At present, all refineries, chemical plants, lubricants and specialities facilities are certified, as well as nearly all the exploration and production centres and a growing number of other facilities involved in other activities.

During the first six months of 2011, environmental investments were made to improve the environmental quality of oil products, to minimise air emissions, increase energy efficiency, optimise water consumption, reduce the pollutant load in water discharges and improve spill-prevention systems by applying available best practices and technological innovation. It is also worth emphasising the efforts made to identify, appraise and correct possible polluting situations that may have occurred in the past.

HIGHLIGHTS

It is worth noting that the following events have taken place during this period:

UPSTREAM

On 7 January, the Indonesian Government approved the farm-in for Repsol's acquisition of a 45% stake in the East Bula and Seram blocks from the Canadian company Niko Resources. Following the acquisition, the partners in these blocks east of Seram Island offshore Indonesia, are Niko (55% and operator) and Repsol (45%).

On 24 January, Sonangol announced the results of the first Exploration Round since 2007. Repsol was awarded three blocks in the Bidding Round: Block 22 (as operator with a 30% interest), Block 35 (Repsol holds 25%) and Block 37 (Repsol holds 20%).

On 26 January, Repsol Sinopec and its partners, Brazil's Petrobras and Britain's BG Group, announced the positive results obtained at the Carioca Nordeste appraisal well, in which good-quality oil was found in the ultra-deepwater Santos Basin, in the Brazilian pre-salt. The new well is located in the appraisal area of the Carioca well, beneath 2,151 metres of water. Initial analyses demonstrated the existence of a 200-metre reservoir containing high quality 26º API oil.

In January, Repsol announced the signing of an agreement with Colombia's Ecopetrol (ECP) and Brazil's Petrobras to obtain a 30% stake in the Tayrona offshore exploration block, located in Colombian waters in the Caribbean Sea, close to La Guajira Peninsula. The other partners are Ecopetrol with a 30% stake and Petrobras, which will continue as the operator, with the remaining 40%.

On 7 March Repsol YPF S.A. announced that its subsidiary Repsol E&P USA Inc. closed an agreement with the companies “70 & 148, LLC” and GMT Exploration, LLC to jointly explore the blocks held by these two companies in the prolific “North Slope” in Alaska. Repsol will hold a 70% stake in these blocks. These are a group of blocks located close to large producing fields, which occupy around 2,000 km^2, in which Repsol undertakes to carry out the initial investments necessary to explore and confirm the economic viability of the resources they contain. Repsol's estimated minimum exposure for this investment, including amounts to be paid to its partners and the cost of the exploration to be carried out over several years, amounts to US$768 million.

On 15 March, the BOEMRE (Bureau of Ocean Energy Management, Regulation and Enforcement) authorised the resumption of drilling operations at the SB-201 development well in the Shenzi field (BHP 44% and operator, Repsol 28% and Hess 28%) located in the US Gulf of Mexico.

In April, Ecopetrol (ECP) and Repsol executed an agreement pursuant to which Repsol will have a 50% stake in the RC-11 and RC-12 (ECP 50% and operator) offshore blocks, pending official ratification by the Colombian authorities (ANH). Its entry into Blocks RC-11 & 12 completes Repsol's offshore positioning in Colombia, which began with Los Cayos and Tayrona blocks. This transaction provides a wealth of medium-high potential opportunities in shallow waters.

In June, Repsol and Alliance Oil Company signed a memorandum of understanding to create a joint venture to serve as a growth platform for the two companies in the Russian Federation, the world's largest gas and oil producer. The agreement seeks to combine Alliance Oil's knowledge and privileged access to Russian exploration and production opportunities with Repsol's know-how and technical capacity, thereby creating a long-term exploration and production partnership. In addition to operation of the assets contributed by Alliance Oil, the agreement also includes seeking exploration and growth opportunities through producing assets in the Russian Federation.

On 28 June, Repsol Sinopec and its partners Statoil and Petrobras announced the discovery of two levels of good-quality oil in the 1-REPF-11ª-RJS exploration well, informally known as Gávea. The well, located 190 kilometres off the coast of Rio de Janeiro, was drilled with the latest-generation Stena Drillmax I drillship at a water depth of 2,708 metres, reaching a final depth of 6,851 metres.

LNG

On 14 February, Repsol announced that it had signed a contract with South Korea's state-owned Korea Gas Corporation (KOGAS) to supply liquefied natural gas to the Asian market. The agreement, which took effect in January 2011, will involve the shipment of 1.9 billion cubic metres (bcm) of LNG from the liquefaction plant associated with the Peru LNG project.

On 12 March, ENARSA announced its decision on the tender to supply LNG to the Bahía Blanca terminal between May and October 2011. Repsol was awarded nine out of the 25 shipments (135,000 m^3/shipment) put out to tender, while Gas Natural Fenosa (GNF) will make a further seven shipments.

DOWNSTREAM

In June, Repsol acquired 100% of the British company Sea Energy Renewables, later renamed Repsol Nuevas Energías U.K., a company that promotes and develops offshore wind farms in Scotland, Through this acquisition, Repsol obtained the rights to develop three offshore wind farms in the Scotish coast. In addition, Repsol reached an agreement with EDP Renováveis to jointly develop two of these facilities: the 1,500 MW Moray Firth wind farm and the 905 MW Inch Cape wind farm. Following this transaction, the Group ownership interest in these facilities are 33% and 51%, respectively. Repsol will also own 25% of the Beatrice wind farm, in which the company Scottish and Southern Renewables holds the remaining 75%. These projects give Repsol the rights to develop, build and operate a total of 1,190 MW in the coast of Scotland, one of the areas of greatest potential in the world. The agreements provide to Gas Natural Fenosa the opportunity to join the project.

YPF

In July it was announced that drilling had been completed at the exploration well in Bajada de Añelo X-2 (BA X-2), located in the Bajada de Añelo Block in the Neuquén Basin, by the temporary joint venture in which YPF holds a 70% stake, and which is also composed of Rovella Energía S.A. (15%) and G&P del Neuquén (15%). Results at the well pointed to average daily production of around 250 barrels per day of high-quality oil (48° API), in line with the results obtained previously at this formation in the Loma La Lata area. These positive results therefore provide encouragement for continuing with the planned exploration plan for the Vaca Muerta formation in 2011.

GAS NATURAL FENOSA

On 17 June 2011, the Board of Directors of Gas Natural Fenosa approved the entry of Sonatrach as a shareholder with a 3.85% stake. Sonatrach will acquire a minority interest for €515 million, by means of a capital increase excluding preferential subscription rights, which will be executed once approval has been obtained from the Algerian authorities.

CORPORATE

On 4 January, the Company announced the agreement of the Board of Directors of Repsol International Capital, Ltd. to redeem 100% of the Series A preference shares under the terms and conditions stipulated in its Memorandum and Articles of Association, the Prospectus issued by the Company on 10 October 1997 and the Prospectus Supplement of October 1997. These preference shares were redeemed on 8 February 2011.

On 22 February 2011 the company formally applied for the delisting of its American Depositary Shares (ADSs) from the New York Stock Exchange (NYSE) and on 4 March, Repsol's ADSs ceased to be listed on this market. Subsequently, ninety days from filling of Form 15F with the Securities and Exchange Commission (SEC) on 7 March 2011, Repsol's deregistration with SEC became effective. However, the Company maintains an ADS program which began to trade on the OTCQX market on 9 March 2011.

On 23 February, the Repsol YPF Board of Directors agreed to propose the distribution of a final dividend for 2010 of €0.525 per share, which was paid to shareholders from 7 July 2011. This proposal brought the total gross dividend for 2010 to €1.05 per share, an increase of 23.53% on the previous year. The Annual Shareholders' Meeting, held on 15 April 2011, ratified the proposal.

On 14 March, Repsol agreed to sell a 3.83% of YPF's share capital to Lazard Asset Management and other investment funds for a net amount of $632 million (€446 million). Lazard Asset Management acquired a 2.9% shareholding in YPF, while other investors purchased a 0.93% stake. Repsol YPF also granted Lazard Asset Management a put option on the proportional shares acquired by Lazard which exceed 20% of YPF's free float. The put option can be exercised at any time until 10 October 2011.

On the same date, Repsol announced a public offering for YPF shares and on 23 March announced the offering price,in which it placed 26.21 million YPF shares in the form of American Depositary Shares (ADS). Repsol granted the underwriters a period of 30 days to purchase an additional 3.93 million ADSs at the same price, and this option was fully exercised. As a result, the share offering, which was completely placed, totalled 30.15 million ADSs, raising total net proceeds of US$1,209 million (€862 million). This transaction was notable for the high level of demand registered.

The Repsol YPF, S.A. Annual Shareholders' Meeting, held on 15 April 2011, approved all the proposals submitted by the Board of Directors.

In May 2011, the Petersen Group exercised its option to purchase a 10% stake in YPF. The net amount of the transaction for the 10% interest in YPF was US$1,302 million (€913 million). Part of this transaction was funded through a $626 million (€439 million) loan extended by Repsol to Petersen. The resulting shareholder structure rebalances Repsol's weight in Latin America and consolidates the Petersen Group's position as a leading business group in the region. The alliance between Repsol and the Petersen Group has further integrated YPF's management into the economic, business and social community of Argentina, resulting in strong company performance and healthy interest shown by the international investment community in the Argentinean company.

On 3 June, Repsol YPF, S.A. introduced the Plan for the Grant of Shares, aimed at the beneficiaries of the Repsol YPF Group's pluri-annual remuneration schemes, thereby implementing the resolutions adopted under Point 14 of the Agenda at the Annual Shareholders' Meeting held on 15 April 2011.

In July, Repsol sold 1,985,823 ordinary class “D” shares representing 0.50% of the share capital and votes of YPF S.A. for 177 pesos per share, in accordance with the procedures contemplated in Circular No. 3338 of 17 October 1996 and supplementary regulations of the Mercado de Valores de Buenos Aires S.A. (Buenos Aires Stock Market) relating to block sales.

