



**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 2011, 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 2011.
- II. Que las Cuentas Anuales y el Informe de Gestión de Repsol International Capital Limited fueron formuladas por el Consejo de Administración el 12 de marzo de 2012, 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 the 31st December, 2011, approved by the Board on the 12th March 2012, 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
64 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 12 de marzo de 2012.
- IV. Que en el domicilio social 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 diecinueve de abril de 2012.

José María Pérez Garrido

Repsol International Capital Limited
P.O. Box 30592
Landmark Square, 3rd Floor
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Independent auditors' report

To the Board of Directors of Repsol International Capital Limited

We have audited the accompanying financial statements of Repsol International Capital Limited, which comprise the statement of financial position as at December 31, 2011, 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 and for such internal control management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 about 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, 2011 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



March 12, 2012

REPSOL INTERNATIONAL CAPITAL LIMITED

**FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011
TOGETHER WITH REPORT OF INDEPENDENT AUDITORS**

For identification purpose only.
Related to auditor's report
dated ...*March 12, 2012*...

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011

Before appropriation of net result

Thousand of Euros			Current Period	Previous Period
ASSETS		Note	12/31/2011	12/31/2010
A)	NON-CURRENT ASSETS		3,040,793	3,027,641
	Long term loans to related parties	4	3,040,793	3,027,641
	Other non-current financial assets		-	-
B)	CURRENT ASSETS		779	580,312
	Other debtors		-	-
	Short term loans and accrued interest receivable from related parties	4	372	537,350
	Other current financial assets	6	-	42,589
	Cash and cash equivalents	3	407	373
	TOTAL ASSETS (A+B)		3,041,572	3,607,953

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

For identification purpose only.
 Related to auditor's report
 dated ...*March 12, 2012*....

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF FINANCIAL POSITION

(continued)

DECEMBER 31, 2011

Before appropriation of net result

Thousand of Euro

			Current Period	Previous Period
			12/31/2011	12/31/2010
LIABILITIES				
A)	SHAREHOLDER'S EQUITY (A.1 + A.2)	Note	4,239	40,227
A.1)	EQUITY		74,440	76,822
	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		(222,335)	(221,657)
	Net profit (loss)		(2,382)	(678)
A.2)	REVALUATION CHANGES		(70,201)	(36,595)
	Revaluation reserve	6	(70,201)	(36,595)
B)	NON-CURRENT LIABILITIES		3,036,876	2,982,697
	a) Non-cumulative Warranted Non-voting (Preference Shares):	7	3,000,000	2,982,697
	i) Series B – 1,000,000 shares authorized, issued and outstanding at december 31, 2011, €1,000 par value.		1,000,000	997,773
	ii) Series C – 2,000,000 shares authorized, issued and outstanding at december 31, 2011, €1,000 par value.		2,000,000	1,984,924
	b) Other non-current financial liabilities	6	36,876	-
C)	CURRENT LIABILITIES		457	585,029
	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
	Other current financial liabilities	6	24	42,385
	Payable to related parties	5	9	5
	Creditors		48	49
	Other current liabilities		376	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY (A+B+C)			3,041,572	3,607,953

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

For identification purpose only.
Related to auditor's report
dated ...March...12...2012.....

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2011

Thousand of Euros

			CURRENT PERIOD	PREVIOUS PERIOD
		Note	12/31/2011	12/31/2010
	OPERATIONAL RESULT		(118)	(127)
(+)	Financial income		186,240	200,069
	Interest income from related parties	4	126,131	136,065
	Other financial income		40,109	64,004
(-)	Financial expenses		(168,629)	(200,566)
	Preference shares dividend	9	(128,112)	(158,927)
	Amortization of issuance cost	7	(17,303)	(22,000)
	Amortization of revaluation reserve	6	(3,271)	(3,389)
	Other financial expenses		(19,943)	(16,250)
(+/-)	Unrealized fair value changes:	6	-	-
	Collar fair value increase		42,589	(41,227)
	Embedded collar fair value decrease		(42,589)	41,227
(+/-)	Exchange gain (loss)	8	125	(54)
=	FINANCIAL RESULT		(2,264)	(551)
=	PRE-TAX RESULT		(2,382)	(678)
(+/-)	Tax expense		-	-
=	NET RESULT		(2,382)	(678)

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

For identification purpose only.
Related to auditor's report
dated ...*March 12, 2012*....

REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2011

Thousand of Euros

		Current period	Previous period
		12/31/2011	12/31/2010
A)	Net result	(2,382)	(678)
B)	Income and expenses charged directly to Equity	(36,876)	-
	Cash flow hedges	(36,876)	-
C)	Transfers to the Statement of Income	3,271	3,389
1	Due to valuation of financial instruments	-	-
	a) Available for sale financial assets	-	-
	b) Other income / (expenses)	-	-
2	Cash flow hedges	3,271	3,389
3	Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME (A+B+C)		(35,987)	2,711

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

For identification purpose only.
 Related to auditor's report
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REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2011

Thousand of Euros

CURRENT PERIOD		Equity			Revaluation	Total
		Common Stock	Reserves	Net Profit (Loss)	Changes	
December 31, 2010		347,057	(269,557)	(678)	(36,595)	40,227
I.	Comprehensive income (loss)	-	-	(2,382)	(33,606)	(35,988)
II.	Capital transactions with owners	-	-	-	-	-
III.	Other changes in Shareholder's Equity	-	(678)	678	-	-
	Appropriation of net result	-	(678)	678	-	-
	Other changes	-	-	-	-	-
December 31, 2011		347,057	(270,235)	(2,382)	(70,201)	4,239

PREVIOUS 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

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

For identification purpose only.
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REPSOL INTERNATIONAL CAPITAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

Thousand of Euro

	Current Period	Previous Period
	12/31/2011	12/31/2010
A) Cash flow from operating activities (1+2+3)	18,822	24,823
1 Net result	(2,382)	(678)
2 Adjustments to net result	22,556	48,303
(+) Amortization of fixed assets	-	-
(+/-) Other adjustments to net result	22,556	48,303
Amortization of revaluation reserve	3,271	3,389
Amortization of issuance costs	17,303	22,000
Unrealized foreign exchange	-	52
Interest income from related parties companies	(126,131)	(136,065)
Dividends on Preference Shares	128,112	158,927
Other changes	-	-
3 Other cash flows from operating activities:	(1,352)	(23,002)
(-) Dividend on preference shares payments	(128,112)	(159,030)
(+) Interest collections	126,155	136,011
(+/-) Other inflows / (outflows) from operating activities	605	17
B) Cash flow from Investing activities	473,705	(24,266)
1 1. Payment of investments	-	(24,266)
(-) Loans to related parties	-	(24,266)
2 2. Proceeds from investments	473,705	-
(+) Loans to related parties	473,705	-
C) Cash flow from financing activities	(492,493)	-
Capital increase	-	-
Proceeds (payments) from financial instruments	(492,493)	-
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)	34	357
F) Cash and cash equivalents, beginning of year	373	16
G) Cash and cash equivalents, end of year (E+F)	407	373

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

For identification purpose only.
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REPSOL INTERNATIONAL CAPITAL LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

(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).

As of December 31, 2011, 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, 2011.

For identification purpose only.
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REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2011 – 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, 2011, the only outstanding derivatives instruments were the interest rate swaps which were designated, qualify and accounted for as cash flow hedge. The effective portion of changes in the fair value of the interest rate swap is recognized in statement of comprehensive income under the caption "cash flow hedge". The gain or loss relating to the ineffective portion is recognized immediately in the statement of income. Amounts accumulated in equity are transferred to the statement of income in the periods when the hedged item affects the statement of income such as when the hedged financial expense is recognized. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate Series B Preference Shares is recognized in the statement of income within "other financial expenses". When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of income. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in equity is transferred to the statement of income.

During 2011 matured the collars which were accounted for as a fair value hedge. The Company recorded 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 adjusted 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.

REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2011 – continued

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 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 statement of income 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.

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REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2011 – continued

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.

Note 4: Loans to Related Parties

The proceeds from Series B and Series C Preference Shares issuance were loaned to Repsol Netherlands Finance B.V., a limited liability company organized under the laws of The Netherlands, 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, 2011, and December 31, 2010, amounted to € 122,591,000 and € 100,475,000, respectively.

