



2013

Ordinary General Shareholders' Meeting

Call for Ordinary General Shareholders' Meeting

Proposals of Resolutions

Reports of the Board of Directors

Report of the Remuneration Policy for Directors

Audit and Control Committee of the Board of Directors-Activity Report



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Repsol, S.A.

Notice of Call to Ordinary General Shareholders' Meeting

By resolution of the Board of Directors of Repsol, S.A. shareholders are called to the Ordinary General Shareholders' Meeting (AGM), which will be held at **Palacio Municipal de Congresos, Avenida de la Capital de España-Madrid, Campo de las Naciones, Madrid**, at 12:00 noon on 30 May 2013 on first call and at the same time and place on 31 May 2013 on second call, with the following:

Agenda

Items regarding the Annual Accounts, management by the Board, the re-election of the accounts auditor and updating of the balance sheet

First. Review and approval, if appropriate, of the Annual Financial Statements and Management Report of Repsol, S.A., the Consolidated Annual Financial Statements and Consolidated Management Report, for Fiscal Year ended 31 December 2012.

Second. Review and approval, if appropriate, of the management of the Board of Directors of Repsol, S.A. during 2012.

Third. Appointment of the Accounts Auditor of Repsol, S.A. and its Consolidated Group for Fiscal Year 2013.

Fourth. Review and approval, if appropriate, effective as of January 1, 2013, of the Updated Balance Sheet of Repsol, S.A., in accordance with Law 16/2012, of 27 December.

Items regarding shareholder compensation

Fifth. Review and approval, if appropriate, of the proposed application of profits and distribution of the dividend for 2012.

Sixth. Increase of share capital in an amount determinable pursuant to the terms of the resolution, by issuing new common shares having a par value of one (1) euro each, of the same class and series as those currently in circulation, charged to voluntary reserves, offering the shareholders the possibility of selling the scrip dividend rights to the Company itself or on the market. Delegation of authority to the Board of Directors or, by delegation, to the Executive Committee, to fix the date the increase is to be implemented and the terms of the increase in all respects not provided for by the General Meeting, all in accordance with Article 297.1.(a) of the Companies Act. Application for official listing of the newly issued shares on the Barcelona, Bilbao, Madrid and Valencia stock exchanges through Spain's Continuous Market and on the Buenos Aires stock exchange.

Seventh. Second capital increase in an amount determinable pursuant to the terms of the resolution, by issuing new common shares having a par value of one (1) euro each, of the same class and series as those currently in circulation, charged to voluntary reserves, offering the shareholders the possibility of selling the scrip dividend rights to the Company itself or on the market. Delegation of authority to the Board of Directors or, by delegation, to the Executive Committee, to fix the date the increase is to be implemented and the terms of the increase in all respects not provided for by the General Meeting, all in accordance with Article 297.1.(a) of the Companies Act. Application for official listing of the newly issued shares on the Barcelona, Bilbao, Madrid and Valencia stock exchanges through Spain's stock exchange Market and on the Buenos Aires stock exchange.

Items regarding the composition of the Board of Directors

Eighth. Re-election of Mr. Luis Suárez de Lezo Mantilla as Director.

Ninth. Re-election of Ms. M^a Isabel Gabarró Miquel as Director.

Tenth. Ratification of the interim appointment and re-election of Mr. Manuel Manrique Cecilia as Director of the Company.

Eleventh. Appointment of Mr. Rene Dahan as Director.

Items regarding remuneration of the Company Directors

Twelfth. Directors' Remuneration System: amendment of Article 45 ("*Remuneration of Directors*") of the Bylaws.

Thirteenth. Remuneration of Board members.

Fourteenth. Advisory vote on the Report on the Remuneration Policy for Directors of Repsol, S.A. for 2012.

Point regarding the authorization and express delegation required for the Board of Directors

Fifteenth. Delegation to the Board of Directors of the power to issue debentures, bonds and any other fixed rate securities or debt instruments of analogous nature, simples or exchangeables by issued shares or other pre-existing securities of other entities, as well as promissory notes and preference shares, and to guarantee the issue of securities by companies within the Group, leaving without effect, in the portion not used, the eighth resolution of the General Shareholders' Meeting held on May 14, 2009.

Point regarding the composition of the delegate committee

Sixteenth. Composition of the Delegate Committee: amendment of Article 38 ("*Delegate Committee*") of the Bylaws.

Item regarding general matters

Seventeenth. Delegation of powers to interpret, supplement, develop, execute, rectify and formalize the resolutions adopted by the General Shareholders' Meeting.

Right to supplement the Agenda and propose new resolutions

Shareholders representing at least five per cent of the capital may request the publication of a supplementary notice of call, including one or several items on the agenda. This request shall be sent through any certifying means, to be received at the registered office within five days after publication of the original notice of call, stating the identity of the shareholders exercising the right, the number of shares they hold and the items to be included in the agenda, enclosing the reasons for their proposal or the corresponding proposed resolutions and justification thereof, together with any other relevant documents. The same shareholders representing at least five per cent of the capital may also submit, by any certifying means to be received at the registered office within five days after publication of the original notice of call, proposed resolutions, stating reasons, on matters already included or to be included on the agenda, all pursuant to Article 519.2 of the Companies Act. The foregoing is without prejudice to the right of any shareholder, during the General Meeting, to submit alternative proposals or proposals on items that do not need to be included on the agenda, pursuant to the Companies Act.

Attendance right

Shareholders whose shares have been registered in the appropriate stock ledger five (5) days prior to the date set for the Shareholders' Meeting and who have the corresponding attendance, proxy and distance voting card may attend and vote.

Attendance, proxy and distance voting cards shall be issued by the corresponding member of *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.* (hereinafter IBERCLEAR) in each case and a model card will also be available for shareholders on the Company's website (www.repsol.com) and at the Shareholder Information Office. Attendance, proxy and distance voting cards may be exchanged on the date of the Shareholders' Meeting for other standardized documents for recording attendance, issued by the

Company to facilitate drawing-up of the attendance list and exercise of the shareholders' voting and other rights.

The registration of attendance, proxy and distance voting cards shall commence two (2) hours before the scheduled time of the General Shareholders' Meeting.

For the purpose of verifying the identity of shareholders or their valid representatives, attendees may be asked for proof of identity on entry to the Shareholders' Meeting, presenting their National Identity Document or any other official document generally accepted for these purposes.

Representation

Any shareholder entitled to attend may be represented by a proxy, who need not be a shareholder.

If the name of the proxy is left blank on the proxy form received by the Company, it will be presumed granted in favor of the Chairman of the Board or, in his absence, the Secretary of the AGM.

The voting instructions shall be set out in proxy forms. If the corresponding instruction boxes are not marked, the represented shareholder will be deemed to have issued specific instructions to vote for the proposed resolutions submitted by the Board.

Save otherwise indicated by the represented shareholder, the proxy will be deemed extended to proposed resolutions not submitted by the Board of Directors or any business which, although not included on the agenda, may lawfully be put to the vote at the General Shareholders' Meeting. In this case, unless otherwise indicated by the represented shareholder, the latter will be deemed to have issued specific instructions to vote against the proposal.

Pursuant to Articles 523 and 526 of the Companies Act, the Board of Directors informs shareholders as follows: (I) the Chairman of the Board of Directors and other Board members may be in a potential conflict of interest in respect of items Second (*Review and approval, if appropriate, of the management of the Board of Directors of Repsol, S.A. during 2012*), Thirteenth (*Directors' remuneration system: amendment of Article 45 ("Remuneration of Directors") of the Bylaws*) and Fifteenth (*Advisory vote on the Report on the Remuneration Policy for Directors of Repsol, S.A. for 2012*) on the Agenda; (II) the Directors whose re-election, ratification or appointment is proposed in items Eighth (*Re-election of Mr. Luis Suárez de Lezo Mantilla as Director*), Ninth (*Re-election of Ms. M^a Isabel Gabarró Miquel as Director*) and Tenth (*Ratification of the interim appointment and re-election of Mr. Manuel Manrique Cecilia as Director of the Company*) on the Agenda are in a conflict of interest in respect of those items; and (III) if one or some of the proposals contemplated in the Companies Act, Art. 526, section b. (removal) or c. (exercise of a corporate action for liability), the director or Directors affected by those proposals shall be in a conflict of interest for the voting thereof.

