



**DON JOSÉ MARÍA PÉREZ GARRIDO,
SECRETARIO Y CONSEJERO DEL CONSEJO DE ADMINISTRACIÓN DE REPSOL
INTERNATIONAL CAPITAL LIMITED**

CERTIFICO

- I. Que adjunto a la presente se remite a la Comisión Nacional del Mercado de Valores el **Informe Financiero Anual de Repsol International Capital Limited**, conforme a lo dispuesto en la Ley del Mercado de Valores y en el Real Decreto 1362/2007, de 19 de octubre, comprensivo de los siguientes documentos:
- a) Cuentas Anuales y el Informe de Gestión de Repsol International Capital Limited correspondientes al ejercicio terminado el 31 de diciembre de 2010, revisadas por el auditor.
 - b) Original del Informe de Auditoría de las Cuentas Anuales y el Informe de Gestión de Repsol International Capital Limited correspondientes al ejercicio terminado el 31 de diciembre de 2010.
- II. Que las Cuentas Anuales y el Informe de Gestión de Repsol International Capital Limited fueron formuladas por el Consejo de Administración el 18 de febrero de 2011, habiendo firmado en esa misma fecha todos los Consejeros la declaración de responsabilidad que a continuación se transcribe:

"The members of the Board of Directors of Repsol International Capital Limited (the Company) state that, to the best of our knowledge, the Financial Statements for the fiscal year ended on December 31st, 2010, approved by the Board on February 18th 2011, are prepared in accordance with applicable accounting principles, give a true and fair view of the net worth, of the financial situation and results of the Company, and that the Management Report includes a fair analysis of the Company's performance, results and position, as well as a description of the principal risks and uncertainties facing it."

Repsol International Capital Limited
P.O. Box 30592
Landmark Square, 3rd Floor
54 Earth Close
Grand Cayman KY1 - 1203
Cayman Islands



III. Que las copias anexas a la presente certificación reflejan fielmente las Cuentas Anuales y el Informe de Gestión de Repsol International Capital tal y como han sido formuladas por el Consejo de Administración de la Sociedad el 18 de febrero de 2011.

IV. Que bajo mi custodia obran las referidas Cuentas Anuales y el Informe de Gestión de Repsol International Capital Limited, con las cuáles concuerdan íntegramente las copias anexas a esta certificación, figurando en ellas las firmas de todos los Consejeros.

Y para que así conste ante la Comisión Nacional del Mercado de Valores, expido la presente certificación, a cuatro de abril de 2011.

José María Pérez Garrido

Repsol International Capital Limited
P.O. Box 30592
Landmark Square, 3rd Floor
64 Earth Close
Grand Cayman KY1 - 1203
Cayman Islands

REPSOL INTERNATIONAL CAPITAL LIMITED

**FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010
TOGETHER WITH REPORT OF INDEPENDENT AUDITORS**

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

Before appropriation of net result

Thousands of Euros			Current Period	Previous Period
ASSETS		Note	12/31/2010	12/31/2009
A)	NON-CURRENT ASSETS			
	Long term loans to related parties	4	3,027,641	3,584,671
	Other non-current financial assets	6	3,027,641	3,501,059
			-	83,612
B)	CURRENT ASSETS		580,312	537
	Other debtors		-	180
	Short term loans and accrued interest receivable from related parties	4	537,350	341
	Other current financial assets	6	42,589	-
	Cash and cash equivalents	3	373	16
	TOTAL ASSETS (A+B)		3,607,953	3,585,208

The accompanying notes one to thirteen are an integral part of the financial statements.