2Q11
Income Statement

Madrid, 28th July 2011

CONTENTS:

TABLES:

Unaudited figures (IFRS)

2Q 2010	1Q 2011	2Q 2011	% Variation 2Q11/2Q10	SECOND QUARTER 2011 RESULTS	Jan-Jun 2010	Jan-Jun 2011	% Variation 11/10
CCS REPORTED EARNINGS (M€)							
1,300	1,383	1,017	-21.8	CCS OPERATING INCOME	2,636	2,400	-9.0
535	628	526	-1.7	CCS NET INCOME	1,090	1,154	5.9
CCS PROFORMA INDICATORS (M€)							
1,262	1,397	963	-23.7	CCS ADJUSTED OPERATING INCOME	2,522	2,360	-6.4
523	654	485	-7.3	CCS ADJUSTED NET INCOME	1,031	1,139	10.5
REPORTED EARNINGS (M€)							
1,466	1,611	1,111	-24.2	OPERATING INCOME	3,004	2,722	-9.4
650	765	579	-10.9	NET INCOME	1,338	1,344	0.4
PROFORMA INDICATORS (M€)							
1,428	1,625	1,057	-26.0	ADJUSTED OPERATING INCOME	2,890	2,682	-7.2
638	791	538	-15.7	ADJUSTED NET INCOME	1,279	1,329	3.9
EARNINGS PER SHARE							
0.53	0.63	0.47	-11.3	Euros per share	1.10	1.10	0.0
0.66	0.89	0.69	4.5	Dollars per share	1.34	1.59	18.7

SECOND QUARTER 2011 MAIN HIGHLIGHTS AND KEY FINANCIAL FIGURES

- **CCS adjusted net income** in the quarter was 485€. **CCS adjusted operating income** reached 963 M€. In both cases, the key factors that explain the drop vs the same period a year ago were diminished production in Argentina due to social unrest plus the suspension of production in Libya.

- Upstream production in the quarter was 296 Kboepd, 12.9% less than in the same period in 2010. Affecting mainly liquids, this drop was caused by the suspension of operations in Libya since 5 March and lower production at the Shenzi field in the United States due to the moratorium imposed in 2010, although the situation is now returning to normal. Production at YPF was 446 Kboepd, 19.8% less than in the second quarter last year. The drop, mainly affecting liquids, is mainly explained by the impact of social unrest which paralysed production in part of the country.

- The **Group's net financial debt, excluding Gas Natural Fenosa** amounted to 1,999 M€ at the end of second quarter 2011, 181 M€ less than at the end of first quarter 2011. Repsol maintains a solid financial position, reflected in its net debt/capital employed ratio, ex Gas Natural Fenosa, which dropped from 6.9% at the end of March 2011 to the current 6.2%. Taking preference shares into account, the ratio is 15.6%.

- The divestment process in YPF has continued during the quarter. On 3 May, Grupo Petersen notified that it would exercise its call option for a 10% stake in YPF. In addition, additional disposals of a 0.8% stake and voting rights in YPF, S.A. were made, including the sale on 12 July 2011 of 1,985,823 ordinary class "D" shares representing 0.50% of share capital.

- On 18 June, Repsol and Alliance Oil Company executed a Memorandum of Understanding for creating a joint venture that will serve as a growth platform for both companies in the Russian Federation.

1.- BREAKDOWN OF RESULTS BY BUSINESS AREA

1.1.- UPSTREAM

Unaudited figures (IFRS)

2Q 2010	1Q 2011	2Q 2011	% Variation 2Q11/2Q10		Jan-Jun 2010	Jan-Jun 2011	% Variation 11/10
299	490	316	5.7	**OPERATING INCOME** (M€)	731	806	10.3
370	490	293	-20.8	**ADJUSTED OPERATING INCOME** (M€)	802	783	-2.4
149	130	100	-32.9	**LIQUIDS PRODUCTION** (Thousand boepd)	150	115	-23.4
1,071	1,093	1,099	2.6	**GAS PRODUCTION (*)** (Million scf/d)	1,095	1,096	0.1
340	324	296	-12.9	**TOTAL PRODUCTION** (Thousand boepd)	345	310	-10.1
229	437	353	54.1	**INVESTMENTS** (M€)	367	790	115.3
119	53	103	-13.4	**EXPLORATION EXPENSE** (M€)	197	156	-20.8
2Q 2010	**1Q 2011**	**2Q 2011**	**% Variation 2Q11/2Q10**	**INTERNATIONAL PRICES**	**Jan-Jun 2010**	**Jan-Jun 2011**	**% Variation 11/10**
78.2	105.4	117.0	49.6	Brent ($/Bbl)	77.3	111.1	43.7
78.1	94.6	102.3	31.0	WTI ($/Bbl)	78.5	98.5	25.5
4.1	4.1	4.3	4.9	Henry Hub ($/MBtu)	4.7	4.2	-10.6
2Q 2010	**1Q 2011**	**2Q 2011**	**% Variation 2Q11/2Q10**	**REALISATION PRICES**	**Jan-Jun 2010**	**Jan-Jun 2011**	**% Variation 11/10**
71.5	81.9	86.1	20.4	OIL ($/Bbl)	71.9	83.6	16.3
2.6	3.1	3.5	34.6	GAS ($/Thousand scf)	2.7	3.3	22.2

(*) 1,000 Mcf/d = 28.32 Mm^3/d = 0.178 Mboed

Adjusted operating income in second quarter 2011 was 293 M€, 20.8% lower than in second quarter 2010.

The suspension of production in Libya (which reduced operating income by 211 M€) was the main reason for the drop in operating income. The reasons behind the decrease in operating income are the following:

- Oil and gas realisation prices, net of the effect of royalties, had a positive impact of 172 M€.
- Lower production volumes, particularly of liquids, net of depreciation, had an adverse effect of 177 M€.
- The depreciation of the dollar against the Euro reduced income by 52 M€.
- Other minor variations explain the remaining differences.

Production in this quarter totalled 296 Kboepd, 12.9% less than in the same quarter last year. This reduction, mainly affecting liquids production, was principally the result of the suspension of operations in Libya (completely on 5 March), lower production at the Shenzi field in the United States due to the moratorium imposed in 2010, although the situation is now returning to normal, and the dilution of the stake in Brazil. Diminished production in Trinidad & Tobago was due to greater maintenance activities. These negative effects were partially compensated by the start-up of the Peru LNG project in June 2010 and the implementation of the new contract in Ecuador which came into force on January 2011. The medium and long-term growth targets remain intact.

Drilling of the Gavea exploration well, situated in Brazil's Campos basin in Block BM-C-33, which yielded positive results, was completed in this quarter. Another five exploration wells are currently being drilled: two in Brazil's Santos Basin (the Itaborai and Tingua wells); one in Bolivia (Sararenda x-1); and two in Colombia (Chipirón T-2 and Jaripeo 1). In addition, appraisal drilling operations are currently ongoing at the Buckskin well in the United States and the Guara Sul, Guara RDA and Piracuca 4 wells in Brazil.

The SB-201 well in the Shenzi field, completed in the quarter, also came on stream. The well is already making a significant contribution to field production that is currently producing 107 Kboepd on a 100% basis. Approval was also granted on June 2nd for drilling a second well in the structure (SB-101) and it is currently in progress.

First half 2011 results

Recurrent operating income in the first six months of 2011 totalled 783 M€, in line with the same year-ago period. Higher international oil and gas prices cushioned the impact of lower production in this period mainly in Libya and in the United States.

Production in the first half of 2011 (310 Kboepd) was 10.1% less than in first-half 2010 (345 Kboepd) principally as a result of decreased liquids production in Libya and the United States.

Investments

Investments in second quarter 2011 in Upstream amounted to 353 M€. Investments in development accounted for 60% of the total amount and were mainly spent in the U.S. (25%), Bolivia (18%), Trinidad and Tobago (15%), Peru (10%), Venezuela (10%) and Brazil (9%). Investments in exploration accounted for 30% of the total amount, most of which was spent in the U.S., and Brazil.

In the first half of 2011, investments in Upstream amounted to 790 M€, 115.3% higher than in 2010. Investments in development represented 47% of the total and were mainly earmarked for the United States (24%), Bolivia (16%), Venezuela (14%), Trinidad & Tobago (11%), Peru (10%), and Brazil (10%). Investments in exploration accounted for 45% of the total and were mainly spent in the United States (64%) and Brazil (19%).

1.2.- LNG

Unaudited figures (IFRS)

2Q 2010	1Q 2011	2Q 2011	% Variation 2Q11/2Q10		Jan-Jun 2010	Jan-Jun 2011	% Variation 11/10
-23	115	53	-	**OPERATING INCOME** (M€)	11	168	-
13	115	53	307.7	**ADJUSTED OPERATING INCOME** (M€)	47	168	257.4
34.9	45.3	48.1	37.8	**ELECTRICITY PRICES IN THE SPANISH ELECTRICITY POOL** (€/MWh)	30.2	46.7	54.6
52.8	132.6	97.9	85.4	**LNG SALES** (TBtu)	106.5	230.5	116.4
33	2	5	-84.8	**INVESTMENTS**(M€)	49	7	-85.7

1 TBtu= 1.000.000 MBtu
1 bcm= 1.000 Mm^3= 39,683 TBtu

Recurrent operating income in second quarter 2011 was 53 M€ versus 13 M€ posted in the same year-ago period.

The rise in second quarter 2011 operating income was mainly driven by increased volumes, since the Peru LNG plant has been in operations since June 2010, and by higher LNG marketing margins.

First-half 2011 results

Recurrent operating income in the first six months of 2011 was 168 M€, 257.4% higher year-on-year principally because of larger LNG marketing volumes (since the Peru LNG plant has been in operations since June 2010) and wider LNG marketing margins, as well as by increased marketing volumes at the Canaport LNG plant.

Investments

Investments in the second quarter and in the first half of 2011 at the LNG division are considerably lower than in the same period a year ago mainly because at that time these investments were still ongoing at the major LNG projects which have now been completed.

1.3.- DOWNSTREAM

Unaudited figures (IFRS)

2Q 2010	1Q 2011	2Q 2011	% Variation 2Q11/2Q10		Jan-Jun 2010	Jan-Jun 2011	% Variation 11/10
372	217	217	-41.7	**CCS OPERATING INCOME** (M€)	560	434	-22.5
369	216	224	-39.3	**CCS ADJUSTED OPERATING INCOME** (M€)	555	440	-20.7

2Q 2010	1Q 2011	2Q 2011	% Variation 2Q11/2Q10		Jan-Jun 2010	Jan-Jun 2011	% Variation 11/10
538	445	311	-42.2	**OPERATING INCOME** (M€)	928	756	-18.5
535	444	318	-40.6	**ADJUSTED OPERATING INCOME** (M€)	923	762	-17.4
9,645	9,251	9,458	-1.9	**OIL PRODUCT SALES** (Thousand tons)	18,523	18,709	1.0
607	710	666	9.7	**PETROCHEMICAL PRODUCT SALES** (Thousand tons)	1,248	1,376	10.2
712	849	690	-3.1	**LPG SALES** (Thousand tons)	1,589	1,539	-3.1
479	288	364	-24.0	**INVESTMENTS** (M€)	732	652	-10.9

2Q 2010	1Q 2011	2Q 2011	% Variation 2Q11/2Q10	**REFINING MARGIN INDICATOR** ($/Bbl)	Jan-Jun 2010	Jan-Jun 2011	% Variation 11/10
3.3	2.1	2.1	-36.4	**Spain**	2.8	2.1	-25.0

At 224 M€, **CCS recurrent operating income** was 39.3% down year-on-year.