As of December 31, 1997, the proceeds from the issuance of the Series A Preference Shares denominated in US Dollar were loaned, also in US Dollar, to Repsol Netherlands Finance B.V.. When on February 2011 the Company carried out the redemption of 100% of the outstanding Series A Preference Shares the Repsol Netherlands Finance B.V.'s loan denominated in US Dollar was cancelled for an amount of € 477,715 thousand, proceeds from the loan were used to redeemed Series A Preference Shares.

The accrued interest income from this loan bore interest at the annual rate floor of 6.44%. As of December 31, 2011, and December 31, 2010, amounted to € 3,540,000 and € 35,590,000 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 were as follows:

- The Company sold a right by virtue of which it would pay three 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.

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REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2011 – continued

- The Company acquired a right by virtue of which it would pay three 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 assumed by the Company, as a consequence of the preferred issuance and the collars inside and outside of it, was for the first ten years, up to June 30, 2011, a floating rate of three month Euribor flat.

(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 were as follows:

- The Company sold a right by virtue of which it would pay three 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 three 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 assumed by the Company as a consequence of the preferred issuance and the collars inside and outside of it, was:

- for half of the notional amount of the issue € 1,000 million, the one that had the collar aforementioned outside of the issuance, during the first ten years, a floating rate of three month Euribor flat. From the eleventh year, the rate will be a floating rate three 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 three 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 three month Euribor plus 3.5% to be paid by the Company.

(iii) Starting June 30, 2011 the dividend on each Series B Preference Share will be a floating rate per annum equal to three month Euribor plus a margin equal to 3.5%. The Company has contracted from June 30, 2011, several interest rate swap for a notional amount of € 1,000,000,000 to hedge the interest rate risk arising from the

REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2011 – continued

floating rate preference shares Series B. Under interest rate swap contracts, the company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to cancel off the risk of cash flow exposures on the issued variable rate of Preference Shares Series B. The interest rate swaps will mature on June 30, 2016. The cash flow hedging reserve in equity represents the cumulative effective portion of gains or losses arising on changes in fair value of the interest rate swaps, the reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period. At December 31, 2011, the fair value amounted € 36,900,000 and is recorded under other financial liabilities.

The caption in the Statement of Financial Position "Revaluation Reserve" (2011 - € 70,201,000, 2010 - € 36,595,000) apart for including the swaps linked to the Preference Shares B refers to a swap that during the first quarter of 2007 failed the effectiveness test and accordingly the Company proceeded with its discontinuance 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 were 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 were payable only to the extent that the Distributable Profits of Repsol YPF, S.A. for the preceding fiscal year were 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 did not have other right to participate in any profits of the Company.

REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2011 – continued

On December 30th, 2010, the Company's Board of Directors resolved to carry out on February 8th, 2011, the redemption of 100% of the outstanding Series A Preference Shares. Series A Preference Shares were redeemed at \$25.00 plus accrued and unpaid dividends thereon from and including December 31st, 2011 amounting to \$0.20 per Preference Share.

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 dividends on each Series B Preference Share was 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, starting June 30, 2011, 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 was 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, starting December 31, 2011, three month Euribor

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Notes to the financial statements for the year ended December 31, 2011 – continued

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 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 statement of income 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 B and C Preference Shares, as of December 31, 2011, 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 statement of income is composed as follows:

	<u>Thousands of Euros</u>	
	<u>2011</u>	<u>2010</u>
Realized exchange gain	126	2
Revaluation exchange gain	<u>3</u>	<u>39,271</u>
Total exchange gain	<u>129</u>	<u>39,273</u>

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REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2011 – continued

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

	Thousands of Euros	
	2011	2010
Realized exchange loss	1	3
Revaluation exchange loss	3	39,324
Total exchange loss	4	39,327

Note 9: Payment of Dividends

Pursuant to the classification of the Preference Shares as financial liabilities the dividends paid to the holders of these Preference Shares are recorded as financial expenses.