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF FINANCIAL POSITION

(continued)

DECEMBER 31, 2010

Before appropriation of net result

Thousands of Euros		LIABILITIES	Note	Current Period	Previous Period
				12/31/2010	12/31/2009
A)	SHAREHOLDER'S EQUITY (A.1 + A.2)			40,227	37,516
A.1)	EQUITY			76,822	77,500
	Common stock US\$1 par value, 518,900,000 shares authorized, issued, fully paid and outstanding			347,057	347,057
	Other reserves			(47,900)	(47,900)
	Accumulated deficits			(221,657)	(211,571)
	Net profit (loss)			(678)	(10,086)
A.2)	REVALUATION CHANGES			(36,595)	(39,984)
	Revaluation reserve		6	(36,595)	(39,984)
B)	NON-CURRENT LIABILITIES			2,982,697	3,547,575
	a) Non-cumulative Warranted Non-voting (Preference Shares):		7	2,982,697	3,463,963
	i) Series A – 29,000,000 shares authorized, issued and outstanding at December 31, 2010, 7.45%, US\$25 par value.			-	503,266
	ii) Series B – 1,000,000 shares authorized, issued and outstanding at December 31, 2010, 4%-7%, €1,000 par value.			997,773	991,272
	iii) Series C – 2,000,000 shares authorized, issued and outstanding at December 31, 2010, 4%-7%, €1,000 par value.			1,984,924	1,969,425
	b) Other non-current financial liabilities		6	-	83,612
C)	CURRENT LIABILITIES			585,029	117
	Non-cumulative Warranted Non-voting (Preference Shares): Series A – 29,000,000 shares authorized, issued and outstanding at December 31, 2010, 7.45%, US\$25 par value		7	542,590	103
	Payable to related parties		5	5	4
	Creditors			49	10
	Other current financial liabilities		6	42,385	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY (A+B+C)				3,607,953	3,585,208

The accompanying notes one to thirteen are an integral part of the financial statements.

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2010

Thousands of Euros

			CURRENT PERIOD	PREVIOUS PERIOD
		Note	12/31/2010	12/31/2009
	OPERATIONAL RESULT		(127)	(68)
(+)	Financial income		200,069	186,176
	Interest income from related parties	4	136,065	138,982
	Other financial income		64,004	47,194
(-)	Financial expenses		(200,566)	(198,936)
	Preference shares dividend	9	(158,927)	(157,185)
	Amortization of issuance cost	7	(22,000)	(22,000)
	Amortization of revaluation reserve	6	(3,389)	(3,501)
	Other financial expenses		(16,250)	(16,250)
(+/-)	Unrealized fair value changes:	6	-	-
	Collar fair value increase		(41,227)	19,418
	Embedded collar fair value decrease		41,227	(19,418)
(+/-)	Exchange gain (loss)	8	(54)	2,742
=	FINANCIAL RESULT		(551)	(10,018)
=	PRE-TAX RESULT		(678)	(10,086)
(+/-)	Tax expense		-	-
=	NET RESULT		(678)	(10,086)

The accompanying notes one to thirteen are an integral part of the financial statements.

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010

Thousand of Euros

		Current period	Previous period
		12/31/2010	12/31/2009
A)	Net result	(678)	(10,086)
B)	Income and expenses charged directly to Equity	-	-
C)	Transfers to the Profit and Loss account	3,389	3,501
1	Due to valuation of financial instruments	-	-
	a) Available for sale financial assets	-	-
	b) Other income / (expenses)	-	-
2	Cash flow hedges	3,389	3,501
3	Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME (A+B+C)		2,711	(6,585)

The accompanying notes one to thirteen are an integral part of the financial statements.

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2010

Thousand of Euros

CURRENT PERIOD		Equity			Revaluation	Total
		Common Stock	Reserves	Net Profit (Loss)	Changes	
December 31, 2009		347,057	(259,471)	(10,086)	(39,984)	37,516
I.	Comprehensive income (loss)	-	-	(678)	3,389	2,711
II.	Capital transactions with owners	-	-	-	-	-
III.	Other changes in Shareholder's Equity	-	(10,086)	10,086	-	-
	Appropriation of net result	-	(10,086)	10,086	-	-
	Other changes	-	-	-	-	-
December 31, 2010		347,057	(269,557)	(678)	(36,595)	40,227

PREVIOUS PERIOD		Equity			Revaluation	Total
		Common Stock	Reserves	Net Profit (Loss)	Changes	
December 31, 2008		656	(210,465)	(49,006)	(43,485)	(302,300)
I.	Comprehensive income (loss)	-	-	(10,086)	3,501	(6,585)
II.	Capital transactions with owners	346,401	-	-	-	346,401
III.	Other changes in Shareholder's Equity	-	(49,006)	49,006	-	-
	Appropriation of net result	-	(49,006)	49,006	-	-
	Other changes	-	-	-	-	-
December 31, 2009		347,057	(259,471)	(10,086)	(39,984)	37,516

The accompanying notes one to thirteen are an integral part of the financial statements.