The 145 M€ drop in CCS recurrent operating income in second quarter 2011 versus the same quarter in 2010 was mainly caused by the following effects:

- Operating income in the **Refining** business fell 106 M€, negatively affected by the weak refining margin due to the high energy costs despite the wider diesel fuel and light and heavy oil spreads. The drop in operating income of the LPG business, which fell 11 M€, plus the depreciation of the dollar against the Euro, also had a negative impact on quarterly results.

- In the **Chemical** business, operating income was once again on positive ground thanks to the recovery of margins and volumes, which implied an increase of 38 M€ in operating income in comparison with the same quarter last year.

- The results of the other businesses, which are similar to the figures reported a year earlier, explain the remaining differences.

First-half 2011 results

CCS recurrent operating income in the first six months of 2011, excluding inventory gains/(losses), was 440 M€, 20.7% below the 555 M€ posted a year earlier mainly because of lower operating income in the Refining business and lower volumes in marketing activities despite the upturn in the chemical business.

Investments

Investments in Downstream in second quarter and first-half of 2011 amounted to 364 M€ and 652 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 and now in the final investment phase.

1.4.- YPF

Unaudited figures (IFRS)

2Q 2010	1Q 2011	2Q 2011	% Variation 2Q11/2Q10		Jan-Jun 2010	Jan-Jun 2011	% Variation 11/10
420	383	218	-48.1	**OPERATING INCOME** (M€)	831	601	-27.7
441	392	256	-42.0	**ADJUSTED OPERATING INCOME** (M€)	861	648	-24.7
298	297	229	-23.2	**LIQUIDS PRODUCTION** (Thousand boepd)	303	263	-13.3
1,449	1,277	1,221	-15.7	**GAS PRODUCTION (*)** (Million scf/d)	1,392	1,249	-10.5
556	524	446	-19.8	**TOTAL PRODUCTION** (Thousand boepd)	551	485	-12.0
3,387	3,504	3,403	0.5	**OIL PRODUCT SALES** (Thousand tons)	6,870	6,907	0.5
325	325	420	29.2	**PETROCHEMICAL PRODUCT SALES** (Thousand tons)	634	745	17.5
103	109	117	13.6	**LPG SALES** (Thousand tons)	227	226	-0.6
356	302	439	23.3	**INVESTMENTS** (M€)	597	741	24.1
2Q 2010	**1Q 2011**	**2Q 2011**	**% Variation 2Q11/2Q10**	**INDICATORS**	**Jan-Jun 2010**	**Jan-Jun 2011**	**% Variation 11/10**
48.5	54.1	56.8	17.1	**OIL REALISATION PRICES FOR THE LOCAL MARKET** ($/Bbl)	47.5	55.3	16.4
1.9	2.7	2.0	5.3	**GAS REALISATION PRICES (**)** ($/Thousand scf)	2.2	2.4	9.1

(*) 1,000 Mcf/d = 28.32 Mm^3/d = 0.178 Mboepd
(**) Do not include sales to Downstream and net of withholdings

Adjusted operating income in second quarter 2011, affected by the strikes in the South of the country, was 256 M€ vs the 441 M€ reported in second quarter 2010.

YPF was affected in second quarter 2011 by social unrest in Argentina where liquids production was seriously affected and, consequently, this had an impact on operating income. Although the minimum oil production required to be eligible for the Petroleo Plus incentive was not achieved, the annual incentive corresponding to the rise in reserves in 2010 was booked in the quarter. Higher fuel prices were not able to offset the negative impacts mentioned above and the impact of the higher costs. The main variations in the results are explained by:

- Labour strikes during the quarter had an impact on production. Lower oil production and processing at refineries made it necessary to increase oil and oil product purchases to satisfy demand. The effect of the aforementioned reduced operating income by 214 M€.
- Higher dollar prices for fuels in the domestic market had a positive impact of 129 M€.
- Higher export revenues and from products sold domestically, the price of which is linked to international prices, had a positive impact of 135 M€.
- The 27% year-on-year dollar increase in operating costs due to cost inflation in relation to services and salaries reduced income by 172 M€.
- Other items, mainly the biofuels purchases because of the mandatory use of this product as of January 2010, along with the exchange rate effect, explain the remaining variations.

Production in this quarter at 446 Kboepd was 19.8% lower year-on-year principally because of the impact of the strikes which reduced oil and gas production in the quarter by 60.9 Kboepd and 14.7 Kboepd, respectively. Disregarding this effect, the drop in liquids production would have been 3.0%.

First-half 2011 results

Recurrent operating income in the first half of the year was 648 M€, 24.7% below the figure reported in the same period last year mainly because of the effect of the strikes on oil production and the inflationary cost impact. Revenue growth driven by the increase of dollar fuel prices at the pump stations and the sale of products linked to international benchmarks in the domestic market were not able to offset the above-mentioned negative impacts.

Production in these first six months was 485 Kboepd, 12.0% less than in the same period last year with gas production decreasing by 10.5% and liquids production by 13.3%, the latter as a result of the stronger impact of the strikes.

Investments

Investments in second quarter 2011 at YPF totalled 439 M€, of which 330 M€ were spent in Exploration and Production and 63% of this amount in development projects.

In the first six months, these investments amounted to 741 M€, of which 582 M€ were earmarked for Exploration and Production and 72% of this amount for development projects.

1.5.- GAS NATURAL FENOSA

Unaudited figures (IFRS)

2Q 2010	1Q 2011	2Q 2011	% Variation 2Q11/2Q10		Jan-Jun 2010	Jan-Jun 2011	% Variation 11/10
295	247	265	-10.2	**OPERATING INCOME** (M€)	551	512	-7.1
181	249	188	3.9	**ADJUSTED OPERATING INCOME** (M€)	437	437	0.0
148	70	336	127.0	**INVESTMENTS** (M€)	266	406	52.6

Recurrent operating income in second quarter 2011 in Gas Natural Fenosa amounted to 188 M€, increasing 3.9% in relation to the 181 M € a year earlier.

Recurrent operating income in second quarter 2011 was slightly higher the figure reported in second quarter 2010 thanks to higher operating income in power distribution in Spain and wider wholesale marketing margins which was offset by lower income from power in Spain and power distribution in Latin America plus the impact of the divestments made in 2010 and 2011.

It is worth mentioning that on 17 June 2011, the Board of Gas Natural Fenosa approved Sonatrach's entry in the company's share capital with a 3.85% shareholding. Sonatrach will acquire a minority shareholding for 514.7 million Euros through a share capital increase, excluding preferential subscription rights. The operation does not involve the appointment of any representative of the Algerian company to the Board of the Spanish company and will be executed after securing the corresponding approval of Algerian authorities.

First-half 2011 results

Recurrent operating income in the first half of 2011 coincides with the figure reported in the same year-ago period and the reasons are similar to those described for the quarter.

Investments

Investments by Gas Natural Fenosa in the second quarter and first half of 2011 amounted to 336 M€ and 406 M€, respectively. Material investments were mainly allocated to Gas and Power Distribution activities in Spain and in Latin America**.** This figure also includes sums from the financial investments caption.

1.6.- 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 51 M€ was recorded in second quarter 2011.

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 2011 results (page 25 of this earnings statement).

Unaudited figures (IFRS)

BREAKDOWN OF NET DEBT (M€) – GROUP EX GAS NATURAL FENOSA	1Q11	2Q11	% Variation 2Q11/1Q11	Jan-Jun 2011
NET DEBT AT THE START OF THE PERIOD	**1,697**	**2,180**	**28.5**	**1,697**
EBITDA	-2,111	-1,631	-22.7	-3,742
VARIATION IN TRADE WORKING CAPITAL	955	300	-68.6	1,255
INVESTMENTS (1)	1,035	1,184	14.4	2,219
DIVESTMENTS (1)	-1,343	-959	-28.6	-2,302
DIVIDENDS (including affiliates)	644	157	-75.6	801
TRANSLATION DIFFERENCES	253	23	-90.9	276
INCOME TAX COLLECTIONS / PAYMENTS	322	592	83.9	914
REDEMPTION OF AMERICAN PREFERENCE SHARES	535	0	-100.0	535
INTEREST EXPENSE AND OTHER MOVEMENTS	193	153	-20.7	346
NET DEBT AT THE CLOSE OF THE PERIOD	**2,180**	**1,999**	**-8.3**	**1,999**
NET DEBT + PREFERENCE SHARES AT THE CLOSE OF THE PERIOD	**5,192**	**5,003**	**-3.6**	**5,003**
Debt ratio				
CAPITAL EMPLOYED (M€)	31,695	31,988	**0.9**	31,988
NET DEBT / CAPITAL EMPLOYED (%)	**6.9**	**6.2**	**-10.1**	**6.2**
NET DEBT + PREFERENCE SHARES/ CAPITAL EMPLOYED (%)	16.4	15.6	-4.9	15.6
ROACE before non-adjusted items (%)	12.3	8.0	-35.0	10.2

(1) In second quarter 2011, there were financial investments totalling 50 M€ and financial divestments for the amount of 5 M€ which are not reflected in this table. In addition, a financial loan was extended to Grupo Petersen (626 MUSD) relating to 48% of the sum corresponding to the call option for a 10% stake in YPF.

The Group's net financial debt, excluding Gas Natural Fenosa amounted to 1,999 M€ at the end of second quarter 2011, 181 M€ less that at the end of first quarter 2011.

EBITDA generated in the quarter plus divestments were made it possible to fully cover investments, taxes, trade working capital, interest payments, and dividends during this period.

Divestments in the quarter include the sale of a 10.29% stake in YPF for the net sum of 1,354 MUSD, of which amount, 1,302 MUSD correspond to Grupo Petersen's exercise of the call option for a 10% shareholding in the company.

