CEPSA’S Annual General Meeting of Shareholders Approves Company Management and Financial Statements for 2010

- EBITDA amounted to €1,408 million and capital expenditures stood at €621 million
- Adjusted net income was €418 million and the total dividend distribution approved on 2010’s earnings amounted to €0.95 per share

At CEPSA’s Annual General Meeting of Shareholders held today, the 2010 financial statements, with an adjusted net income figure of €418 million, were approved, as well as a total cash dividend payment for the year of €0.95 per share, up 18.75% from a year earlier, representing a payout of 60.8% of adjusted net income.

In 2010, the operating environment in which CEPSA conducted its businesses was characterized by growth in crude oil demand worldwide but with a drop in domestic demand for refined products. With the exception of fuel oils, spreads between petroleum product prices and Brent crude oil (“crack spreads”) widened compared to the year before. With regard to refining margins, hydroskimming margins continued to be sharply negative whereas cracking margins improved slightly from 2009, albeit remaining at very depressed levels. The US dollar, which rose 4.5% year-on-year against the euro, helped bolster the Company’s earnings.

CEPSA continued to pursue its large-scale capital spending plan. In 2010, the Company earmarked €621 million in capital and exploration expenditures, a figure that exceeded the average for recent years, especially taking into consideration the completion of its key investment, the Middle Distillate Capacity Expansion Project at the La Rábida Refinery.

Professional Development in CEPSA

At December 31, 2010, the number of employees in the CEPSA Group totaled 11,814, 0.9% higher than the year before basically as a result of the expansion of E&P activities.

CEPSA’s Human Resources policies are focused on strengthening the development of the Company’s human and intellectual capital. A variety of actions were carried out in the year, noteworthy being a new competency-based model for human resources management (which included over 1,300 employees), the professional development program for production managers and supervisors and the employee performance evaluation system.

Last year, over 450,000 hours of training were provided to the workforce, nearly 50,000 of which involved safety issues.
CEPSA and the Environment

In 2010, CEPSA’s investments and upgrades in projects related to facilities and environmental actions totaled €137 million, chiefly assigned to water and atmospheric-related initiatives. This figure was 12% higher than the previous year and highlights the Company’s steadfast commitment to exceeding legally-established environmental targets.

Throughout the year, CEPSA continued reducing atmospheric emissions, in absolute values, from its industrial plants in the Group’s Petrochemicals and Exploration & Production areas. Greenhouse Gas (GHG) emissions, in relative values, declined in all business segments. In the refining area, the ratio of emissions stood at 0.145, evidencing a 1.4% decrease vis-à-vis 2009, although in absolute terms, CO₂ emissions rose slightly due to the increase in production at the La Rábida Refinery.

Future Targets

In 2011, CEPSA’s capital spending efforts will primarily be focused on the following targets:

- **In Exploration & Production**, to raise the level of reserves; explore in new permits to expand the Company’s asset portfolio and consolidate its presence in areas where it already operates.

- **In Refining & Marketing**, to optimize basic chemical-refining integration and promote the sustainability of refining platforms; support the development of biofuels; continue meeting EU environmental mandates; and boost commercial activities.

- **As regards Petrochemicals**, to consolidate cost-cutting and productivity and efficiency enhancement measures and pursue business opportunities in new geographical areas.

- **In Gas & Power**, to develop activities that are synergistic with the business.

Significant Events

- On February 17, 2010, CEPSA and Endesa signed a collaborative agreement aimed at promoting the use of electric-powered vehicles as a means of addressing climate change and successfully contributing towards the goals of sustainability. The first CEPSA station fully equipped to recharge these cars was in service in April 2011.

- In March, CEPSA, in partnership with Petrobras, announced the discovery of oil in the Los Llanos Basin of Colombia.

- Another significant event deserving special mention was the start-up of the Middle Distillate Production Capacity Expansion at the La Rábida Refinery (Huelva). This large-scale investment, the biggest ever for the Company second only to the construction of its 3 refineries, will enable CEPSA to boost its production of middle distillates by more than 3 million tons a year, helping to alleviate the shortage of this product in Spain. This facility was inaugurated by His Majesty The King in October 2010.
Other noteworthy events in 2011 include the following:

- On January 5th, CEPSA Química, S.A., a wholly-owned subsidiary of the Company, finalized the purchase-sale agreement with La Seda de Barcelona, S.A. to acquire 100% of the share capital of the Artenius San Roque petrochemicals plant in Cádiz. This unit, which has been out of service since September 2008, is now back on-line and will be able to produce up to 175,000 tons a year of polyethylene terephthalate. As a result, CEPSA Química will become one of the only two global producers of PIA-PTA and PET, delivering considerable added value.

**Resolutions and Appointments**

CEPSA’s Annual General Meeting of Shareholders held today resolved:

- To distribute, by Compañía Española de Petróleos, S.A., a total cash dividend for each share amounting to €0.95, equivalent to a payout of 60.8% of consolidated adjusted net income. The final dividend of €0.50 per share will be payable May 9, 2011.

In addition to approving the financial statements and Management Discussion & Analysis of Compañía Española de Petróleos, S.A. and its Consolidated Group, as well as the proposed profit distribution and company management, the Annual Meeting also resolved:

- To renew the authorization to the Board of Directors of the Company to increase the share capital, within the deadlines established by law, and to subsequently amend Article 6 of the Company Bylaws.

- To amend Article 47 of the Bylaws regarding the Audit Committee, so that certain aspects related to its composition, duties and responsibilities meet what is required by applicable European Union laws.

- To ratify the appointment of Mohamed Hamad Al Mehairi as a director on the Board.

- To re-elect the incumbent directors Michel Bénezit, Murtadha Al Hashmi and Eric de Menten, pursuant to the Company Bylaws.

- And lastly, to appoint Ernst & Young S.L. as the independent auditors to examine and review the financial statements of Compañía Española de Petróleos, S.A. and the companies belonging to its Consolidated Group, for a three-year period starting in 2011.
Resolutions adopted by CEPSA’s Board of Directors

The Board of Directors, at its meeting held immediately after the Annual Meeting, passed the following resolutions:

- To confirm Michel Bénézit as Vice Chairman of both the Board of Directors and the Nomination and Compensation Committee, pursuant to Article 39 of the Company Bylaws.
- To amend Articles 13, 14 and 17 of the Rules and Regulations of the Board of Directors regarding, in the first two articles, the procedure to appoint and remove the Secretary and Vice Secretary of the Board of Directors and in the third article, the composition, duties and responsibilities of the Audit Committee.

*The Chairman’s remarks and webcast of the Annual Meeting will be available at:* [www.cepsa.com](http://www.cepsa.com)

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