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

Thousands of Euros		Current Period	Previous Period
		12/31/2010	12/31/2009
A)	Cash flow from operating activities (1+2+3)	24,623	12,644
1	Net result	(678)	(10,086)
2	Adjustments to net result	48,303	40,965
	(+) Amortization of fixed assets	-	-
	(+/-) Other adjustments to net result	48,303	40,965
	Amortization of revaluation reserve	3,389	3,501
	Amortization of issuance costs	22,000	22,000
	Unrealized foreign exchange	52	(2,739)
	Interest income from related parties companies	(136,065)	(138,982)
	Dividends on Preference Shares	158,927	157,185
	Other changes	-	-
3	Other cash flows from operating activities:	(23,002)	(18,235)
	(-) Dividend on preference shares payments	(159,030)	(157,189)
	(+) Interest collections	136,011	139,135
	(+/-) Other inflows / (outflows) from operating activities	17	(181)
B)	Cash flow from investing activities	(24,266)	(359,034)
1	1. Payment of investments	(24,266)	(359,034)
	(-) Loans to related parties	(24,266)	(359,034)
2	2. Proceeds from investments	-	-
	(+) Loans to related parties	-	-
	(+) Other financial assets	-	-
C)	Cash flow from financing activities	-	346,401
	Capital increase	-	346,401
	Proceeds (payments) from financial instruments	-	-
D)	Effects of exchange rate changes on the balance of cash held in foreign currencies	-	-
E)	Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	357	11
F)	Cash and cash equivalents, beginning of year	16	5
G)	Cash and cash equivalents, end of year (E+F)	373	16

The accompanying notes one to thirteen are an integral part of the financial statements.

REPSOL INTERNATIONAL CAPITAL LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

(Expressed in Euros)

Note 1: Company Description

Repsol International Capital Limited (the "Company"), formerly N.W.J.P.S.C. Limited, was incorporated on August 14, 1989, under the laws of the Cayman Islands. All the ordinary shares of the Company are owned directly by Repsol International Finance B.V., ("The Parent") a limited liability company organized under the laws of The Netherlands, all the ordinary shares of which are owned by Repsol YPF, S.A. (The ultimate parent of Repsol YPF Group), a limited liability company organized under the laws of Spain. Repsol YPF, S.A. is an integrated oil and gas company engaged in all aspects of the petroleum business.

The sole business of the Company is to issue preference shares in various markets and advance the net proceeds to various non-Spanish members of the Repsol YPF Group (the "Group"). The Company engages in no activities other than those related to the borrowing and lending of such funds.

The Company's registered office is located at Landmark Square 3rd Floor, 64 Earth Close, Grand Cayman, Cayman Islands (P.O. Box 30592).

On December 30th, 2010, the Company Board of Directors resolved to carry out on February 8th 2011 the redemption of 100% of the outstanding Series A Preference Shares listed on the NYSE. Preference shares have been redeemed at US\$25.00 plus accrued and unpaid dividends thereon from and including December 31st, 2010 amounting to US\$0.20 per Preference Share. Funds were obtained from the repayment of Repsol Netherlands Finance B.V.'s loan.

As of December 31, 2010, the capital stock of the Company consisted of 518,900,000 ordinary shares of US\$1 par value each, fully subscribed by Repsol International Finance B.V. Each share carries one vote and a right to dividends.

Note 2: Basis of Presentation and Accounting Principles

a) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards.

The accompanying financial statements were prepared from the Company's accounting records as of December 31, 2010.

REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2010 – continued

b) Measurement basis

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

c) Accounting principles

The main accounting principles applied in preparing the accompanying financial statements are summarized as follows:

1. Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

2. Derivative financial instruments

For the year ended December 31, 2010, the only outstanding derivative instrument was the collars which are accounted for as a fair value hedge. The Company records the gain or loss from re-measuring the hedging instrument at fair value under the caption "Unrealized fair value changes" in the accompanying statement of comprehensive income. Also, the gain or loss on hedged items attributable to the hedged risk will adjust the carrying amount of the hedged items and be taken to income under the caption "Unrealized fair value changes" in the accompanying statement of comprehensive income. This applies even if the hedged item is otherwise measured at cost. Recognition of the gain or loss attributable to the hedged risk in the statement of comprehensive income would also apply if the hedged items were available-for-sale financial assets.

3. Equity

Liabilities vs. equity classification

Financial instruments are classified as liabilities or equity in accordance with the substance of the respective contractual arrangement on initial recognition.

Interest, dividends, gains and profits relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. When the rights and obligations regarding the manner of settlement of financial instruments depend on the occurrence or non-occurrence of uncertain future events or on the outcome of uncertain

REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2010 – continued

circumstances that are beyond the control of both the issuer and the holder, the financial instrument is classified as a liability unless the possibility of the issuer being required to settle in cash or another financial asset is remote at the time of issuance, in which case the instrument is classified as equity (see Note 7).

4. Preference shares

The preference shares issued by the Company are classified as financial liabilities because of the obligation to pay dividends if the issuer reports a distributable profit. Consequently the preference dividend is being classified as a finance cost. Transaction costs directly related to the issuance of the preference shares are deducted from the amount of debt originally recognized, and they are subsequently amortized through the income statement over the life of the financial instrument.

5. Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Interest is recognized on a time proportion basis that reflects the effective yield on the asset.

6. Foreign currency transactions

The Company translates its foreign currency transactions into its reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. At year-end, the amounts payable or receivable in foreign currencies are translated to Euros at the official exchange rate on the last business day of the year, and the resulting gains or losses are recognized in profit or loss in the year in which they arise.

7. Income taxes

No income tax is levied on corporations in the Cayman Islands and, therefore, no income tax provision has been reflected in the accompanying financial statements.

Note 3: Cash and Cash Equivalents

The caption "Cash and cash equivalents" refers mainly to short-term deposits kept with financial institutions.

REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2010 – continued

Note 4: Loans to Related Parties

As of December 31, 1997, the proceeds from the issuance of the Series A Preference Shares were loaned to Repsol Netherlands Finance B.V., a limited liability company organized under the laws of The Netherlands.

The loan granted by the Company to Repsol Netherlands Finance B.V. in 1997, bears interest at the annual rate floor of 6.44%, payable on the same date as the dividend on the Series A Preference Shares. During 2010 the loan is being classified as short term since the proceeds from its cancellation in February 2011 will be used to redeem the Series A Preference Shares. The accrued interest income from this loan, as of December 31, 2010, and December 31, 2009, amounted to € 35,590,000 and € 32,041,000, respectively.

The proceeds from Series B and Series C Preference Shares issuance were also loaned to Repsol Netherlands Finance B.V. in May 2001 and in December 2001, respectively. These loans accrue interest income at a floating rate floor of Euribor plus a margin never less than 1.3612%. Accrued interest income as of December 31, 2010, and December 31, 2009, amounted to € 100,475,000 and € 106,941,000, respectively.

Note 5: Payable to Related parties

The caption "Payable to related parties" refers to the balance of a current account with companies within the Repsol YPF group.

Note 6: Derivative Financial Instruments

The Company has entered into the following derivative financial instruments:

- (i) In May 2001, the Company entered into a collar with a notional amount of € 1,000 million linked to the Series B Preference Shares issued on that date (see Note 7). The main characteristics of this collar are as follows:
 - The Company sold a right by virtue of which it would pay 3-month Euribor and receive 7% on the aforementioned notional amount with quarterly settlement periods beginning on June 30, 2001, the first maturity being on October 1, 2001, and the last on June 30, 2011.
 - The Company acquired a right by virtue of which it would pay 3-month Euribor and receive 4% on the aforementioned notional amount, with the same quarterly settlement periods and maturity dates as those mentioned in the previous paragraph.