Repsol has a solid financial position reflected in its net debt/capital employed ratio, excluding Gas Natural Fenosa, which stands at 6.2% versus 6.9% at the end of March 2011. Taking preference shares into account, the ratio is 15.6%.

The Group's **net financial expenses** at 30 June 2011 (ex Gas Natural Fenosa) were 204 M€ versus 298 M€ in the same period last year, highlighting the following aspects:

- **Net interest expense:** 61 M€ less, with the most salient aspects being the average balances in floating rate investments, much larger and with higher remuneration than in the same period in 2010 in addition to the early redemption of U.S. preference shares on 8 February 2011 (725 MUSD at a 7.45% interest rate, higher than the Company's average cost of debt).
- **Hedging positions income (expense):** income increased by 23 M€ as a result of holding passive positions in Argentinean pesos coupled with the depreciation of this currency versus the USD.

- **Capitalised interests**: income increased by 15 M€ mainly as a result of the capitalisation of the interest expense associated with the financing of the upgrading projects for the Cartagena and Bilbao refineries.

Unaudited figures (IFRS)

2Q 2010	1Q 2011	2Q 2011	% Variation 2Q11/2Q10	FINANCIAL INCOME/EXPENSES OF THE GROUP EX GAS NATURAL FENOSA (M€)	Jan-Jun 2010	Jan-Jun 2011	% Variation 11/10
-97	-74	-54	-44.3	NET INTEREST EXPENSE (incl. preference shares)	-189	-128	-32.3
36	-16	47	30.6	HEDGING POSITIONS INCOME/EXPENSE	8	31	287.5
-49	-45	-36	-26.5	UPDATE OF PROVISIONS	-79	-81	2.5
31	35	40	29.0	CAPITALISED INTEREST	60	75	25.0
-48	-51	-50	4.2	OTHER FINANCIAL INCOME/EXPENSES	-98	-101	3.1
-127	**-151**	**-53**	**-58.3**	**TOTAL**	**-298**	**-204**	**-31.5**

3.- OTHER CAPTIONS IN THE PROFIT AND LOSS ACCOUNT

3.1.- TAXES

The effective tax rate in second quarter 2011 was 36.4% and the accrued tax expense totalled 358 M€. The effective tax rate for the first-half of the year was 38.5%, in line with the rate estimated for 2011.

3.2.- EQUITY ON EARNINGS OF UNCONSOLIDATED AFFILIATES

Unaudited figures (IFRS)

2Q 2010	1Q 2011	2Q 2011	% Variation 2Q11/2Q10	BREAKDOWN OF UNCONSOLIDATED AFFILIATES (M€)	Jan-Jun 2010	Jan-Jun 2011	% Variation 11/10
3.2	5.5	-6.4	-	UPSTREAM	5.7	-0.9	-
5.8	7.1	10.7	84.5	LNG	17.8	17.8	0.0
4.3	6.5	7.8	81.4	DOWNSTREAM	16.7	14.3	-14.4
0.6	2.1	1.0	66.7	YPF	0.7	3.1	342.8
0.1	0.6	1.0	-	Gas Natural Fenosa	1.1	1.6	45.5
14.0	**21.8**	**14.1**	**0.7**	**TOTAL**	**42.0**	**35.9**	**-14.5**

Income from minority interests in second quarter 2011 totalled 14 M€ the same figure as in second quarter 2010.

Lower operating income in the Upstream division is due to inventory disposals and guarantee related expenses associated with the relinquishment of activities in ENIREPSA. In LNG, increased income is due to the start up of Peru LNG and in Downstream as a result of enhanced performance at Dynasol.

3.3.- MINORITY INTERESTS

Recurrent income attributable to minority interests in second quarter 2011 was 77 M€ versus 66 M€ in second quarter 2010. This caption mainly includes the share of minority interests in YPF's results. Repsol's share in YPF at the end of each period was 84.04% in second quarter 2010, 68.23% in first quarter 2011, and 57.94% in second quarter 2011.

4.- HIGHLIGHTS

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

In **Upstream,** on 18 June 2011, Repsol and Alliance Oil executed a Memorandum of Understanding for creating a joint venture that would serve as a growth platform for both companies in the Russian Federation, the world's largest gas and oil producer. The objective of this agreement is to combine Alliance Oil's knowledge and privileged access to exploration and production opportunities in Russia with Repsol's know-how and technical capabilities, thereby creating a long-term alliance for exploration and production activities. Besides the exploitation of the assets contributed by Alliance Oil, the agreement contemplates the search for exploration opportunities and growth through production assets in the Russian Federation.

On 28 June 2011, Repsol Sinopec and its partners Statoil and Petrobras confirmed the discovery of two levels of good quality oil in the 1-REPF-11A-RJS well, informally known as Gavea. The well, located 190 kilometres off the coast of Rio de Janeiro, was drilled with the latest-generation Stena Drillmax I drillship at a water depth of 2,708 meters, reaching a final depth of 6,851 meters.

In **Downstream**, on 7 June 2011 Repsol acquired the entire share capital of the British company SeaEnergy Renewables Limited (SERL). Through this transaction, Repsol obtains production rights in three offshore wind farms off the coast of Scotland, one of the areas in the world offering the greatest potential.

In **YPF**, on 13 July 2011, through the J-V in which YPF holds a 70% stake, Rovella Energía S.A. (15%) and G&P del Neuquén (15%), YPF announced another productive well in the "Vaca Muerta" formation in Bajada de Añelo, Neuquén province. As part of the pilot project being developed in the area, the exploratory well Bajada de Añelo X-2 (BA X-2) has been drilled down to 3,000 metres deep and fractured in 3 different parts in 150 metres. The preliminary results have established a daily production of 250 barrels per day of high quality oil (48º API). The results of this well encourage our Argentinean subsidiary YPF to continue investing in the assessment of the Vaca Muerta formation.

In **Gas Natural Fenosa**, on 17 June 2011, the Board of Gas Natural Fenosa approved Sonatrach's entry in the company's share capital with a 3.85% shareholding. Sonatrach will acquire a minority shareholding for 514.7 million Euros through a share capital increase, excluding preferential subscription rights. The operation does not involve the appointment of any representative of the Algerian company to the Board of the Spanish company and will be executed after securing the corresponding approval of Algerian authorities.

In the **Corporation**, on 12 July de 2011, Repsol sold 1,985,823 Class "D" shares representing 0.50% of YPF, S.A. share capital and votes, at a price of 177 pesos per share in accordance with the procedures contemplated in Circular No. 3338 dated 17 October 1996, and supplementary regulations of the *Mercados de Valores de Buenos Aires S.A.* relating to block sales.

On 16 June 2011, in order to adapt the organization to the Strategic Plan and improve efficiency in the management of the company, Repsol YPF approved the appointment of Miguel Martínez San Martín as Chief Financial Officer and ED Affiliated Companies.

On 3 June 2011, Repsol YPF launched the Delivery Shares Plan for the beneficiaries of multiannual remuneration programs, approved by the Annual General Shareholders' Meeting held on 15 April 2011 under point 14 of the Agenda.

On 3 May 2011, Grupo Petersen notified Repsol YPF that it had exercised its option to purchase 10% of YPF. The resulting shareholding structure rebalances Repsol's presence in Latin America and consolidates Grupo Petersen as one of Latin America's major enterprises. The alliance between Repsol and Grupo Petersen contributed to the integration YPF management in the Argentinean economic, social and business community and has resulted in strong company performance and in a growing interest of the international investment community in the Argentinean company.

Madrid, 28 July 2011

Investor Relations
E-mail: inversores@repsolypf.com
Website: www.repsol.com

Pº Castellana 278-280
28046 Madrid (Spain)
T: 34 917 53 55 48
F: 34 913 48 87 77

A teleconference for analysts and institutional investors is scheduled today, 28 July, at 12:30 p.m. (CET) to report on Repsol's second quarter 2011 results.

The teleconference can be followed live at Repsol's website (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 for investors and any interested party.

TABLES

2Q 2011 RESULTS

REPSOL YPF SUMMARISED INCOME STATEMENT

(Million euros)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	QUARTERLY FIGURES			JANUARY-JUNE	
	2Q10	1Q11	2Q11	2010	2011
EBITDA	**2,472**	**2,518**	**1,955**	**4,869**	**4,473**
Income from continuous operations before financial expenses	1,466	1,611	1,111	3,004	2,722
Financial expenses	(218)	(225)	(127)	(467)	(352)
Income before income tax and income of associates	**1,248**	**1,386**	**984**	**2,537**	**2,370**
Income tax	(550)	(554)	(358)	(1,104)	(912)
Share in income of companies carried by the equity method	14	22	14	42	36
Income for the period	**712**	**854**	**640**	**1,475**	**1,494**
ATTRIBUTABLE TO:					
Minority interests	62	89	61	137	150
EQUITY HOLDERS OF THE PARENT	**650**	**765**	**579**	**1,338**	**1,344**
Earnings per share accrued by parent company (*)					
* Euro/share	0.53	0.63	0.47	1.10	1.10
* $/ADR	0.66	0.89	0.69	1.34	1.59

(*) The issued share capital of Repsol YPF, S.A. consists of 1,220,863,463 shares.