The shareholder shall notify the designated representative in writing or by electronic means of the proxy granted in his favor. If the proxy is granted in favor of a member of the Board of Directors, notification shall be deemed made upon receipt by the Company of the proxy documents.

The shareholder shall also notify the Company, in writing or by electronic means, of both the appointment of a proxy and revocation, if appropriate.

The Company shall be notified of the appointment of a proxy as follows: (I) by post, sending the attendance, proxy and distance voting card to the Shareholder Information Office; (II) online, when the shareholder grants the proxy via the Company's website (www.repsol.com); or (III) in person, upon presentation by the proxy of the attendance, proxy and distance voting card for inclusion in the shareholder entry register on arrival at the time and place indicated for the Shareholders' Meeting.

Personal attendance at the Shareholders' Meeting by any shareholder who has granted a proxy, or exercise by that shareholder of distance voting, by electronic means or by post, shall automatically revoke the appointment of the designated proxy.

Information right

In addition to the provisions of Articles 197 and 520 of the Companies Act, from the date of publication of this notice of call to the date of the General Shareholders' Meeting, the following documents and information shall be permanently posted on the Company's website (www.repsol.com), save in the event of force majeure or technical impossibility beyond its control:

1. The notice of call to the Ordinary General Shareholders' Meeting.
2. The total number of shares and voting rights existing at the date of the meeting.
3. The Annual Financial Statements of Repsol, S.A. and the Consolidated Annual Financial Statements of the Repsol Group for the year ended 31 December 2012.
4. The Auditors' Report on the Annual Financial Statements of Repsol, S.A. and the Consolidated Annual Financial Statements of the Repsol Group for the year ended 31 December 2012.
5. The Management Report of Repsol, S.A. and the Consolidated Management Report of the Repsol Group for the year ended 31 December 2012.
6. The text of the proposed resolutions corresponding to the items on the agenda and the reports by the Board of Directors on each of the proposed resolutions corresponding to the items on the Agenda.
7. The currently valid recast texts of the Bylaws, Regulations of the General Shareholders' Meeting and Regulations of the Board of Directors.
8. The Report on the Remuneration Policy for Directors of Repsol, S.A. for the year ended 31 December 2012.
9. The Annual Report on Corporate Governance for the year ended 31 December 2012.
10. The Activity Report of the Audit and Control Committee for the year ended 31 December 2012.
11. The Corporate Responsibility Report for the year ended 31 December 2012.
12. The attendance, proxy and voting standard form for the Ordinary General Shareholders' Meeting.

As from the date of publication of the notice of call, shareholders may examine at the registered office (Méndez Álvaro, 44, 28045 Madrid) or request immediate delivery or remittance, free of charge (by e-mail with acknowledgement of receipt if the shareholder accepts this method) copies of all the documents listed in paragraphs 1 - 12 above, for or related to the Ordinary General Shareholders' Meeting.

In addition, from the publication of this notice up to the seventh calendar day (inclusive) prior to the date of the General Meeting, shareholders may request in writing further information or clarifications or submit such questions as they may deem fit in respect of the items on the agenda. In the same form and time, shareholders may request written explanations on (I) the information available to the public submitted by the Company to the National Securities Market Commission since the date of the previous General Shareholders' Meeting, i.e. since May 31, 2012; and (II) the Auditors' Reports on the Annual Financial Statements of Repsol, S.A. and the Consolidated Annual Financial Statements of the Repsol Group for the year ended 31 December 2012. The foregoing is understood notwithstanding the right of shareholders to require verbally, during the General Meeting, any information or clarification he or she may deem necessary in relation to any point of the Agenda or the information provided under points (I) and (II) above.

Distance voting and proxies prior to the General Shareholders' Meeting

1. Voting by distance communication prior to the General Shareholders' Meeting

Pursuant to Article 23 of the Bylaws and Article 7 of the Regulations of the General Shareholders' Meeting, shareholders entitled to attend may vote through distance communication on the proposals regarding the items on the Agenda prior to the date of the General Meeting, provided the identity of the voting shareholder is duly guaranteed.

1.1 Means for distance voting

The means of communication valid for distance voting are as follows:

I. Postal vote

To vote by post on the items on the Agenda, shareholders must complete and sign the "Distance Voting" section of the attendance, proxy and distance voting card issued by the member of IBERCLEAR with which they have deposited their shares or duly complete the model card available on the Company's website (www.repsol.com) and at the Shareholder Information Office.

Once the appropriate section of the card has been completed and signed -with a handwritten signature-, the shareholder must send it to the Company, for the attention of the Shareholder Information Office at Calle Méndez Álvaro, 44, 28045 Madrid.

II. Electronic vote

Shareholders may vote on the items on the Agenda for the Shareholders' Meeting through the Company's web site (www.repsol.com), entering the AGM 2013 page and following the procedure established there, provided the shareholder has an electronic DNI (national identity document) or a recognized or advanced electronic signature, based on a recognized, valid electronic certificate issued by *Entidad Pública de Certificación Española (CERES)*, of *Fábrica Nacional de Moneda y Timbre*, and uses one of these means to identify himself.

1.2 Specific rules for distance voting

I. Voting indications

If the shareholder sending a distance vote fails to mark any of the boxes provided for any of the items on the Agenda, he will be presumed to vote for the Board's proposal.

II. Receipt by Company

In order to be valid, postal votes must be received by the Company no later than 24:00 on May, 29 or 30 2013, depending on the General Meeting taking place on first or second call, respectively. Electronic votes must be received by the Company no later than 9:00 on May 29, 2013.

After this time, the Company will only accept the votes cast at the General Meeting.

2. Distance proxies

Pursuant to Article 24 of the Bylaws and Article 8 of the Regulations of the General Shareholders' Meeting, shareholders entitled to attend may grant a proxy through distance communication for voting on the proposals regarding the items on the Agenda prior to the date of the General Meeting, provided the identity of the voting shareholder is duly guaranteed.

2.1 Means for granting proxies

The means of communication valid for distance proxies are as follows:

I. Postal proxy

To grant proxies by post, shareholders must complete and sign the "Proxy" section of the attendance, proxy and voting card issued by the member of IBERCLEAR with which they have deposited their shares or duly complete the model card available on the Company's website (www.repsol.com) and at the Shareholder Information Office.

This section must be signed -with a handwritten signature- by the shareholder and sent to the Company, for the attention of the Shareholder Information Office at Calle Méndez Álvaro, 44, 28045 Madrid, or to the designated proxy for presentation at the General Shareholders' Meeting.

II. Electronic proxy

Shareholders may grant proxies through the Company's web site (www.repsol.com), entering the AGM 2013 page and following the procedure established there, provided the shareholder has an electronic DNI (national identity document) or a recognized or advanced electronic signature, based on a recognized, valid electronic certificate issued by *Entidad Pública de Certificación Española* (CERES), of *Fábrica Nacional de Moneda y Timbre*, and uses one of these means to identify himself.

2.2 Specific rules for proxies

Distance proxies will be subject to the general rules established for representation at Shareholders' Meetings in respect of (I) blank proxies received by the Company; (II) the issuing of specific voting instructions, consisting of voting in favor of the proposed resolutions submitted by the Board of Directors if the voting instruction boxes are not marked; (III) extension of the proxy to proposed resolutions not submitted by the Board of Directors and any business not included on the Agenda that may be transacted at the Shareholders' Meeting; and voting instructions in those cases; and (IV) the necessary notification to the designated representative of the proxy granted in his favor, or revoked, as the case may be.