As a result of this zero-cost collar structure together with the economic terms of Series B of the Preference Shares, including the collar implicit on this issuance, the final cost to be assumed by the Company, as a consequence of the preferred issuance and the collars inside and outside of it, will be for the first ten years a floating rate of 3-month Euribor

REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2010 – continued

flat. However, from the eleventh year on the rate will be a floating rate of 3-month Euribor plus 3.5% to be paid by the Company.

(ii) In April 2002, the Company entered into a collar with a notional amount of € 1,000 million relating to the € 2,000 million Series C Preference Shares issued in December 2001 (see Note 7). The characteristics of this collar are as follows:

- The Company sold a right by virtue of which it would pay 3-month Euribor and receive 7% on the aforementioned notional amount with quarterly settlement periods beginning on June 30, 2002, the first maturity being on September 30, 2002, and the last on December 31, 2011.
- The Company acquired a right by virtue of which it would pay 3-month Euribor and receive 4% on the aforementioned notional amount, with the same quarterly settlement periods and maturity dates as those mentioned in the previous paragraph.

As a result of this zero-cost collar structure, covering only half of the notional amount of Series C Preference Shares together with the economic terms, including the collar implicit on this issuance, the final cost to be assumed by the Company as a consequence of the preferred issuance and the collars inside and outside of it, will be:

- for half of the notional amount of the issue € 1,000 million, the one that has the collar aforementioned outside of the issuance, during the first ten years, a floating rate of 3-month Euribor flat. From the eleventh year, the rate will be a floating rate 3-month Euribor plus 3.5% to be paid by the Company.
- for the other half of the issue € 1,000 million, the one that has no collar outside of the issuance, during the first ten years, a floating rate of 3-month Euribor flat always between 4% and 7%, as minimum and maximum cost to be paid by the Company. From the eleventh year the rate will be a floating rate 3-month Euribor plus 3.5% to be paid by the Company.

The collars are recorded at fair value (2010 - € 42,589,000, 2009 - € 83,612,000) as a current asset as of December 31, 2010 with changes in its fair value during the year recorded in the income statement under the caption “Unrealized fair value changes” in the accompanying financial statements.

The fair value of the collar is estimated by a combination of a put and a call option on interest rates using the Black’s model.

The caption in the Statement of Financial Position “Revaluation Reserve” (2010 - € 36,595,000, 2009 - € 39,984,000) refers to a swap that during the first quarter of 2007 failed the effectiveness test and accordingly the Company proceeded with its discontinuance

REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2010 – continued

starting December 31, 2006. The cumulative loss deferred in equity continues to be separately recognized in equity and amortized as the financial instrument matures.

The Company's principal financial instruments not carried at fair value are cash and cash equivalents, trade receivables, other current assets and trade and other payables. The carrying amount of cash and cash equivalents approximates their fair value due to the short-term maturity of these financial instruments. Similarly, the historical cost carrying amounts of receivables and payables, which are all subject to normal trade credit terms, approximate their fair values.

Note 7: Preference Shares

Series A

In October 1997, the Company issued 29,000,000 Non-cumulative Guaranteed Non-voting Preference Shares, each of US\$25 par value, for US\$725,000,000 (the "Series A Preference Shares"). Dividend on each Series A Preference Share was fixed at a rate per annum equal to 7.45%, accruing from the date of the original issuance, and payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year, commencing December 31, 1997.

Dividends are payable only to the extent that the Distributable Profits of Repsol YPF, S.A. for the preceding fiscal year are sufficient to cover the payment of dividends on the Series A Preference Shares, together with any dividends previously paid in the current fiscal year and any dividends proposed to be paid during the current calendar quarter, on either the Series A Preference Shares or any other preference shares of Repsol YPF or any affiliate ranking *pari passu* with the Series A Preference Shares. Holders of the Series A Preference Shares will have no other right to participate in any profits of the Company.