Dollar/euro exchange rate at date of closure of each quarter
1.227 dollars per euro in 2Q10
1.421 dollars per euro in 1Q11
1.445 dollars per euro in 2Q11

BREAKDOWN OF REPSOL YPF RESULTS ADJUSTED TO NON RECURRING ITEMS

(Million euros)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	2Q10			JANUARY-JUNE 2010		
	Total	Non recurrent	Adjusted	Total	Non recurrent	Adjusted
Income from continuous operations before financial expenses	**1,466**	**(38)**	**1,428**	**3,004**	**(114)**	**2,890**
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)
Financial expenses	**(218)**	**15**	**(203)**	**(467)**	**15**	**(452)**
Income before income tax and income of associates	**1,248**	**(23)**	**1,225**	**2,537**	**(99)**	**2,438**
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	-	-	-	-	-	-
Income for the period	**712**	**(8)**	**704**	**1,475**	**(71)**	**1,404**
ATTRIBUTABLE TO:						
Minority interests	62	4	66	137	(12)	125
EQUITY HOLDERS OF THE PARENT	**650**	**(12)**	**638**	**1,338**	**(59)**	**1,279**

	1Q11		
	Total	Non recurrent	Adjusted
Income from continuous operations before financial expenses	**1,611**	**14**	**1,625**
Upstream	490	-	490
LNG	115	-	115
Downstream	445	(1)	444
YPF	383	9	392
Gas Natural Fenosa	247	2	249
Corporate and others	(69)	4	(65)
Financial expenses	**(225)**	**16**	**(209)**
Income before income tax and income of associates	**1,386**	**30**	**1,416**
Income tax	(554)	(3)	(557)
Share in income of companies carried by the equity method	22	-	22
Income for the period from discontinued activities	-	-	-
Income for the period	**854**	**27**	**881**
ATTRIBUTABLE TO:			
Minority interests	89	1	90
EQUITY HOLDERS OF THE PARENT	**765**	**26**	**791**

	2Q11			JANUARY-JUNE 2011		
	Total	Non recurrent	Adjusted	Total	Non recurrent	Adjusted
Income from continuous operations before financial expenses	**1,111**	**(54)**	**1,057**	**2,722**	**(40)**	**2,682**
Upstream	316	(23)	293	806	(23)	783
LNG	53	-	53	168	-	168
Downstream	311	7	318	756	6	762
YPF	218	38	256	601	47	648
Gas Natural Fenosa	265	(77)	188	512	(75)	437
Corporate and others	(52)	1	(51)	(121)	5	(116)
Financial expenses	**(127)**	**-**	**(127)**	**(352)**	**16**	**(336)**
Income before income tax and income of associates	**984**	**(54)**	**930**	**2,370**	**(24)**	**2,346**
Income tax	(358)	29	(329)	(912)	26	(886)
Share in income of companies carried by the equity method	14	-	14	36	-	36
Income for the period from discontinued activities	-	-	-	-	-	-
Income for the period	**640**	**(25)**	**615**	**1,494**	**2**	**1,496**
ATTRIBUTABLE TO:						
Minority interests	61	16	77	150	17	167
EQUITY HOLDERS OF THE PARENT	**579**	**(41)**	**538**	**1,344**	**(15)**	**1,329**

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	
	2Q10	1Q11	2Q11	2010	2011
Upstream	**1,008**	**1,005**	**876**	**2,011**	**1,881**
USA and Brazil	248	201	245	454	446
North of Africa	263	215	38	516	253
Rest of the world	509	605	612	1,069	1,217
Adjustments	(12)	(16)	(19)	(28)	(35)
LNG	**258**	**703**	**673**	**594**	**1,376**
Downstream	**9,551**	**10,306**	**10,247**	**17,948**	**20,553**
Europe	8,742	9,995	9,898	16,551	19,893
Rest of the world	1,289	926	1,033	2,419	1,959
Adjustments	(480)	(615)	(684)	(1,022)	(1,299)
YPF	**2,867**	**2,610**	**2,574**	**5,369**	**5,184**
Gas Natural Fenosa	**1,441**	**1,640**	**1,584**	**2,992**	**3,224**
Corporate & others	**(384)**	**(427)**	**(306)**	**(597)**	**(733)**
TOTAL	**14,741**	**15,837**	**15,648**	**28,317**	**31,485**

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	
	2Q10	1Q11	2Q11	2010	2011
Upstream	**299**	**490**	**316**	**731**	**806**
USA and Brazil	27	86	115	65	201
North of Africa	184	162	(34)	382	128
Rest of the world	88	242	235	284	477
LNG	**(23)**	**115**	**53**	**11**	**168**
Downstream	**538**	**445**	**311**	**928**	**756**
Europe	480	379	255	832	634
Rest of the world	58	66	56	96	122
YPF	**420**	**383**	**218**	**831**	**601**
Gas Natural Fenosa	**295**	**247**	**265**	**551**	**512**
Corporate & others	**(63)**	**(69)**	**(52)**	**(48)**	**(121)**
TOTAL	**1,466**	**1,611**	**1,111**	**3,004**	**2,722**

BREAKDOWN OF REPSOL YPF EBITDA
BY ACTIVITIES AND GEOGRAPHICAL AREAS

(Million euros)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	QUARTERLY FIGURES			JANUARY-JUNE	
	2Q10	1Q11	2Q11	2010	2011
Upstream	**615**	**654**	**497**	**1,281**	**1,151**
USA and Brazil	154	151	161	321	312
North of Africa	203	175	8	416	183
Rest of the world	258	328	328	544	656
LNG	**48**	**157**	**94**	**114**	**251**
Downstream	**684**	**580**	**478**	**1,182**	**1,058**
Europe	622	502	411	1,056	913
Rest of the world	62	78	67	126	145
YPF	**874**	**769**	**600**	**1,684**	**1,369**
Gas Natural Fenosa	**331**	**406**	**325**	**730**	**731**
Corporate & others	**(80)**	**(48)**	**(39)**	**(122)**	**(87)**
TOTAL	**2,472**	**2,518**	**1,955**	**4,869**	**4,473**

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	
	2Q10	1Q11	2Q11	2010	2011
Upstream	**229**	**437**	**353**	**367**	**790**
USA and Brazil	120	295	171	167	466
North of Africa	13	14	33	26	47
Rest of the world	96	128	149	174	277
LNG	**33**	**2**	**5**	**49**	**7**
Downstream	**479**	**288**	**364**	**732**	**652**
Europe	443	273	347	673	620
Rest of the world	36	15	17	59	32
YPF	**356**	**302**	**439**	**597**	**741**
Gas Natural Fenosa	**148**	**70**	**336**	**266**	**406**
Corporate & others	**17**	**8**	**57**	**27**	**65**
TOTAL	**1,262**	**1,107**	**1,554**	**2,038**	**2,661**

REPSOL YPF COMPARATIVE BALANCE SHEET

(Million euros)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	DECEMBER 2010	JUNE 2011
NON-CURRENT ASSETS		
Goodwill	4,617	4,414
Other intangible assets	2,836	3,003
Property, Plant and Equipmment	33,585	32,620
Investment property	26	25
Equity-accounted financial investments	585	584
Non-current financial assets		
Non-current financial instruments	1,639	1,977
Others	150	146
Deferred tax assets	1,993	1,939
Other non-current assets	322	309
CURRENT ASSETS		
Non-current assets classified as held for sale (*)	340	225
Inventories	5,837	6,283
Trade and other receivables	8,569	8,878
Other current financial assets	684	690
Cash and cash equivalents	6,448	5,736
TOTAL ASSETS	**67,631**	**66,829**
TOTAL EQUITY		
Attributable to equity holders of the parent	24,140	24,307
Attributable to minority interests	1,846	3,144
NON-CURRENT LIABILITIES		
Subsidies	110	116
Non-current provisions	3,772	3,237
Non-current financial debt	14,940	14,268
Deferred tax liabilities	3,387	3,212
Other non-current liabilities		
Current debt for finance leases	2,852	2,646
Others	811	884
CURRENT LIABILITIES		
Liabilities associated with non-current assets held for sale (*)	153	49
Current provisions	404	285
Current financial liabilities	4,362	3,914
Trade debtors and other payables:		
Current debt for finance leases	223	209
Other trade debtors and payables	10,631	10,558
TOTAL LIABILITIES	**67,631**	**66,829**

(*) 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	
	2010	**2011**
I.CASH FLOWS FROM OPERATING ACTIVITIES		
Income before taxes and associates	2,537	2,370
Adjustments:		
Depreciation of Property, Plant and Equipment	1,914	1,749
Other adjustments (net)	418	354
EBITDA	**4,869**	**4,473**
Variation in working capital	(1,010)	(1,313)
Dividends received	27	19
Income taxes received/(paid)	(782)	(961)
Other proceeds/(payments) from operating activities	(186)	(182)
OTHER CASH FLOWS FROM OPERATING ACTIVITIES	**(941)**	**(1,124)**
	2,918	**2,036**
II. CASH FLOWS FROM INVESTING ACTIVITIES		
Investment payments		
Group companies, associates, and business units	(13)	(90)
Property, plant and equipment, intangible assets and property investments	(1,912)	(2,278)
Other financial assets	(113)	(293)
Total Investments	**(2,038)**	**(2,661)**
Proceeds on divestments	824	2,426
Other cash flows	0	(6)
	(1,214)	**(241)**
III. CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts/Payments from equity instruments	-	-
Proceeds on issue of financial liabilities	5,251	4,441
Payments for return and amortization of financial obligations	(5,352)	(5,230)
Dividends paid	(181)	(818)
Interest paid	(472)	(448)
Other proceeds/(payments) from financing activities	(67)	(314)
	(821)	**(2,369)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**2,308**	**6,448**
Net cash flows (I, II y III)	**883**	**(574)**
Translation differences	**153**	**(138)**
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	**3,344**	**5,736**

FINANCIAL INCOME/CHARGES AND DEBT FOR THE CONSOLIDATED GROUP

Unaudited figures (IFRS)

BREAKDOWN OF NET DEBT – CONSOLIDATED GROUP (M€)	1Q 11	2Q 11	% Variation 2Q11/1Q11	Jan-Jun 11
NET DEBT AT THE START OF THE PERIOD	**7,224**	**7,434**	**2.9**	**7,224**
EBITDA	-2,518	-1,955	-22.4	-4,473
VARIATION IN TRADE WORKING CAPITAL	1,061	252	-76.2	1,313
INVESTMENTS (1)	1,105	1,398	26.5	2,503
DIVESTMENTS (1)	-1,344	-1,506	12.1	-2,850
DIVIDENDS (including affiliates)	651	167	-74.3	818
TRANSLATION DIFFERENCES	215	19	-91.2	234
INCOME TAX COLLECTIONS / PAYMENTS	339	622	83.5	961
REDEMPTION OF U.S. PREFERENCE SHARES	535	0	-100.0	535
INTEREST EXPENSE AND OTHER MOVEMENTS	166	469	182.5	635
NET DEBT AT THE CLOSE OF THE PERIOD	**7,434**	**6,900**	**-7.2**	**6,900**
NET DEBT + PREFERENCE SHARES AT THE CLOSE OF THE PERIOD	**10,627**	**10,085**	**-5.1**	**10,085**
Debt ratio				
CAPITAL EMPLOYED (M€)	37,597	37,536	-0.2	37,536
NET DEBT /CAPITAL EMPLOYED (%)	19.8	**18.4**	**-7.0**	**18.4**
NET DEBT + PREFERENCE SHARES/ CAPITAL EMPLOYED (%)	28.3	26.9	-4.9	26.9
ROACE before non- recurrent items (%)	11.0	7.5	-31.8	9.3

(1) In second quarter 2011, there were financial investments totalling 156 M€ and financial divestments for the amount of 5 M€ which are not reflected in this table. In addition, a financial loan was extended to Grupo Petersen (626 MUSD) relating to 48% of the sum corresponding to the call option for a 10% stake in YPF.