In order to be valid, postal proxies must be received by the Company no later than 24:00 on May, 29 or 30 2013, depending on the General Meeting taking place on first or second call, respectively. Electronic proxies must be received by the Company no later than 9:00 on May 29, 2013. After this time, the Company will only accept the proxies made in writing on the attendance, proxy and distance voting cards presented for inclusion in the shareholder entry register on arrival at the time and place indicated for the Shareholders' Meeting.

At the date and place of the General Shareholders' Meeting, proxies must prove their identity, showing their National Identity Document or any other official document generally accepted for these purposes, together with the attendance, proxy and distance voting card or a print-out of the electronic proof of proxy, as the case may be, so that the Company can confirm the proxy granted.

3. Rules common to distance voting and distance proxies

I. Confirmation of distance vote or distance proxy

The validity of votes cast and proxies granted through distance communication is subject to checking of the particulars supplied by the shareholder against those contained in the file supplied by IBERCLEAR. In the event of any discrepancy between the number of shares indicated by the shareholder in the proxy form or distance voting form and those indicated in the aforesaid file, the number of shares indicated by IBERCLEAR will prevail for the purposes of quorum and voting.

II. Rules of priority

Personal attendance of the general meeting by a shareholder who has previously granted a proxy or voted through distance communication, by whatsoever means used, will render that distance proxy or vote void.

If a shareholder validly issues both a distance vote and a proxy, the former will prevail. Similarly, electronic votes and proxies will prevail over those sent by post.

Electronic votes and proxies may be rendered void through express revocation by the shareholder through the same means.

In case the Company receives by post two proxies from the same shareholder the one received on the latest date will prevail.

Any of the joint owners of a shares deposit shall be entitled to vote, delegate or attend being applicable the rules of priority provided under this section. As per Article 126 of the Companies Act, it is presumed that the joint owner that carries out an action in each moment has been appointed by the other joint owners to exercise the shareholder's rights.

III. Other provisions

The Company reserves the right to modify, suspend, cancel or restrict the electronic voting and proxy mechanisms for technical or security reasons. The Company further reserves the right to request additional identification from shareholders as and when it may so deem fit to guarantee the identity of those concerned, the authenticity of the vote or proxy and, in general, the legal certainty of the General Shareholders' Meeting.

The Company will not be responsible for any damages caused to shareholders through unavailability or failure in the maintenance and effective functioning of its website and the services and contents provided through such site, or for any faults, overrun, overload, fallen lines, connection faults or whatsoever other similar incidents beyond the Company's control, which prevent use of the electronic voting and proxy mechanisms.

Electronic voting and proxy mechanisms will be available online from May 6, 2013 to 09:00 on 29 May 2013.

In any aspects not expressly contemplated in these procedures, the General Conditions set out in the Legal Notice on the Company's website will be applicable.

Presence of notary

The Board of Directors has requested the presence of a notary to take the minutes of the General Shareholders' Meeting.

Electronic Shareholders' Forum

In pursuance of Article 539.2 of the Companies Act and as of the date of the notice of call to the General Shareholders' Meeting, the Company has enabled an Electronic Shareholders' Forum on its website (www.repsol.com), accessible with due guarantees by both individual shareholders and any voluntary associations that may be formed in accordance with current regulations, to facilitate communication prior to the General Shareholders' Meeting.

Proposals to supplement the Agenda as it appears in the notice of call, requests for support for those proposals, initiatives to reach a sufficient percentage to exercise a minority shareholders' right contemplated in law and offers of or requests for voluntary representation may all be published in the Forum.

The Forum is not a communication channel between the Company and its shareholders and is enabled for the sole purpose of facilitating communication among the Company's shareholders prior to the Shareholders' Meeting.

To enter the Forum, shareholders must obtain a specific password on the Company's website (www.repsol.com), following the instructions and terms of use of the Forum established within the section on the 2013 AGM. Participants will generally obtain clearance to obtain the password using their electronic DNI or a recognized or advanced electronic signature, based on a recognized, valid electronic certificate issued by *Entidad Pública de Certificación Española* (CERES), of *Fábrica Nacional de Moneda y Timbre*.

General information

Any personal data of shareholders supplied to the Company on exercise or delegation of attendance and voting rights at the Shareholders' Meeting shall be used by the Company, under its own responsibility, to develop, control and manage the shareholding relationship, calling, celebrating and disseminating the General Meeting and comply with its legal obligations. For this reason, the particulars shall be provided to the Notary issuing the minutes of the General Shareholders' Meeting and may be supplied to third parties exercising the right of information provided by Law. These data may also be accessible to the general public if they are included in the documentation provided on the web page www.repsol.com or mentioned during the General Meeting which shall be recorded on video (totally or partially) and publicly broadcasted through said web page. By attending the General Meeting the attendant provides his or her consent to said recording and broadcasting.

Shareholders' rights of access, rectification, deletion and objection may be exercised on the terms prescribed by law, sending written notification to the Company at its registered office, Calle Méndez Álvaro, 44, 28045 Madrid.

If personal details of other individuals are included in the attendance, delegation and distance voting card, the shareholder must inform those individuals of the indications of the preceding

paragraphs and meet any other requests that may be applicable for a correct transfer of their data to the Company, which need not take any further action in terms of providing information or obtaining consent.

Foreseeable effective date of the General Shareholders' Meeting

It is expected to hold the General Shareholders' Meeting on **SECOND CALL**, that is, on 31 May 2013, at the place and date indicated above. Otherwise, due notice will be given sufficiently in advance in an announcement published in the daily press and on the Company's website (www.repsol.com).

Madrid, April 25, 2013

Luis Suárez de Lezo Mantilla

Director Secretary of the Board of Directors

Ordinary Shareholders' Meeting 2013 Resolution proposals

Resolution proposal related to the first point of the Agenda ("Revision and approval, if appropriate, of the Annual Financial Statements and Management Report of Repsol, S.A., of the Consolidated Annual Financial Statements and the Consolidated Management Report, corresponding to the Fiscal Year ended 31st December 2012").

To approve the Annual Financial Statements (Balance Sheet, Profit and Loss Account, Statement of Changes on Equity, Cash Flow Statement and Notes to the Accounts) and the Management Report of Repsol, S.A. corresponding to the Fiscal Year ending on the 31st of December 2012, as well as the Consolidated Financial Statements and the Consolidated Management Report corresponding to the same Fiscal Year.

Resolution proposal related to the second point of the Agenda ("Revision and approval, if appropriate, of the management of the Board of Directors of Repsol, S.A. corresponding to the Fiscal Year 2012").

To approve the management of the Board of Directors of Repsol, S.A. corresponding to the Fiscal Year 2012.

Resolution proposal related to the third point of the Agenda ("Appointment of the Accounts Auditor of Repsol, S.A. and its Consolidated Group for the Fiscal Year 2013").

To re-elect as Accounts Auditor of Repsol, S.A. and of its Consolidated Group, for the Fiscal Year 2013, the Company Deloitte, S.L., with registered office in Madrid, Plaza Pablo Ruiz Picasso, number 1 (Torre Picasso) and Tax ID number B-79104469, registered in the Official Registry of Auditors of Spain with number S-0692, and registered in the Mercantile Registry of Madrid, in volume 13.650, sheet 188, section 8, page M-54414. They are equally entrusted with carrying out other auditing services required by Law that may be specified by the Company until the next General Shareholders' Meeting.

Proposed resolution corresponding to the fourth point on the Agenda ("Examination and approval, if appropriate, with effect from January 1, 2013, of the Restatement Balance Sheet of Repsol, S.A. under Act 16/2012 of December 27").

To approve, with effect from January 1, 2013, the Restatement Balance Sheet of Repsol, S.A., pursuant to section 9 of Act 16/2012 of December 27 adopting several tax measures designed to consolidate public finance and boost the economy.

Proposed resolution corresponding to item fifth on the Agenda (“Review and approval, if appropriate, of the proposed application of profits and distribution of the dividend for 2012”).