On December 30th, 2010, the Company Board of Directors resolved to carry out on February 8th the redemption of 100% of the outstanding Series A Preference Shares listed on the NYSE. Preference shares have been redeemed at \$25.00 plus accrued and unpaid dividends thereon from and including December 31st, 2010 amounting to \$0.20 per Preference Share. Consequently Series A Preference Shares are classified as current liabilities.

In the event of liquidation, the holders of Series A Preference Shares will be entitled to receive out of the assets of the Company, before any distribution to holders of ordinary shares, a liquidation preference of US\$25 for each share, plus accrued and unpaid dividends for the then-current dividend period to the date of payment.

The payment of dividends and payments upon redemption, as well as any distribution upon liquidation of the Company, are unconditionally guaranteed by Repsol YPF, S.A.

REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2010 – continued

Series B

On March 26, 2001, the Board of Directors resolved to issue and sell bearer preference shares with an aggregate liquidation preference of up to € 1,000,000,000, referred to as the Series B Preference Shares, to be guaranteed by Repsol YPF, S.A.

In May 2001, the Company issued 1,000,000 Non-cumulative Guaranteed Non-voting Preference Shares, each of € 1,000 par value, for € 1,000,000,000 (the "Series B Preference Shares"). The dividend on each Series B Preference Share will be a floating rate per annum equal to three month Euribor with a cap of 7% and a floor of 4% for the first 10 years, and for the following years three month Euribor plus a margin equal to 3.5%. The dividend will be accrued from the date of the original issuance, and payable quarterly in arrears on March 31, June 30, September 30 and December 31, of each year, commencing on June 30, 2001.

Dividends are payable only to the extent that the Distributable Profits of Repsol YPF, S.A. for the preceding fiscal year are sufficient to cover the payment of dividends on the Series B Preference Shares, together with any dividends previously paid in the current fiscal year and any dividends proposed to be paid during the current calendar quarter, on either the Series B Preference Shares or any other preference shares of Repsol YPF or any affiliate ranking *pari passu* with the Series B Preference Shares. Holders of the Series B Preference Shares will have no other right to participate in any profits of the Company.

The Series B Preference Shares are redeemable, at the option of the Company, in whole or in part, from time to time on or after May 11, 2011 at € 1,000 per share, plus accrued and unpaid dividends for the then-current quarterly dividend period to the date fixed for redemption.

The payment of dividends and payments upon redemption, as well as any distribution upon liquidation of the Company, are unconditionally guaranteed by Repsol YPF, S.A.

Series C

In December 2001, the Company issued 2,000,000 Non-cumulative Guaranteed Non-voting Preference Shares, each of € 1,000 par value, for € 2,000,000,000 (the "Series C Preference Shares"). The dividend on each Series C Preference Share will be a floating rate per annum equal to three month Euribor with a cap of 7% and a floor of 4% for the first 10 years and for the following years three month Euribor plus a margin equal to 3.5%. The dividend will be accrued from the date of the original issuance, and payable quarterly in arrears on March 31, June 30, September 30 and December 31, of each year.

Dividends are payable only to the extent that the Distributable Profits of Repsol YPF, S.A. for the preceding fiscal year are sufficient to cover the payment of dividends on the

REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2010 – continued

Series C Preference Shares, together with any dividends previously paid in the current fiscal year and any dividends proposed to be paid during the current calendar quarter, on either the Series C Preference Shares or any other preference shares of Repsol YPF or any affiliate ranking *pari passu* with the Series C Preference Shares. Holders of the Series C Preference Shares will have no other right to participate in any profits of the Company.

The Series C Preference Shares are redeemable, at the option of the Company, in whole or in part, from time to time on or after December 21, 2011, at € 1,000 per share, plus accrued and unpaid dividends for the then-current quarterly dividend period to the date fixed for redemption.

The payment of dividends and payments upon redemption, as well as any distribution upon liquidation of the Company, are unconditionally guaranteed by Repsol YPF, S.A.

Issuance costs

Transaction costs directly related to the issuance of debt instruments are deducted from the amount of debt originally recognized, and they are subsequently amortized through the income statement over the life of the instrument using the effective interest method. For such purposes transaction costs are amortized over five years for Series A, and ten years for Series B and C.