Unaudited figures (IFRS)

1Q 2010	1Q 2011	2Q 2011	% Variation 2Q11/2Q10	FINANCIAL INCOME / EXPENSES OF THE CONSOLIDATED GROUP (M€)	Jan-Jun 2010	Jan-Jun 2011	% Variation 11/10
-166	-141	-117	-29.5	NET INTEREST EXPENSE (incl. preferred shares)	-331	-258	-22.1
37	-11	45	21.6	HEDGING POSITIONS INCOME/EXPENSE	10	34	240.0
-52	-48	-39	-25.0	UPDATE OF PROVISIONS	-86	-87	1.2
36	36	41	13.9	CAPITALISED INTEREST	69	77	11.6
-73	-61	-57	-21.9	OTHER FINANCIAL INCOME / EXPENSES	-129	-118	-8.5
-218	**-225**	**-127**	**-41.7**	**TOTAL**	**-467**	**-352**	**-24.6**

TABLES

OPERATING HIGHLIGHTS 2Q 2011

OPERATING HIGHLIGHTS UPSTREAM

		2010			2011			% Variation
	Unit	1Q	2Q	Accum	1Q	2Q	Accum	11 / 10
HYDROCARBON PRODUCTION	**K Boed**	**350**	**340**	**345**	**324**	**296**	**310**	**-10.1%**
Crude and Liquids production	**K Boed**	**151**	**149**	**150**	**130**	**100**	**115**	**-23.4%**
USA and Brazil	K Boed	41	40	40	30	30	30	-26.3%
North Africa	K Boed	46	44	45	30	3	16	-64.0%
Rest of the world	K Boed	64	65	65	70	68	69	6.6%
Natural gas production	**K Boed**	**199**	**191**	**195**	**195**	**196**	**195**	**0.1%**
USA and Brazil	K Boed	2	2	2	1	2	2	-35.2%
North Africa	K Boed	6	6	6	6	6	6	-2.7%
Rest of the world	K Boed	191	182	187	187	188	188	0.6%

OPERATING HIGHLIGHTS DOWNSTREAM

	Unit	2010 1Q	2010 2Q	2010 Accum	2011 1Q	2011 2Q	2011 Accum	% Variation 11 / 10
CRUDE PROCESSED	**Mtoe**	**7.7**	**8.6**	**16.3**	**7.3**	**7.7**	**15.0**	**-8.1%**
Europe	Mtoe	6.2	7.1	13.2	6.4	6.8	13.3	0.0%
Rest of the world	Mtoe	1.6	1.5	3.1	0.9	0.9	1.7	-43.1%
SALES OF OIL PRODUCTS	**Kt**	**8,878**	**9,645**	**18,523**	**9,251**	**9,458**	**18,709**	**1.0%**
Europe	**Kt**	**7,244**	**8,077**	**15,321**	**8,215**	**8,465**	**16,680**	**8.9%**
–Own network	**Kt**	**4,963**	**5,222**	**10,185**	**5,009**	**5,274**	**10,283**	**1.0%**
- Light products	Kt	4,311	4,381	8,692	4,273	4,409	8,682	-0.1%
- Other Products	Kt	652	841	1,493	736	865	1,601	7.2%
–Other Sales to Domestic Market	**Kt**	**1,328**	**1,401**	**2,729**	**1,607**	**1,534**	**3,141**	**15.1%**
- Light products	Kt	908	1,006	1,914	1,202	1,110	2,312	20.8%
- Other Products	Kt	420	395	815	405	424	829	1.7%
–Exports	**Kt**	**953**	**1,454**	**2,407**	**1,599**	**1,657**	**3,256**	**35.3%**
- Light products	Kt	278	370	648	474	425	899	38.7%
- Other Products	Kt	675	1,084	1,759	1,125	1,232	2,357	34.0%
Rest of the world	**Kt**	**1,634**	**1,568**	**3,202**	**1,036**	**993**	**2,029**	**-36.6%**
–Own network	**Kt**	**440**	**476**	**916**	**406**	**467**	**873**	**-4.7%**
- Light products	Kt	375	367	742	345	377	722	-2.7%
- Other Products	Kt	65	109	174	61	90	151	-13.2%
–Other Sales to Domestic Market	**Kt**	**862**	**903**	**1,765**	**398**	**413**	**811**	**-54.1%**
- Light products	Kt	639	660	1,299	304	321	625	-51.9%
- Other Products	Kt	223	243	466	94	92	186	-60.1%
–Exports	**Kt**	**332**	**189**	**521**	**232**	**113**	**345**	**-33.8%**
- Light products	Kt	113	76	189	31	68	99	-47.6%
- Other Products	Kt	219	113	332	201	45	246	-25.9%
CHEMICALS								
Sales of petrochemicals products	**Kt**	**641**	**607**	**1,248**	**710**	**666**	**1,376**	**10.2%**
Europe	**Kt**	**540**	**545**	**1,085**	**624**	**590**	**1,214**	**11.8%**
Base petrochemical	Kt	178	207	385	236	214	450	16.8%
Derivative petrochemicals	Kt	363	337	700	388	376	764	9.1%
Rest of the world	**Kt**	**101**	**62**	**163**	**86**	**77**	**162**	**-0.6%**
Base petrochemical	Kt	25	22	47	16	19	36	-24.8%
Derivative petrochemicals	Kt	76	40	116	69	57	127	9.4%
LPG								
LPG sales	**Kt**	**877**	**712**	**1,589**	**849**	**690**	**1,539**	**-3.1%**
Europe	Kt	581	349	930	507	292	799	-14.0%
Rest of the world	Kt	296	363	659	342	398	740	12.3%

Other sales to the domestic market: includes sales to operators and bunker.
Exports: expressed from the country of origin.

OPERATING HIGHLIGHTS YPF

	Unit	2010 1Q	2010 2Q	2010 Accum	2011 1Q	2011 2Q	2011 Accum	% Variation 11 / 10
UPSTREAM								
HYDROCARBON PRODUCTION	**K Boed**	**550**	**556**	**551**	**524**	**446**	**485**	**-12.0%**
Crude and Liquids production	**K Boed**	**308**	**298**	**303**	**297**	**229**	**263**	**-13.3%**
Argentina	K Boed	306	297	301	295	228	261	-13.3%
Rest of the world	K Boed	2	2	2	2	1	2	-23.9%
Natural gas production	**K Boed**	**242**	**258**	**248**	**227**	**217**	**222**	**-10.5%**
Argentina	K Boed	242	258	248	227	217	222	-10.4%
Rest of the world	K Boed	0	0	0	1	0	1	21.7%
DOWNSTREAM								
CRUDE PROCESSED	**M toe**	**4.0**	**3.7**	**7.7**	**3.7**	**3.5**	**7.2**	**-6.2%**
SALES OF OIL PRODUCTS (*)	**Kt**	**3,483**	**3,387**	**6,870**	**3,504**	**3,403**	**6,907**	**0.5%**
Own network	**Kt**	**2,687**	**2,754**	**5,440**	**2,936**	**2,869**	**5,805**	**6.7%**
Light products	Kt	2,285	2,267	4,552	2,482	2,438	4,921	8.1%
Other Products	Kt	402	487	889	454	431	884	-0.5%
Other Sales to Domestic Market	**Kt**	**325**	**261**	**585**	**277**	**272**	**549**	**-6.2%**
Light products	Kt	175	123	299	122	138	260	-13.1%
Other Products	Kt	149	137	286	155	134	289	1.0%
Exports	**Kt**	**472**	**373**	**845**	**291**	**263**	**554**	**-34.5%**
Light products	Kt	104	106	210	115	102	217	3.2%
Other Products	Kt	368	266	634	176	161	336	-46.9%
PETROCHEMICALS								
SALES OF PETROCHEMICALS PRODUCT!	**Kt**	**309**	**325**	**634**	**325**	**420**	**745**	**17.5%**
Base petrochemical	Kt	50	42	93	53	53	107	14.9%
Derivative petrochemicals	Kt	258	283	541	272	367	638	18.0%
LPG								
LPG sales (**)	**Kt**	**124**	**103**	**227**	**109**	**117**	**226**	**-0.6%**

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
(**) Includes 50% Refinor

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Paseo de la
Castellana, 278-280
28046 Madrid
España

Tel. 34 917 538 100
34 917 538 000
Fax 34 913 489 494
www.repsol.com

Madrid, 4 May 2011

Prior to the option's expiry in February 2012

GRUPO PETERSEN EXCERCISES ITS OPTION TO PURCHASE 10% OF YPF

- Following the transaction, Repsol will hold 58.23% of YPF, while Grupo Petersen will have a 25.46% stake.
- The transaction will be carried out in accordance with the agreements signed in 2008, by which Grupo Petersen bought 14.9% of YPF and, in particular, on an option contract entered into on that date.
- Grupo Petersen will pay $1.304 billion for 10% of YPF, based on the formula established in 2008 for the option's exercise.
- The transaction is a significant step toward achieving the strategic objective laid out by Repsol in the Horizon 2014 plan to rebalance its global assets' portfolio.
- Repsol aims to continue incorporating international and Argentinean minority investors in YPF.

Grupo Petersen has informed Repsol of its decision to exercise its option to buy 10% of the capital of YPF in advance of the option's February 2012 expiration.

Repsol and Grupo Petersen agreed in December 2007, formalized pursuant to agreements signed in 2008, that the Argentinean group would buy 14.9% of YPF and would acquire an option for a further 10%.

Following the completion of the agreement announced today, Grupo Petersen will have a 25.46% stake in the Argentinean oil company, while Repsol's stake will be 58.23%.

The sale, which will be completed within days, is in line with the objectives laid out in Repsol's Horizon 2014 strategic plan of rebalancing its global assets' portfolio by reducing its stake in YPF to 51%, incorporating international and Argentinean minority shareholders.

The stake increase in YPF by Grupo Petersen will be carried out under the financial conditions laid out in the agreements reached in 2008. Applying the formula agreed at that time, Grupo Petersen will pay $1.304 billion for 10% of YPF.