To approve the following application of profits of Repsol, S.A. for 2012:

2012	Euros
Profit for the year 2012	480,656,238.74
Payment of the remuneration equivalent to the interim dividend through the acquisition, waiving exercise, of free-of-charge allocation rights from any shareholders who opt to receive that remuneration in cash within the “Repsol Flexible Dividend” Program ^(*)	184,128,768.81
Payment of the remuneration equivalent to the final dividend through:	
- The acquisition, waiving exercise, of free-of-charge allocation rights from shareholders who are expected to opt to sell those rights to the Company within the “Repsol Flexible Dividend” Program ^(**)	208,435,317.04
- A cash dividend of four euro cents gross per share (maximum amount) ^(***)	51,297,937.12
Legal reserve	12,316,993.43
Voluntary reserves, which amount will be raised or lowered automatically by the corresponding amount, if appropriate ^(****)	24,477,222.34
TOTAL	480,656,238.74

^(*) This acquisition of free-of-charge allocation rights was made in respect of the free-of-charge capital increase executed in December 2012 and January 2013 recorded in the item Equity – Dividends and remuneration. In addition to the 184,129 thousand euro mentioned, a further 410,044 thousand euro in shares were allocated to remunerate shareholders in the free-of-charge capital increase approved at the Ordinary General Shareholders' Meeting on May 31, 2012 under the eleventh point on the agenda, within the “Repsol Flexible Dividend” Program.

^(**) The Board of Directors of the Company has agreed to submit a proposal for approval under the sixth point on the agenda for the AGM, within the “Repsol Flexible Dividend” Program and on the dates on which the final dividend has traditionally been paid, to make a capital increase against voluntary reserves from retained earnings, in a reference sum of 589,926 thousand euro, with the irrevocable commitment of Repsol to buy the free-of-charge allocation rights deriving from the capital increase at a fixed guaranteed price.

^(***) A proposal is submitted for approval at this AGM of a dividend of 0.04 euro gross per share of Repsol, S.A. entitled to it and that is outstanding at the date on which the corresponding payment is made, i.e. as from June 20, 2013. This is the maximum amount to be distributed, corresponding to a dividend of 0.04 euro per share, gross, for the total 1,282,448,428 ordinary shares into which the capital is divided.

^(****) In connection with the capital increase mentioned in note ^(**) above and its execution, the Board of Directors has estimated the percentage of requests for shares at 63.64%, so it expects to remunerate shareholders with approximately 208,435 thousand euro in cash, through purchase of the free-of-charge allocation rights. If the amount finally used to purchase the rights from shareholders who opt to receive cash is smaller than the amount indicated, the difference between the two amounts will automatically be allocated to increase the voluntary reserves. If it is greater, the difference will be deducted from the amount allocated to voluntary reserves. Furthermore, the amount allocated to voluntary reserves may be increased if the number of Repsol, S.A. shares entitled to the dividend of 0.04 euro gross per share is lower than the 1,282,448,428 ordinary shares into which the capital is divided.

Resolution proposal related to the sixth point of the Agenda (“Increase of share capital in a determinable amount pursuant to the terms of the resolution, by issuing new common shares having a par value of one (1) euro each, of the same class and series as those currently outstanding, charged to reserves, offering shareholders the possibility of selling the free-of-charge allocation rights to the Company itself or on the market. Delegation of powers to the Board of Directors or, by substitution, to the Delegate Committee, to fix the date the increase is to be implemented and the terms of the increase in all respects not provided for by the General Meeting, all in accordance with Article 297(1)(a) of the Companies Act. Application for admission of the newly issued shares to listing on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*) and on the Buenos Aires stock exchange”).

To approve an increase of share capital (the “Capital Increase”) by the amount resulting from multiplying: (a) the par value of one euro (1 €) per share of Repsol, S.A. (the “Company”) by (b) the total number new shares of the Company to be determined by the formula outlined in point 2 below. The Capital Increase will be made on the following conditions:

1. Capital Increase with a charge to reserves

The Capital Increase will be made by the issue and placement into circulation of a determinable number of new shares of the Company resulting from the formula set out in point 2 below (the new shares issued in execution of this resolution will hereinafter be referred to as “New Shares” and each one of them, individually, as a “New Share”).

The Capital Increase will be made by the issue and placement into circulation of the New Shares, which will be ordinary shares with a par value of one euro (1 €) each, of the same class and series and with the same rights as those currently issued, in book-entry form.

The Capital Increase will be made entirely against voluntary reserves from retained earnings. When making the Capital Increase, the Board of Directors or, by substitution, the Delegate Committee, will specify the reserve to be used and the amount of that reserve according to the balance sheet for the transaction.

The New Shares will be issued at par, i.e., at their par value of one euro (1 €), with no share premium, and will be allocated to the Company shareholders without charge.

Within the year following the approval of this resolution, the Capital Increase may be implemented by the Board of Directors or, by substitution, the Delegate Committee, without having further recourse to the General Shareholders' Meeting and taking account of the legal and financial conditions prevailing at the date of the Capital Increase, in order to offer the Company's shareholders a flexible and efficient remuneration formula.

Pursuant to Article 311 of the Companies Act, the possibility of an incomplete allocation of the Capital Increase is foreseen.

2. New Shares to be issued in the Capital Increase

The maximum number of New Shares to be issued in the Capital Increase will be determined by applying the following formula, rounded down to the nearest whole number:

$$MNNS = NES/No. \text{ Rights per share}$$

where,

“MNNS” = Maximum number of New Shares to be issued in the Capital Increase;

“NES” = number of outstanding Company shares on the date the Board of Directors or, by substitution, the Delegate Committee, resolves to implement the Capital Increase; and

“No. Rights per share” = number of free-of-charge allocation rights required for the allocation of one New Share in the Capital Increase, resulting from the following formula, rounded up to the nearest whole number:

$$\text{No. Rights per share} = \text{NES} / \text{Provisional no. shares}$$

where,

“Provisional no. shares” = Amount of the Alternative Option/Share Price

For this purpose, “Share Price” will be the arithmetic mean of the weighted average prices of the Company's share on the Madrid, Barcelona, Bilbao and Valencia stock exchanges over the five (5) trading sessions prior to the date of the resolution adopted by the Board of Directors or, by substitution, the Delegate Committee to implement the Capital Increase, rounded up or down to the nearest thousandth of a euro and, in the event of half a thousandth of a euro, rounded up to the nearest thousandth of a euro.

“Amount of the Alternative Option” will be 589,926,276.88 euro.

3. Free-of-charge allocation rights

Each outstanding share of the Company will confer one (1) free-of-charge allocation rights.

The number of free-of-charge allocation rights required to receive one New Share will be determined automatically according to the ratio of the number of maximum number of New Shares (MNNS) to the number of outstanding shares (NES), resulting from the formula indicated in point 2 above. In particular, shareholders will be entitled to receive one New Share for a number of free-of-charge allocation rights determined according to point 2 above (No. Rights per share) that they may hold.

If the number of free-of-charge allocation rights required for the allocation of one share (No. Rights per share) multiplied by the maximum number of New Shares (MNNS) is lower than the number of outstanding shares (NES), the Company will waive a number of free-of-charge allocation rights equal to the difference between the two figures, for the sole purpose of ensuring that the number of New Shares is a whole number and not a fraction.

Free-of-charge allocation rights will be allocated in the Capital Increase to whom being entitled to receive them according to the accounting registers of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) at 23:59 Madrid time on the date on which the announcement of the Capital Increase is published in the Official Gazette of the Commercial Registry.

The holders of any convertible debentures into Repsol shares that may be outstanding at the date on which the Board of Directors or, by substitution, the Delegate Committee resolves to implement the Capital Increase will not have free-of-charge allocation right over the New Shares, notwithstanding the modifications to be made to the conversion rate by virtue of the terms of each issue.

The free-of-charge allocation rights may be traded on the same conditions as the shares in respect of which they are granted and may be traded on the market for such time as may be determined by the Board of Directors or, by substitution, the Delegate Committee, at least fifteen (15) calendar days, commencing on the day after the date on which the announcement of the Capital Increase is published in the Official Gazette of the Commercial Registry. During the period of trading of the free-of-charge allocation rights of the Capital Increase, sufficient rights may be acquired on the market in the necessary proportion to be able to subscribe New Shares.