Transaction costs related to the issuance of the Series A Preference Shares, as of December 31, 2002, have been completely amortized, so that the amount in the accompanying statement of financial position, regarding this issuance, is the reimbursement value of these preference shares.

Note 8: Exchange Gains and Losses

The amount registered as exchange gain in the accompanying income statement is composed as follows:

	<u>Thousands of Euros</u>	
	<u>2010</u>	<u>2009</u>
Realized exchange gain	2	4
Revaluation exchange gain	<u>39,271</u>	<u>17,683</u>
Total exchange gain	<u>39,273</u>	<u>17,687</u>

REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2010 – continued

The amount recorded as exchange loss in the accompanying income statement is composed as follows:

	Thousands of Euros	
	2010	2009
Realized exchange loss	3	1
Revaluation exchange loss	<u>39,324</u>	<u>14,944</u>
Total exchange loss	<u>39,327</u>	<u>14,945</u>

Note 9: Payment of Dividends

Pursuant to the classification of the Preference Shares as a financial liability the dividends paid to the holders of these Preference Shares are recorded as a financial expense.

During 2010 and 2009, the Company's Board of Directors declared the following dividends on each of Series A, B and C Preference Shares to holders:

Series	Date of payment	Dividend per share %	2010		2009	
			Effective rate per share %	Total Amount	Effective rate per share %	Total Amount
A	Quarterly at March 31, June 30, September 30, and December 31.	7.45% annual	7.45% annual	€ 40,607,000	7.45% annual	€ 38,865,000
B	Quarterly at March 31, June 30, September 30, and December 31.	Floating rate	4.59% annual (floor)	€ 39,440,000	4.59% annual (floor)	€ 39,440,000
C	Quarterly at March 31, June 30, September 30, and December 31.	Floating rate	4.72 % annual (floor)	€ 78,880,000	4.72 % annual (floor)	€ 78,880,000
				€ 158,927,000		€ 157,185,000

The effective rate per share includes the dividend accrued during the year and the amortization of the Preference Shares' issuance costs for such year.

REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2010 – continued

Note 10: Common Stock

Fully paid ordinary shares, which have a par value of US\$ 1, carry one vote per share and carry a right to dividends

Note 11: Financial Risk Management

The Company identifies, evaluates and hedges financial risks in close co-operation with its Parent Company's Financial Risk Department.

The Parent Company's Financial Risk Department, with the aim to promote best practices, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks.

The Company's activities expose it primarily to the market risks of changes in foreign currency exchange rates and interest rates. Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk

Exposures to currency risk arise from the Series A Preference Shares which are denominated in US Dollars, a different currency than the Company's functional currency. The Company hedges this risk by granting to Repsol Netherlands Finance B.V. a US Dollar denominated loan that largely offsets the exposure. Dividends payable on Series A Preference Shares match the cash flows generated by the US Dollar denominated loan granted to Repsol Netherlands Finance B.V., this provides an economic hedge and no further hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities, translated into Euros at the closing rate are as follows:

	<u>Thousands of Euros</u>	
	<u>2010</u>	<u>2009</u>
US Dollar denominated loan to related party	537,350	502,959
Preference shares – Series A	<u>(542,590)</u>	<u>(503,366)</u>
Net exposure	<u>(5,240)</u>	<u>(407)</u>

A 10 percent strengthening of the Euro against the US dollar at 31 December would increase equity and profit or loss by EUR 504,000 in 2010 and EUR 37,000 in 2009 as a

REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2010 – continued

result of foreign exchange gains/losses on translation of US Dollar denominated financial assets and liabilities. This analysis assumes that all other variables, in particular interest rates, remain constant. A 10 percent weakening of the Euro against the US Dollar would decrease equity and profit or loss by EUR 616,000 in 2010 and EUR 45,000 in 2009. Since Series A Preference Shares are redeemed and the outstanding loan in USD with Repsol Netherlands Finance B.V. cancel exchange difference exposure is expected to diminish during 2011.