During 2011 and 2010, 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 %	2011		2010	
			Effective rate per share %	Total Amount	Effective rate per share %	Total Amount
A	2011 – Sole payment at February 8.	7.45% annual	7.45% annual	€ 4,322,000	7.45% annual	€ 40,607,000
	2010 - Quarterly at March 31, June 30, September 30, and December 31.					
B	Quarterly at March 31, June 30, September 30, and December 31.	Floating rate	4.71% annual (floor)	€ 44,910,000	4.59% annual (floor)	€ 39,440,000
C	Quarterly at March 31, June 30, September 30, and December 31.	Floating rate	4.70 % annual (floor)	€ 78,880,000	4.72 % annual (floor)	€ 78,880,000
				€ 128,112,000		€ 158,927,000

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

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REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2011 – 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 the 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 mainly arose from the Series A Preference Shares which were denominated in US Dollars, a different currency than the Company's functional currency. The Company hedged this risk by granting to Repsol Netherlands Finance B.V. a US Dollar denominated loan that largely offset the exposure. Dividends payable on Series A Preference Shares matched the cash flows generated by the US Dollar denominated loan granted to Repsol Netherlands Finance B.V., this provided an economic hedge and no further hedging activity was undertaken. Currently, since the redemption of Series A Preference Shares and the repayment of Repsol Netherlands Finance B.V. US Dollar loan, the Company has virtually no currency risk exposure.

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 interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Company cash flow exposure resulting from variable interest rates on Preference Series B. The

REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2011 – continued

interest rate swaps settle on a quarterly basis and occur simultaneously with the dividend payment of Preference Shares Series B and the interest payments for the Repsol Netherlands Finance B.V.'s loan. During the year the hedge was 100% effective in hedging the cash flow exposure to interest rate movements.

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

At 31 December 2011, 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 € 5,220,000 higher. 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 € 5,140,000 higher.

Note 12: Related Party Transactions

The balance sheet captions "Long term loans to related parties" and "Short term loans and accrued interest receivable from related parties" recognize the principal and interest accrued, and the caption of the statement of income "Interest income from related parties" (€ 126,131,000) shows the interest charges of the loan granted by the Company to Repsol Netherlands Finance B.V., which bears arm length interest.

Up to December 31 2011, the Company has recorded interest income from "Caja de Ahorros y Pensiones de Barcelona", a Repsol YPF Group related party, connected to the collar for an amount of € 6,989,000 which is recorded under the caption "Other financial income". Under the caption "Other financial Expenses" are recorded a liquidity commission and a success commission for the Preference Shares of which € 8,125,000 were paid to "Caja de Ahorros y Pensiones de Barcelona".

Note 13 Subsequent events

There have been no subsequent events after December 31, 2011.

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REPSOL INTERNATIONAL CAPITAL LIMITED

Notes to the financial statements for the year ended December 31, 2011 – continued

Note 14: 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 March 12, 2012

George Town, Cayman Islands

March 12, 2012

STATUTORY DIRECTORS:

Richard McMillan

Rafael Guerrero Mendoza

José María Pérez Garrido

Javier Sanz Cedrón

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dated*March 12, 2012*.....

REPSOL INTERNATIONAL CAPITAL Limited.

Management Report– Annual Report 2011

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 2011 was EUR 2.4 million compared with a net loss of EUR 0.7 million for the year ended 31 December 2010. During 2011 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 derivatives on the preference shares worsened which accounts for most of the Company's earnings decrease in 2011.

2. Events after Balance Sheet date

. There have been no subsequent events after December 31, 2011.

3. Main activities performed during 2011

- Tenants of Preference Share A received a dividend of USD 5.8 million (EUR 4.3).
- Tenants of Preference Share B received a dividend of EUR 44.9 million.
- Tenants of Preference Share C received a dividend of EUR 78.8 million.
- The company redeemed on February 8th 2011 100% of the outstanding Series A Preference Shares. The Series A Preference Shares were listed on the NYSE.
- During 2011 Repsol International Capital Limited continued to grant loans to Repsol Netherlands Finance B.V. As per 31.12.2011 the amount granted to RNF arrived to EUR 3,040 million denominated in Euros at an interest rate of 4.4%.

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 2011.

6. Operations with treasury shares

Repsol International Capital Limited has not carried out any treasury shares operations in 2011.

STATUTORY DIRECTORS:

Richard McMillan

Rafael Guerrero Mendoza

José María Pérez Garrido

Javier Sanz Cedrón