4. Irrevocable undertaking to purchase free-of-charge allocation rights

The Company irrevocably undertakes, at the prices indicated below, an irrevocable commitment to purchase the free-of-charge allocation rights assigned in the Capital Increase from whom being entitled to receive them according to the accounting registers of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear) at the time and date indicated in the above section 3 and, therefore, will receive those rights free (the “Purchase Commitment”).

The Purchase Commitment will only cover the rights originally and freely received by the shareholders, not those purchased on the market or otherwise acquired, and will be in force and may be accepted during such time, within the trading period of the rights, as may be determined by the Board of Directors or, by substitution, the Delegate Committee. For this purpose, the Company will be authorized to purchase those free-of-charge allocation rights (and the corresponding shares) up to and not exceeding the total rights issued, respecting all and any applicable legal limits.

The “Purchase Price” for each free-of-charge allocation right will be calculated applying the following formula, rounded up or down to the nearest thousandth of a euro and, in the event of half a thousandth of a euro, rounded up to the nearest thousandth of a euro:

$$\text{Purchase Price} = \text{Share Price} / (\text{No. Rights per share} + 1)$$

Additionally, in the event that the total Purchase Price of free-of-charge allocation rights that have accepted the Purchase Commitment exceeds the amount provided for that purpose in the resolution for the allocation of profits for financial year 2012 that, if any, will be approved by the Annual Shareholders' Meeting under the fifth point of the Agenda, it is resolved to authorize the application of the voluntary reserves from retained earnings to purchase free-of-charge allocation rights, by the amount of the difference between the indicated total Purchase Price and the total amount allocated for the purchase of rights in the above proposal for the allocation of profits.

The Company will foreseeably waive the New Shares corresponding to the free-of-charge allocation rights acquired under the Purchase Commitment so the capital will be increased only by the amount corresponding to the free-of-charge allocation rights in respect of which there has been no waiver.

5. Balance sheet for the operation and reserve against which the Capital Increase is made

The balance sheet on which this operation is based is the balance sheet for the year ended 31 December 2012, duly audited and approved by this Ordinary Shareholders' Meeting.

As mentioned earlier, the Capital Increase will be made entirely against the voluntary reserves from retained earnings. When implementing the Capital Increase, the Board of Directors or, by substitution, the Delegate Committee, will specify the reserve to be used and the amount of that reserve according to the balance sheet used as the basis for the Capital Increase.

6. Representation of the New Shares

he New Shares will be issued in book-entry form, the accounting register being kept by *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear)* and its members.

7. Rights of the New Shares

As from the date on which the Capital Increase is declared subscribed and paid up, the New Shares will confer upon their holders the same voting and economic rights as the Company's outstanding ordinary shares.

8. Shares on deposit

At the end of the trading period for the free-of-charge allocation rights, any New Shares that have not been allocated for reasons beyond the Company's control will be held on deposit for any investors who can prove that they are the legitimate owners of the corresponding free-of-charge allocation rights. If any New Shares are still pending allocation three (3) years after the end of the trading period of the free-of-charge allocation rights, they may be sold, pursuant to Article 117 of the Companies Act, for the account and risk of the interested parties. The net proceeds from the sale will be deposited at the Bank of Spain or Government Depository (Caja General de Depósitos) at the disposal of the interested parties.

9. Application for listing

It is resolved to apply for listing of the New Shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*) and to complete whatever formalities and actions may be necessary and file such documents as may be required with the competent authorities for listing of the New Shares on the Buenos Aires stock exchange, expressly putting on record that the Company submits to existing or future laws and regulations governing the stock market, particularly regarding trading, minimum time frames and delisting.

It is expressly declared that if the Company subsequently applies for delisting of its shares, this will be subject to the same applicable formalities and, in that case, the interests of any shareholders objecting to the delisting resolution or who do not vote for it will be protected, complying with the requirements stipulated in the Companies Act and other applicable provisions, in pursuance of the Securities Market Act 24/1988 of 28 July and relevant statutory instruments in force from time to time

10. Implementation of the Capital Increase

Within a period of one year from the date of this resolution, the Board of Directors or, by substitution, the Delegate Committee, may implement the Capital Increase, setting the date for it and any conditions not expressed in this resolution.

This notwithstanding, if the Board of Directors (with express powers of substitution) does not consider it convenient to make the Capital Increase within the time stipulated, owing to prevailing market conditions, circumstances of the Company and any deriving from a socially or economically important event or circumstance, it may submit a proposal to the Shareholders' Meeting to revoke it. The Capital Increase will have no effect if the Board of Directors or, by substitution, the Delegate Committee, does not exercise the powers delegated to it within the period of one year, in which case it will report on that at the first Shareholders' Meeting held thereafter.

After the end of the trading period for the free-of-charge allocation rights in respect of the Capital Increase:

- a. The New Shares will be allocated to those shareholders who hold free-of-charge allocation rights according to the registers kept by *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal* (Iberclear) and its members, in the proportions deriving from the preceding sections.
- b. The Board of Directors or, by substitution, the Delegate Committee will declare the free-of-charge allocation rights trading period over and will apply the reserves in the Company's accounts in the amount of the Capital Increase, which will be deemed paid up by that application.

In addition, after the end of the free-of-charge allocation rights trading period, the Board of Directors or, by substitution, the Delegate Committee, will adopt the corresponding resolution to (I) modify the Articles of Association in order to reflect the new amount of the capital and the number of New Shares corresponding to the Capital Increase; and (II) apply for listing of the New Shares from the Capital Increase on the Madrid, Barcelona, Bilbao and Valencia stock exchanges and the Buenos Aires stock exchange.

11. Delegation of powers to implement the Capital Increase

The Board of Directors is authorized, pursuant to Article 297.1.a) of the Companies Act, with express power to substitute to the Delegate Committee, to establish the conditions of the Capital Increase in any aspects not contemplated in this resolution. In particular, but by no means exclusively, the Board of Directors, with express power to delegate to the Delegate Committee, is authorized to:

- a. Specify, within the times established in point 10 above, the date on which the Capital Increase approved by this resolution is to be made and the reserves against which it is to be made, from those contemplated in the resolution.
- b. Define the exact amount of the Capital Increase, the number of New Shares and the free-of-charge allocation rights required for the allocation of New Shares in the Capital Increase, applying the rules established for this purpose at this Shareholders' Meeting.
- c. Set the duration of the trading period for free-of-charge allocation rights, which will be at least fifteen calendar days as from publication of the announcement of the Capital Increase in the Official Gazette of the Commercial Registry.
- d. Define the period during which the Purchase Commitment will be effective and implement the Purchase Commitment, paying the corresponding sums to the holders of free-of-charge allocation rights who have accepted that commitment.
- e. Declare the Capital Increase closed and completed, determining the incomplete allocation, if appropriate.
- f. Re-draft Articles 5 and 6 of the Company's Articles of Association regarding the capital and shares, respectively, to adjust them to the outcome of the Capital Increase.
- g. Waive any New Shares corresponding to the free-of-charge allocation rights held by the Company at the end of the rights trading period acquired pursuant to the Purchase Commitment.
- h. If appropriate, waive free-of-charge allocation rights to subscribe New Shares for the sole purpose of ensuring that the number of New Shares is a whole number and not a fraction.

- i. Complete whatever formalities may be necessary to have the New Shares corresponding to the Capital Increase entered in the accounting registers kept by *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal* (Iberclear) and listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges and the Buenos Aires stock exchange, according to the procedures established on each of those stock exchanges; and take whatsoever action may be necessary or convenient to make the Capital Increase and complete the appropriate formalities in respect of Spanish or foreign, public or private entities or authorities, including the duties to declare, supplement or remedy any defects or omissions that may hamper or impede the full effectiveness of the foregoing resolutions. The Board of Directors is expressly authorized to delegate, in turn, the powers vested in it by this resolution, pursuant to Article 249.2 of the Companies Act.