Interest rate risk

The Company is exposed to changes in market interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rates both in the Preference Shares and the loan granted to Repsol Netherlands Finance B.V. This is achieved by the use of interest rate swap contracts and collars.

The Company uses a Value at Risk (VaR) model and a sensibility analysis to measure the impact of the market risk relating to its financial instruments.

At 31 December 2010, if interest had been 50 basis points higher all along the yield curve with all other variables held constant, profit for the year would have been EUR 5,140,000 higher. At 31 December 2009 with the movement in interest rates profit and equity would have been EUR 4,992,000 higher mainly as a result of the revaluation of the fair value of the swap.

Note 12 Subsequent events

Redemption of Series A Preference Shares took place on due date at February 8th. Funds were obtained by the repayment of Repsol Netherlands Finance B.V. 's loan.

Note 13: Statutory and Supervisory Board

The Statutory Directors do not receive any remuneration. The Company does not have supervisory directors.

The financial statements were approved by the Board of Directors and authorized for issue on February 18, 2011

George Town, Cayman Islands

February 18, 2011

REPSOL INTERNATIONAL CAPITAL LIMITED

STATUTORY DIRECTORS:

Benjamin Booker

Rafael Guerrero Mendoza

José María Pérez Garrido

Javier Sanz Cedrón

REPSOL INTERNATIONAL CAPITAL Limited.

Management Report– Annual Report 2010

1. General comments and results

- 1.1 The sole business of Repsol International Capital Limited is to issue preference shares in various markets and advance the net proceeds to various non-Spanish members of the Repsol YPF Group. The Company engages in no activities other than those related to the borrowing and lending of such funds.
- 1.2 The net loss for the year ended 31 December 2010 was EUR 0.7 million compared with a net loss of EUR 10.1 million for the year ended 31 December 2009. During 2010 the differential between the interest income that yields on the loan granted to Repsol Netherlands Finance B.V. and the dividends expense for the Preference Shares together with the collar improved which accounts for most of the Company's earnings increase in 2010.
- 1.3 As at the 30th of June 2011, the cost assumed by the Company linked to the Series B Preferred Shares will change from floating rate of 3 month Euribor flat to floating rate of 3 month Euribor plus 3,5% and the derivative linked to this Series B will be ceased.

2. Events after Balance Sheet date

On February 8th, 2011 100% of the outstanding Series A Preference Shares were redeemed. Funds were obtained by the repayment of Repsol Netherlands Finance B.V.'s loan.

3. Main activities performed during 2010

- Tenants of Preference Share A received a dividend of USD 54.2 million (EUR 40.6).
- Tenants of Preference Share B received a dividend of EUR 39.4 million.
- Tenants of Preference Share C received a dividend of EUR 78.8 million.
- During 2010 Repsol International Capital Limited continued to grant loans to Repsol Netherlands Finance B.V. As per 31.12.2010 the amount granted to RNF arrived to EUR 3,565 million of which EUR 3,028 million were denominated in Euros at an interest rate of 3.56% and EUR 537 million were denominated at USD at an interest rate of 6.44%

4. Financial risk management

- 4.1 The Company's activities expose it primarily to the market risks of changes in foreign currency exchange rates and interest rates. Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.
- 4.2 The Group's Corporate Risk function provides services to manage the financial risk relating to the Company's operations. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.
- 4.3 Note 11 of the annual accounts provides a detailed description of the nature and extent of risk arising from the financial instruments to which the Company is exposed at the reporting date. The disclosure includes a sensitivity analysis in order for the users of the financial statements to evaluate the risks.

5. **Research and development activities**

Repsol International Capital Limited has not carried out any research and development activities during 2010.

6. **Operations with treasury shares**

Repsol International Capital Limited has not carried out any treasury shares operations in 2010.

Independent Auditor's report

To the Shareholder and Board of Directors of
Repsol International Capital Limited

Report on the financial statements

We have audited the accompanying financial statements of Repsol International Capital Limited, which comprise the statement of financial position as at December 31, 2010, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended (all expressed in thousands of Euros) and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Repsol International Capital Limited as at December 31, 2010, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



February 18, 2011