The resulting shareholding structure rebalances Repsol's presence in Latin America and consolidates Grupo Petersen as one of Latin America's most significant enterprise groups. The alliance between Repsol and Grupo Petersen has helped the integration of the management of YPF into the Argentinean economic, social and business community and has resulted in a strong company performance and in a growing interest by the international investment community in the Argentinean company.

The transaction gives Repsol greater financial flexibility to carry out the investments detailed in the Horizon 2014 strategic plan, heavily focused on the Upstream business as growth vector for the company.

Paseo de la
Castellana, 278-280
28046 Madrid
España

Tel. 34 917 538 100
34 917 538 000
Fax 34 913 489 494
www.repsol.com

Madrid, June 3rd 2011

Repsol YPF has started up the Delivery Shares Plan addressed to the beneficiaries of multiannual remuneration programs and approved by the Annual General Shareholders' Meeting held on April 15th, 2011 under point 14th of the Agenda (the "Plan").

This Plan allows the beneficiaries of those programs (including Executive Directors and members of the Executive Committee of Repsol YPF, S.A.) to invest in company shares up to 50% of the gross amount of the incentive received each year, with the particularity that, if they keep the shares for three years ("Consolidation Period") and fulfil the rest of the conditions of the Plan, the Company will deliver them one additional share ("Additional Shares") for every three shares of the initial investment. The initial investment will be made no later than May 31st of each calendar year, once the relevant incentive has been paid to the beneficiaries.

The voluntary adhesion of the beneficiaries to the 1st Cycle of the Plan was implemented during the month of May and the initial investment took place on May 31st, 2011. This Cycle will finalize upon the delivery of the Additional Shares to the participants during June 2014.

Below are the principal figures of the 1st Cycle of the Plan, without prejudice of the individual communications to be made by certain of the participants in accordance with applicable laws and regulations:

Number of participants	350
Total of shares acquired by the participants (Initial shares)	227,498 shares, representing 0.019% of the current share capital
Purchase price of the Initial Shares	23.5357 €/share
Purchase date of the Initial Shares	May 31, 2011
Maximum number of Additional Shares to be delivered at the end of the Cycle	75,710 shares, representing 0.006% of the current share capital
Delivery period of the Additional Shares	1-30 June 2014

The total number of shares of Repsol YPF to be finally delivered to the participants of the 1st Cycle will depend on compliance by them of the conditions of the Plan during the Consolidation Period (including, among others, the maintenance of the initial investment in full and his/her continuance in the Group).

Paseo de la
Castellana, 278-280
28046 Madrid
España

Tel. 34 917 538 100
34 917 538 000
Fax 34 913 489 494
www.repsol.com

Madrid, 16 June 2011

In order to adapt the organization to the Strategic Plan and improve efficiency in the management of the company, Repsol YPF has approved today the appointment of Miguel Martinez San Martin as Chief Financial Officer and ED Affiliated Companies.

The new division's functions include financial management, accounting and taxation, strategy, corporate development and control of affiliated companies: YPF and Gas Natural Fenosa. Miguel Martinez joined Repsol 18 years ago and has had significant and extensive professional experience as well as positions of high responsibility, such as COO and ED Control and Corporate Development.

After the appointment, Repsol's Executive Committee is formed by:

- Antonio Brufau, Executive Chairman.
- Luis Suárez de Lezo, Board Member, ED Legal Affairs and Secretary of the Board of Directors.
- Miguel Martínez, ED Finance and Affiliated Companies.
- Nemesio Fernández-Cuesta, ED Upstream.
- Pedro Fernández Frial, ED Downstream.
- Cristina Sanz, ED People and Organization.
- Antonio Gomis, ED Repsol Argentina (*).
- Begoña Elices, ED Communication and Chairman's Office.

(*) Integrated in the area of responsibility of the new ED Finance and Affiliated Companies.

Paseo de la
Castellana, 278-280
28046 Madrid
España

Tel. 34 917 538 100
34 917 538 000
Fax 34 913 489 494
www.repsol.com

Madrid, 18 June 2011

Repsol and Alliance Oil have agreed a Memorandum of Understanding for the creation of a joint venture to carry out upstream activity in Russia. Repsol will have a 49% stake and Alliance 51%.

The joint venture will have an initial value of approximately $800 million. Alliance will contribute assets worth $600 million. Repsol will invest $200 million in a capital increase and will acquire shares for a further $200 million, taking total investment to $400 million.

The transaction is subject to final negotiations on contractual terms, due diligence on the assets to be contributed by Alliance Oil and on securing the corresponding regulatory and corporate approvals. It is hoped these can be obtained before the end of 2011.

General Division of Communication
Telf. 91 753 87 87
www.repsol.com
prensa@repsol.com

2011 1st HALF RESULTS

Madrid, July 28th 2011
Number of pages: 13

An increase of 0.4% over the first half of 2010

REPSOL POSTS FIRST HALF NET INCOME OF 1.344 BILLION EUROS

- The group's operating income was 2.722 billion euros, highlighting the company's performance, which made up for temporarily unfavourable circumstances including the partial halt in production in Argentina due to labour strikes, now resolved, and the halt in output from Libya.
- Operating income at the Upstream unit was 806 million euros, 10% higher than the year-earlier period.
- Especially significant is the performance of the LNG unit, where profit jumped to 168 million euros mainly on sales from Peru LNG.
- The downstream unit's operating income was 756 million euros, 18.5% lower than in the same period of 2010, due to refining margins and lower profits from the LPG business.
- Repsol's investee companies Gas Natural Fenosa and YPF saw results reduced by 7% and 28% respectively.
- Adequate management and ongoing financial discipline allowed the company to achieve an excellent financial result, reducing ex-Gas Natural Fenosa debt to 1.999 billion euros resulting in a net debt/capital employed ratio of 6.2%.
- Following the Petersen Group's exercise of its purchase option over 10% of YPF and other sales, Repsol has reached an adequate shareholding in its Argentinean affiliate.
- In June Repsol and Alliance Oil Company signed a memorandum of understanding to create a joint venture that will seek exploration and production opportunities in the Russian Federation.

General Division of Communication
Telf. 91 753 87 87
www.repsol.com
prensa@repsol.com

Repsol posted net income of 1.344 billion euros in the first half of 2011, slightly higher than the 1.338 billion euros of the year-earlier period. The group's operating income totalled 2.722 billion euros compared with 3.004 billion euros in the same period of the previous year.

The company's performance in the first half of the year compensated for unfavourable circumstances, such as the partial halt in production in Argentina due to labour strikes, which have now been resolved, and the suspension of production in Libya. These factors were partially compensated by the improvement of international oil prices, the recovery Repsol's chemicals business and excellent results from its LNG business.

Repsol's oil and gas realization prices, which rose 16.3% and 22.2% respectively, partly made up for lower liquids production in the period.

Operating income for the Upstream Business was 806 million euros in the first half of the year, 10.3% higher than in the year-ago period, while LNG earnings grew spectacularly due to the start-up of Peru LNG and greater activity at Canaport. Despite the recovery of the chemicals business, operating income at the Dowstream unit fell 18.5% to 756 million euros due to refining margins and lower profit from the LPG business.

Gas Natural Fenosa posted operating income of 512 million euros, a decrease of 7.1% from last year due to a change in its consolidation perimeter. YPF's operating income was 601 million euros compared with 831 million in the first six months of 2010 due to prolonged strikes during the period, now solved, and an inflationary effect on costs.

Adequate management and ongoing financial discipline allowed the company to achieve an excellent financial result, reducing the group's debt, excluding Gas Natural Fenosa, to 1.999 billion euros on June 30, 2011. Including preferred shares, debt fell by 263 million euros in the semester.

During the first half of the year, the company has sold shares in YPF through a number of operations. Petersen Group also exercised in May an option to buy 10% of the Argentinean company. Following these deals, Repsol retains a 57.4%, Petersen Group holds 25.5% and free float stands at 17.1%. An additional purchase option for 1.6% exists which, if executed, would reduce Repsol's stake to 55.8% a shareholding the company considers adequate.

General Division of Communication
Telf. 91 753 87 87
www.repsol.com
prensa@repsol.com

These sales, which have not affected the consolidated results for the period, have bolstered the company's resources.

In June Repsol and Russia's Alliance Oil Company signed memorandum of understanding to create a joint venture that will seek exploration and production opportunities in the Russian Federation, the world's largest oil and gas producer.

UPSTREAM: HIGHER OIL AND GAS REALISATION PRICES

Operating income for the Upstream Business was 806 million euros in the first half of 2011, an increase of 10.3% from the year-earlier period. The increase was mainly the result of higher crude oil and gas realisation prices which compensated for lower volume produced.

Especially significant was the increase in Repsol's gas realization price, which rose 22.2% compared to a 10.6% decline of the Henry Hub reference price in the same period. Repsol's crude realization price rose 16.3%, with a positive effect of 325 million euros on the operating income of the Upstream division.

Production in the first half was 310,021 boe/d, a decline of 10.1% from the year-earlier period. The fall is explained by circumstantial factors such as the suspension of activity in Libya and lower output in Trinidad and Tobago due to maintenance and in the Gulf of Mexico as a consequence of the drilling moratorium, which has now been lifted. This has allowed activity to return to normal in the Shenzi field

Investments in the Upstream unit totalled 790 million euros, a 115.3% increase from the first six months of the previous year. Field development accounted for 47% of total expenditure, mainly in the United States, Bolivia, Venezuela, Trinidad and Tobago, Brazil and Peru. Exploration investment was mainly focused on Brazil and the United States.

LNG: EXCEPTIONAL EARNINGS

The LNG business's operating income for the first half was 168 million euros, significantly higher than the 11 million euros for the same period of the previous year.

General Division of Communication
Telf. 91 753 87 87
www.repsol.com
prensa@repsol.com

These earnings are the result of the growth in sales volumes, basically from Peru LNG since it started production in June 2010 and increased activity from Canaport in Canada added to higher marketing margins.

DOWNSTREAM: THE CHEMICALS BUSINESS CONSOLIDATES ITS RECOVERY

Operating income at the Downstream unit (Refining, Marketing, LPG, Chemicals and Trading) was 756 million euros in the first half of 2011, a 18.5% decrease from the same period of the previous year.

The lower earnings are mainly the result of lower refining margins, lower sales and the reduction of earning from the LPG unit as the regulated prices do not cover the cost of the raw material. For its part, the chemicals business consolidates its positive results with the recovery of margins and volumes.

Investment in the Downstream unit totalled 652 million euros in the period, spent mainly on the strategic expansion projects of the Cartagena and Bilbao refineries.