Resolution proposal related to the seventh point of the Agenda ("Second increase of share capital in a determinable amount pursuant to the terms of the resolution, by issuing new common shares having a par value of one (1) euro each, of the same class and series as those currently outstanding, charged to reserves, offering shareholders the possibility of selling the free-of-charge allocation rights to the Company itself or on the market. Delegation of powers to the Board of Directors or, by substitution, to the Delegate Committee, to fix the date the increase is to be implemented and the terms of the increase in all respects not provided for by the General Meeting, all in accordance with Article 297(1)(a) of the Companies Act. Application for admission of the newly issued shares to listing on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Automated Quotation System (Sistema de Interconexión Bursátil) and on the Buenos Aires stock exchange").

To approve an increase of share capital (the "Capital Increase") by the amount resulting from multiplying: (a) the par value of one euro (1 €) per share of Repsol, S.A. (the "Company") by (b) the total number new shares of the Company to be determined by the formula outlined in point 2 below. The Capital Increase will be made on the following conditions:

1. Capital Increase with a charge to reserves

The Capital Increase will be made by the issue and placement into circulation of a determinable number of new shares of the Company resulting from the formula set out in point 2 below (the new shares issued in execution of this resolution will hereinafter be referred to as "New Shares" and each one of them, individually, as a "New Share").

The Capital Increase will be made by the issue and placement into circulation of the New Shares, which will be ordinary shares with a par value of one euro (1 €) each, of the same class and series and with the same rights as those currently issued, in book-entry form.

The Capital Increase will be made entirely against voluntary reserves from retained earnings. When making the Capital Increase, the Board of Directors or, by substitution, the Delegate Committee, will specify the reserve to be used and the amount of that reserve according to the balance sheet for the transaction.

The New Shares will be issued at par, i.e., at their par value of one euro (1 €), with no share premium, and will be allocated to the Company shareholders without charge.

Within the year following the approval of this resolution, the Capital Increase may be implemented by the Board of Directors or, by substitution, the Delegate Committee, without having further recourse to the General Shareholders' Meeting and taking account of the legal and financial conditions prevailing at the date of the Capital Increase, in order to offer the Company's shareholders a flexible and efficient remuneration formula.

Pursuant to Article 311 of the Companies Act, the possibility of an incomplete allocation of the Capital Increase is foreseen.

2. New Shares to be issued in the Capital Increase

The maximum number of New Shares to be issued in the Capital Increase will be determined by applying the following formula, rounded down to the nearest whole number:

$$MNNS = NES/No. Rights per share$$

where,

“MNNS” = Maximum number of New Shares to be issued in the Capital Increase;

“NES” = number of outstanding Company shares on the date the Board of Directors or, by substitution, the Delegate Committee, resolves to implement the Capital Increase; and

“No. Rights per share” = number of free-of-charge allocation rights required for the allocation of one New Share in the Capital Increase, resulting from the following formula, rounded up to the nearest whole number:

$$No. Rights per share = NES/Provisional no. shares$$

where,

“Provisional no. shares” = Amount of the Alternative Option/Share Price

For this purpose, “Share Price” will be the arithmetic mean of the weighted average prices of the Company's share on the Madrid, Barcelona, Bilbao and Valencia stock exchanges over the five (5) trading sessions prior to the date of the resolution adopted by the Board of Directors or, by substitution, the Delegate Committee to implement the Capital Increase, rounded up or down to the nearest thousandth of a euro and, in the event of half a thousandth of a euro, rounded up to the nearest thousandth of a euro.

“Amount of the Alternative Option” will be the market value of the capital increase, to be determined by the Board of Directors or, by substitution, the Delegate Committee, considering the outstanding Company shares (NES) and the remuneration already paid to shareholders from earnings of the Fiscal Year 2013 and not exceeding 792,000,000 euro.

3. Free-of-charge allocation rights

Each outstanding share of the Company will confer one (1) free-of-charge allocation right.

The number of free-of-charge allocation rights required to receive one New Share will be determined automatically according to the ratio of the number of maximum number of New Shares (MNNS) to the number of outstanding shares (NES), resulting from the formula indicated in point 2 above. In particular, shareholders will be entitled to receive one New Share for a number of free-of-charge allocation rights determined according to point 2 above (No. Rights per share) that they may hold.

If the number of free-of-charge allocation rights required for the allocation of one share (No. Rights per share) multiplied by the maximum number of New Shares (MNNS) is lower than the number of outstanding shares (NES), the Company will waive a number of free-of-charge allocation rights equal to the difference between the two figures, for the sole purpose of ensuring that the number of New Shares is a whole number and not a fraction.

Free-of-charge allocation rights will be allocated in the Capital Increase to whom being entitled to receive them according to the accounting registers of *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear)* at 23:59 Madrid time on the date on which the announcement of the Capital Increase is published in the Official Gazette of the Commercial Registry.

The holders of any convertible debentures into Repsol YPF shares that may be outstanding at the date on which the Board of Directors or, by substitution, the Delegate Committee resolves to implement the Capital Increase will not have free-of-charge allocation right over the New Shares, notwithstanding the modifications to be made to the conversion rate by virtue of the terms of each issue.

The free-of-charge allocation rights may be traded on the same conditions as the shares in respect of which they are granted and may be traded on the market for such time as may be determined by the Board of Directors or, by substitution, the Delegate Committee, at least fifteen (15) calendar days, commencing on the day after the date on which the announcement of the Capital Increase is published in the Official Gazette of the Commercial Registry. During the period of trading of the free-of-charge allocation rights of the Capital Increase, sufficient rights may be acquired on the market in the necessary proportion to be able to subscribe New Shares.

4. Irrevocable undertaking to purchase free-of-charge allocation rights

The Company irrevocably undertakes, at the prices indicated below, an irrevocable commitment to purchase the free-of-charge allocation rights assigned in the Capital Increase from whom being entitled to receive them according to the accounting registers of *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear)* at the time and date indicated in the above section 3 and, therefore, will receive those rights free (the “Purchase Commitment”).

The Purchase Commitment will only cover the rights originally and freely received by the shareholders, not those purchased or otherwise acquired on the market, and will be in force and may be accepted during such time, within the trading period of the rights, as may be determined by the Board of Directors or, by substitution, the Delegate Committee. For this purpose, the Company will be authorized to purchase those free-of-charge allocation rights (and the corresponding shares) up to and not exceeding the total rights issued, respecting all and any applicable legal limits.

The “Purchase Price” for each free-of-charge allocation right will be calculated applying the following formula, rounded up or down to the nearest thousandth of a euro and, in the event of half a thousandth of a euro, rounded up to the nearest thousandth of a euro:

$$Purchase Price = Share Price / (No. Rights per share + 1)$$

The Company will foreseeably waive the New Shares corresponding to the free-of-charge allocation rights acquired under the Purchase Commitment so the capital will be increased only by the amount corresponding to the free-of-charge allocation rights in respect of which there has been no waiver.

5. Balance sheet for the operation and reserve against which the Capital Increase is made

The balance sheet on which this operation is based is the balance sheet for the year ended 31 December 2012, duly audited and approved by this Ordinary Shareholders' Meeting.

As mentioned earlier, the Capital Increase will be made entirely against the voluntary reserves from retained earnings. When implementing the Capital Increase, the Board of Directors or, by substitution, the Delegate Committee, will specify the reserve to be used and the amount of that reserve according to the balance sheet used as the basis for the Capital Increase.

6. Representation of the New Shares

The New Shares will be issued in book-entry form, the accounting register being kept by *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear)* and its members.

7. Rights of the New Shares

As from the date on which the Capital Increase is declared subscribed and paid up, the New Shares will confer upon their holders the same voting and economic rights as the Company's outstanding ordinary shares.

8. Shares on deposit

At the end of the trading period for the free-of-charge allocation rights, any New Shares that have not been allocated for reasons beyond the Company's control will be held on deposit for any investors who can prove that they are the legitimate owners of the corresponding free-of-charge allocation rights. If any New Shares are still pending allocation three (3) years after the end of the trading period of the free-of-charge allocation rights, they may be sold, pursuant to Article 117 of the Companies Act, for the account and risk of the interested parties. The net proceeds from the sale will be deposited at the Bank of Spain or Government Depository (*Caja General de Depósitos*) at the disposal of the interested parties.

9. Application for listing

It is resolved to apply for listing of the New Shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*) and to complete whatever formalities and actions may be necessary and file such documents as may be required with the competent authorities for listing of the New Shares on the Buenos Aires stock exchange, expressly putting on record that the Company submits to existing or future laws and regulations governing the stock market, particularly regarding trading, minimum time frames and delisting.

It is expressly declared that if the Company subsequently applies for delisting of its shares, this will be subject to the same applicable formalities and, in that case, the interests of any shareholders objecting to the delisting resolution or who do not vote for it will be protected, complying with the requirements stipulated in the Companies Act and other applicable provisions, in pursuance of the Securities Market Act 24/1988 of 28 July and relevant statutory instruments in force from time to time.

10. Implementation of the Capital Increase

Within a period of one year from the date of this resolution, the Board of Directors or, by substitution, the Delegate Committee, may implement the Capital Increase, setting the date for it and any conditions not expressed in this resolution.

This notwithstanding, if the Board of Directors (with express powers of substitution) does not consider it convenient to make the Capital Increase within the time stipulated, owing to prevailing market conditions, circumstances of the Company and any deriving from a socially or economically important event or circumstance, it may submit a proposal to the Shareholders' Meeting to revoke it. The Capital Increase will have no effect if the Board of Directors or, by substitution, the Delegate Committee, does not exercise the powers delegated to it within the period of one year, in which case it will report on that at the first Shareholders' Meeting held thereafter.

After the end of the trading period for the free-of-charge allocation rights in respect of the Capital Increase:

- a. The New Shares will be allocated to those shareholders who hold free-of-charge allocation rights according to the registers kept by *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal* (Iberclear) and its members, in the proportions deriving from the preceding sections.
- b. The Board of Directors or, by substitution, the Delegate Committee will declare the free-of-charge allocation rights trading period over and will apply the reserves in the Company's accounts in the amount of the Capital Increase, which will be deemed paid up by that application.

In addition, after the end of the free-of-charge allocation rights trading period, the Board of Directors or, by substitution, the Delegate Committee, will adopt the corresponding resolution to (I) modify the Articles of Association in order to reflect the new amount of the capital and the number of New Shares corresponding to the Capital Increase; and (II) apply for listing of the New Shares from the Capital Increase on the Madrid, Barcelona, Bilbao and Valencia stock exchanges and the Buenos Aires stock exchange.

11. Delegation of powers to implement the Capital Increase

The Board of Directors is authorized, pursuant to Article 297.1.a) of the Companies Act, with express power to substitute to the Delegate Committee, to establish the conditions of the Capital Increase in any aspects not contemplated in this resolution. In particular, but by no means exclusively, the Board of Directors, with express power to delegate to the Delegate Committee, is authorized to:

- a. Specify, within the times established in point 10 above, the date on which the Capital Increase approved by this resolution is to be made, determine the Amount of the Alternative Option, and specify the reserves against which it is to be made, from those contemplated in the resolution.
Define the exact amount of the Capital Increase, the number of New Shares and the free-of-charge allocation rights required for the allocation of New Shares in the Capital Increase, applying the rules established for this purpose at this Shareholders' Meeting.
- b. Set the duration of the trading period for free-of-charge allocation rights, which will be at least fifteen calendar days as from publication of the announcement of the Capital Increase in the Official Gazette of the Commercial Registry.
- c. Define the period during which the Purchase Commitment will be effective and implement the Purchase Commitment, paying the corresponding sums to the holders of free-of-charge allocation rights who have accepted that commitment.
- d. Declare the Capital Increase closed and completed, determining the incomplete allocation, if appropriate.

- e. Re-draft Articles 5 and 6 of the Company's Articles of Association regarding the capital and shares, respectively, to adjust them to the outcome of the Capital Increase.
- f. Waive any New Shares corresponding to the free-of-charge allocation rights held by the Company at the end of the rights trading period acquired pursuant to the Purchase Commitment.
- g. If appropriate, waive free-of-charge allocation rights to subscribe New Shares for the sole purpose of ensuring that the number of New Shares is a whole number and not a fraction.
- h. Complete whatever formalities may be necessary to have the New Shares corresponding to the Capital Increase entered in the accounting registers kept by *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal* (Iberclear) and listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges and the Buenos Aires stock exchange, according to the procedures established on each of those stock exchanges; and take whatsoever action may be necessary or convenient to make the Capital Increase and complete the appropriate formalities in respect of Spanish or foreign, public or private entities or authorities, including the duties to declare, supplement or remedy any defects or omissions that may hamper or impede the full effectiveness of the foregoing resolutions. The Board of Directors is expressly authorized to delegate, in turn, the powers vested in it by this resolution, pursuant to Article 249.2 of the Companies Act.

Resolution proposal related to the eighth point of the Agenda ("Re-election as Director of Mr. Luis Suárez de Lezo Mantilla").

To re-elect Mr. Luis Suárez de Lezo Mantilla as Director, for a new period of four years.

Resolution proposal related to the ninth point of the Agenda ("Re-election as Director of Ms. María Isabel Gabarró Miquel").

To re-elect Ms. María Isabel Gabarró Miquel as Director, for a new period of four years.

Resolution proposal related to the tenth point of the Agenda ("Ratification of the interim appointment and re-election of Mr. Manuel Manrique Cecilia as Director of the Company").

To ratify the appointment of Mr. Manuel Manrique Cecilia as Director, designated on an interim basis by resolution adopted by the Board of Directors at the meeting held on April 25, 2013, and to re-elect him for the Bylaw mandated four-year term.

Resolution proposal related to the eleventh point of the Agenda ("Appointment of Mr. Rene Dahan as Director").

To appoint Mr. Rene Dahan as Director for the Bylaw mandated four-year term.

Resolution proposal related to the twelfth point of the Agenda ("Directors' Remuneration system: amendment of Article 45 ("Remuneration of Directors") of the Bylaws").

To modify first paragraph of Article 45 of the Bylaws without modifying the other paragraphs of said Article, so that said first paragraph of Article 45 will have the following wording:

"As members of the Board and for the supervisory and decision-making duties performed by this body, Directors shall be entitled to a fixed annual amount determined by the shareholders at the General Shareholders' Meeting. Such amount shall remain in effect to the extent that the shareholders at the General Shareholders' Meeting do not resolve to change it. The Board shall

decide on the exact sum payable within this limit and distribute it among the Directors, taking into account the positions held by each Director on the Board and its Committees”.

Resolution proposal related to the thirteenth point of the Agenda (“Remuneration of Board members”).

To set, further to the new provisions of Article 45 of the Bylaws’ first paragraph, at 6,000,000 euros the annual fixed amount of the compensation of the Directors for the supervisory and decision-making duties. Said amount shall be applicable to the compensation corresponding to current financial year 2013 and shall remain in force until the Shareholders’ Meeting does not resolve its amendment, and it may be reduced by the Board of Directors upon the terms set forth in such Article.

Proposed resolution corresponding to the fourteenth point on the Agenda (“Advisory vote on the Report on the Remuneration Policy for Directors of Repsol, S.A. for 2012”).

To approve, by advisory vote, the Annual Report on the Remuneration Policy for Directors of Repsol, S.A. for the Fiscal Year 2012, the text of which has been made available to shareholders together with the other documents for the Shareholders’ Meeting as from the date of call.

Proposed resolution corresponding to the fifteenth point on the Agenda (“Delegation to the Board of Directors of the power to issue debentures, bonds and any other fixed rate securities or debt instruments of analogous nature, simples or exchangeables for issued shares or other pre-existing securities of other entities, as well as promissory notes and preference shares, and to guarantee the issue of securities by companies within the Group, leaving without effect, in the portion not used, the eighth resolution of the General Shareholders’ Meeting held on May 14, 2009”).