Both these strategic projects will be put into operation this year, increasing the efficiency of the business, the margins and considerably increasing the volume of diesel produced, helping reduce Spain's import needs.

YPF: LOWER PRODUCTION

YPF's operating income in the first half totalled 601 million euros, a 27.7% decline from the previous year. The reduced earnings are a result of prolonged strikes, now resolved, and their inflationary effect on costs.

The strikes also affected output in the first half of the year, when production of hydrocarbons was 484,957 boe/d, a 12% fall from the previous year.

YPF in July announced a new shale oil find in the Bajada de Añelo exploration well in the Bajada de Añelo block in the Neuquén basin. The well produced an average 250 barrels of high quality oil a day in line with

General Division of Communication
Telf. 91 753 87 87
www.repsol.com
prensa@repsol.com

the results obtained previously in the same formation in Loma la Lata. The results confirm the positive expectations of the Vaca Muerta formation.

Investment in YPF during the semester totalled 741 million euros, of which 582 were spent on exploration and production. Of the E&P investment, 72% was dedicated to developing projects.

GAS NATURAL FENOSA

The operating income of Gas Natural Fenosa for the first half was 512 million euros, compared with 551 million euros in the first half of 2010.

The decline is mainly a consequence of a worse performance of the electricity business in Spain and by the smaller consolidation perimeter consequence of the divestments made after the merger of Gas Natural and Union Fenosa. This decline was partially offset by higher electricity distribution in Spain and by improved earnings from wholesale Gas sales.

On June 17, the Board of Directors of Gas Natural Fenosa approved the incorporation as shareholder of Sonatrach with a 3.85% stake which the company will buy for 515 million euros. This agreement, which ends the arbitration process that had existed between both companies, will be implemented following approval by the relevant Algerian authorities.

General Division of Communication
Telf. 91 753 87 87
www.repsol.com
prensa@repsol.com

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General Division of Communication
Telf. 91 753 87 87
www.repsol.com
prensa@repsol.com

REPSOL YPF RESULTS
(Million Euro)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	January – June		Change
	2010	2011	%
Net income	1,338	1,344	0.4
Operating income	3,004	2,722	(9.4)
Recurring net income	1,279	1,329	3.9
Recurring operating income	2,890	2,682	(7.2)

REPSOL YPF SUMMARISED INCOME STATEMENT
(Million Euro)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	January – June		Change
	2010	2011	%
EBITDA	4,869	4,473	(8.1)
Operating income	3,004	2,722	(9.4)
Financial expenses	(467)	(352)	(24.6)
Income before income tax and income of associates	2,537	2,370	(6.6)
Income tax	(1,104)	(912)	(17.4)
Share in income from companies carried by the equity method	42	36	(14.3)
Income for the period	1,475	1,494	1.3
Income attributable to minority interests	(137)	(150)	9.5
NET INCOME	**1,338**	**1,344**	**0.4**

General Division of Communication
Telf. 91 753 87 87
www.repsol.com
prensa@repsol.com

BREAKDOWN OF REPSOL YPF OPERATING PROFIT, BY BUSINESSES (Million Euro)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	January - June		Change
	2010	2011	%
Upstream	731	806	10.3
LNG	11	168	--
Downstream	928	756	(18.5)
YPF	831	601	(27.7)
Gas Natural Fenosa	551	512	(7.1)
Corporate & others	(48)	(121)	152,1
TOTAL	**3,004**	**2,722**	**(9.4)**

"CORE BUSINESS" OPERATING HIGHLIGHTS

	January – June		Change
	2010	2011	%
Oil and gas production (Upstream) (Thousand boepd)	345	310	(10.1)
Crude processed (million tons)	16.3	15.0	(8.1)
Sales of oil products (Thousand tons)	18,523	18,709	1.0
Sales of petrochemical products (Thousand tons)	1,248	1,376	10.2
LPG sales (Thousand tons)	1,589	1,539	(3,1)

General Division of Communication
Telf. 91 753 87 87
www.repsol.com
prensa@repsol.com

YPF OPERATING HIGHLIGHTS

	January – March		Change
	2010	2011	%
Oil and gas production (Thousand boepd)	551	485	(12.0)
Crude processed (million tons)	7.7	7.2	(6.2)
Sales of oil products (Thousand tons)	6,870	6,907	0.5
Sales of petrochemical products (Thousand tons)	634	745	17.5
LPG sales (Includes 50% Refinor stake) (Thousand tons)	227	226	(0.6)

General Division of Communication
Telf. 91 753 87 87
www.repsol.com
prensa@repsol.com

REPSOL YPF COMPARATIVE BALANCE SHEET

(Million Euros)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	DECEMBER 2010	JUNE 2011
NON-CURRENT ASSETS		
Goodwill	4,617	4,414
Other intangible assets	2,836	3,003
Property, plant & equipment	33,585	32,620
Real-Estate Investments	26	25
Equity-accounted financial investments	585	584
Non-current financial assets	1,789	2,123
Deferred tax assets	1,993	1,939
Other non-current financial assets	322	309
CURRENT ASSETS		
Non-current assets classified as held for sale (*)	340	225
Inventories	5,837	6,283
Trade and other receivables	8,569	8,878
Other current financial assets	684	690
Cash and cash equivalents	6,448	5,736
TOTAL ASSETS	**67,631**	**66,829**
TOTAL EQUITY		
Attributable to equity holders of the parent	24,140	24,307
Attributable to minority interests	1,846	3,144
NON-CURRENT LIABILITIES		
Subsidies	110	116
Non-current provisions	3,772	3,237
Non-current financial debt	14,940	14,268
Deferred tax liabilities	3,387	3,212
Other non-current liabilities	3,663	3,530
CURRENT LIABILITIES		
Liabilities associated with non-current assets held for sale	153	49
Current provisions	404	285
Current financial debt	4,362	3,914
Trade and other payables	10,854	10,767
TOTAL LIABILITIES	**67,631**	**66,829**

(*) Assets and liabilities associated with non-current assets held for sale are included

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prensa@repsol.com

SECOND QUARTER 2011 HIGHLIGHTS

→ Repsol makes significant advances in its partial divestment of YPF

During the first half of the year, the company continued to divest part of its stake in YPF. In May, Grupo Petersen informed Repsol of its decision to exercise its option to buy 10% of the capital of YPF almost a year in advance of the option's expiration.
Repsol currently holds a 57.4% stake, the Grupo Petersen 25.5% and free float stands at 17.1%. An additional purchase option for 1.6% exists which, if executed, would reduce Repsol's stake to 55.8%, a shareholding the company considers adequate.

These divestments have increased the company's own resources, without affecting the consolidated results for the period.

→ Repsol makes new Brazilian offshore discoveries

In June, Repsol Sinopec made a new discovery in Brazil's offshore , in Gavea well. Repsol Sinopec with partners, Petrobras and Statoil, discovered high quality crude in two levels in the 1-REPF-11A-RJS exploratory well

This discovery adds to that carried out last January in ultra-deep waters in the Carioca Northeast well, located in block BM-S-9, 275 kilometres off the Sao Paulo coast.

→ Repsol and Alliance Oil Company sign a joint venture agreement

On June 18, Repsol and Alliance Oil Company have signed a Memorandum of Understanding to form a joint venture that will serve as a growth platform for both companies in the Russian Federation, the world's largest oil and gas producer.

The agreement seeks to combine Alliance Oil's knowledge and privileged access to Russian exploration and production business opportunities with Repsol's know-how and technical capabilities to create a long-term exploration and production alliance.

Alliance Oil will have a 51% stake in the joint venture, bringing assets into production in the Volga-Urals region, and Repsol the remaining 49%.

→ Repsol acquires Exploration Blocks in Alaska's prolific North Slope

Repsol signed last March 7 an exploration joint venture with 70 & 148 LLC ("70") and GMT Exploration LLC ("GMT") on the North Slope of Alaska. Repsol's working interest in these blocks that cover an area of 2,000 square kilometers will be 70%.

The estimated minimum exposure of this investment for Repsol, including amounts to be paid to its partners and the cost of exploration to be carried out over several years, amounts to $768 million. The start of exploratory work is scheduled for next winter.

→ Repsol begins lubricants production in China and Malaysia

Repsol began producing lubricants in plants in Guangdong (China) and Kuala Lumpur (Malaysia). The production start-up took place in July and is a result of the agreement signed in November 2010 between Repsol and the Malaysian industrial UMW group for the production and distribution of Repsol lubricants in both Asian countries.

The project is part of Repsol's international expansion plan, and has a duration of 5 years by the end of which the company expects to achieve a sales volume of more than 20,000 tonnes/year of lubricants, equivalent to more that 25% of Repsol's annual sales of these products in Spain.

→ Repsol signs first Asian LNG supply deal

On February 14, Repsol signed a liquefied natural gas (LNG) supply agreement with South Korea's state-owned Korea Gas Corporation (KOGAS) to supply LNG to the Asian market. The agreement will involve the shipment of 1.9 bcm of gas equivalent, equivalent to the annual supply of 1 million homes.

The deal, which is Repsol's first LNG sale in the Far East, reinforces Repsol's global position in liquefied natural gas marketing. Repsol is the world's fourth-largest shipper of LNG and already has a dominant position in the Atlantic basin, shipping gas from Trinidad and Tobago to the US and European markets.

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www.repsol.com
prensa@repsol.com

→ Agreements to promote use of electric cars

Through Ibil, Repsol and the Basque Energy Board (EVE), signed agreements with Peugeot and Renault-Nissan to promote the use of electric cars.

With these agreements, Repsol strengthens its position and knowledge of the electric vehicle.

→ Repsol creates Spain's first private fund for Entrepreneurs in energy efficiency

The Repsol Foundation has created the Fund of Entrepreneurs in energy efficiency aimed at supporting the best business projects that provide solutions in terms of energy saving and responsible use of energy.

This is the first private equity fund of its kind in Spain in the field of energy efficiency. It has been created to enhance and attract talent and encourage entrepreneurs to promote the development of their business projects.

More highlights:

→ Antonio Brufau named Businessman of the Year (22/06/2011)

→ Repsol receives the "Equality in the workplace" emblem (24/05/2011)

→ Repsol received the Llotja Award for information provided to shareholders and the market (23/05/2011)

→ Repsol Shareholders' meeting approves the 2010 earnings and a 23.5% dividend increase (15/042011)

→ Repsol officially opens the world's first sustainable service station (13/04/2011)