First. To Delegate to the Board of Directors, in accordance with the general applicable regime and the provisions of Article 319 of the Regulations of the Commercial Register, the power to issue, once or on several occasions, fixed rate securities or debt instruments in accordance with the following conditions:

1. **Description of the securities.** The securities this delegation refers to include debentures, bonds and any fixed rate securities or debt instrument of analogous nature in any of the forms permitted by law, simple or exchangeable for issued shares or other existing securities of other entities. Likewise, this delegation may be used also for the issuance of preference shares or other securities of analogous nature, and promissory notes, under this or another denomination. The delegation includes the power to establish and/or renew continuous or open-ended programs of debentures, bonds and any fixed rate securities of analogous nature as well as promissory notes, under this or another denomination.
2. **Term of the delegation.** The issuance of securities may be made once or on several occasions at any moment within a maximum period of five years counted as from the date of this resolution.
3. **Maximum amount of the delegation.** The aggregate maximum amount of securities to be issued by virtue of this delegation will be the following:
 - a. € 15,000,000,000, or the equivalent in another currency, for debentures, bonds and any fixed rate securities or debt instruments of analogous nature;
 - b. € 5,000,000,000, or the equivalent in another currency, for promissory notes (under this or another denomination); such limit refers to the nominal balance of the promissory notes in circulation at any time and not to the aggregate amount of the different issues;

c. € 3,000,000,000, or the equivalent in another currency, for preference shares and other securities of analogous nature;

4. **Extension of the delegation.** The Board of Directors shall be responsible for deciding the terms and conditions of each particular issue, including but not limited, to the following: amount of each issue (with strict observance at all time of the applicable quantitative limits); the number of securities and its par value; the applicable law; the issuing place –domestic or abroad– and currency, and in case of foreign currency, its equivalent in euros; the form; the issuing date or dates; the denomination, that may be totally or partially exchangeable (being compulsory or voluntary, and in this last case, whether at the option of the holder and/or the issuer) for issued shares or other existing securities of other entities, or including a purchase option; the form of the securities; the guarantees; the interest rate; the maturity date or dates; the character of perpetual or redeemable and, in the latter case, the regime and forms of redemption; the inclusion of subordinate clauses; the admission, if appropriate to listing on any secondary market, national or foreigner, of the securities issued with compliance of the conditions required in each case by the law in force; the designation, if appropriate, of the Commissioner and the approval, if applicable, of the main rules that will govern the legal relations between the Company and the association of holders of the securities issued; in case of programs for the issue of promissory notes, the aggregate maximum amount of the program or programs, the maximum and minimum par value of the promissory notes to be issued, the issue and allotment procedure or system and, in general, any other aspect or condition of the issues or programs, including its subsequent amendment.
5. **Guarantee of issues of fixed rate securities by companies within the Group.** The Board is also empowered, within a period of five years, to guarantee on behalf of the Company, within the limits set forth above, the issuances of fixed rate securities (debentures, bonds, notes or any other securities) as well as the issues of promissory notes (under this or another denomination) and preference shares and other securities of analogous nature by companies within the Group.
6. **Listing.** The Board is empowered to apply for the listing of the debentures, bonds, promissory notes (under this or another denomination), preference shares and other securities of analogous nature, and of any other securities issued by the Company by virtue of this delegation, if appropriate or if it deems convenient, on official or unofficial, organized or OTC, national or foreign secondary markets, carrying out in such case the necessary proceedings and acts for the listing before the competent authorities of the different national or foreigner securities markets, conferring to the Board of Directors the widest powers for such purpose.
7. **Power of delegation.** The Board of Directors is authorized to delegate the delegated powers contemplated in these resolutions, pursuant to the provisions of Article 249 of the Companies Act.

Two. This resolution leaves without effect, in the portion not used, the authorization to issue debentures, bonds and any other fixed rate securities of analogous nature, simples or exchangeable for issued shares of other companies, as well as promissory notes and preference shares, and to guarantee the issue of securities by companies within the Group, granted by the Ordinary General Shareholders’ Meeting held on May 14, 2009 in favor of the Board of Directors, under point five of the Agenda.

Resolution proposal related to the sixteenth point of the Agenda (“Composition of the Delegate Committee: amendment of Article 38 (“Delegate Committee”) of the Bylaws”).

To modify first paragraph of Article 38 of the Bylaws without modifying the other paragraphs of said Article, so that said first paragraph of Article 38 will have the following wording:

“The Board may appoint a Delegate Committee that will be composed by no more than nine (9) Directors. The Chairman of the Board will be in any case member of said Committee and will head it. Secretary of the Board shall be secretary of this Committee”.

Resolution proposal related to the seventeenth point of the Agenda ("Delegation of powers to interpret, complement, develop, execute, correct and formalize the resolutions adopted by the General Meeting").

First. To delegate in the Board of Directors with the widest range possible, including the power to delegate fully or in part the powers received in the Delegate Committee, as many powers necessary to interpret, complement, develop, execute and correct any of the resolutions adopted by the General Meeting. The power to correct will include the power to make as many modifications, amendments and additions necessary or convenient as a consequence of objections or observations raised by the securities markets regulating bodies, the Securities Markets, the Mercantile Registry and any other public authority with competence related to the resolutions adopted.

Second. To delegate jointly and indistinctly in the Chairman of the Board of Directors and the Secretary and Vice-Chairman of the Board, the powers necessary to formalize the resolutions adopted by the General Meeting, and to register that subject to this requirement, in full or in part, including the powers related to formalizing the deposit of Annual Accounts, being able for this purpose to sign all kinds of public or private documents, even to complement or correct said resolutions.

Ordinary Shareholders' Meeting 2013 Reports of the Board of Directors on the Resolution Proposals

Report of the Board of Directors on the resolution proposed under the first point on the Agenda ("Revision and approval, if appropriate, of the Annual Accounts and Management Report of Repsol, S.A., of the Consolidated Annual Accounts and the Consolidated Management Report, corresponding to the Fiscal Year ending on 31 December 2012").

The Annual Accounts and the different documents which make up said accounts, in accordance with the Trading Code, the Companies Act and other applicable provisions, including current sectorial regulations, both the individual Repsol, S.A. accounts and the consolidated accounts of its Group of Companies, together with the Management Report of Repsol, S.A. and the Consolidated Management Report, have been formulated by the Board of Directors during their meeting of 27 February 2013, after their revision by the Audit and Control Committee and by the Internal Transparency Committee of Repsol, S.A., and following their certification by the Chief Executive Officer and by the Chief Financial Officer.

The Management Reports, individual and consolidated, include as an Appendix in a separate section, the Annual Corporate Governance Report for the Fiscal Year 2012 which also includes another Annex with the additional information required by Article 61 bis of the Securities Market Act pursuant to the wording provided by Law 2/2011 of March 4 on Sustainable Economy.

These Annual Accounts and the Management Reports have been reviewed by the External Auditors of Repsol, S.A. and its Consolidated Group.

All these documents, together with the Auditors' Reports, are available to shareholders through the Company's website (www.repsol.com) and at our registered office, Calle Méndez Álvaro, 44 28045 Madrid, where they can also request their free delivery to the address they may indicate.

Report of the Board of Directors on the resolution proposed under the second point on the Agenda ("Review and approval, if appropriate, of the management of the Board of Directors of Repsol, S.A. corresponding to Fiscal Year 2012").

In accordance with Article 164 of the Companies Act, the management developed by the Board of Directors during Fiscal Year 2012 is subjected to approval by shareholders, the remuneration of the Directors is detailed in the Annual Accounts Report, in the Annual Corporate Governance Report and in the Report on Directors' Remuneration Policy.

Report of the Board of Directors on the resolution proposed under the third point on the Agenda ("Appointment of Auditor of Repsol, S.A. and its Consolidated Group for Fiscal Year 2013.")

The proposal presented by the Board of Directors to the General Meeting for this point of the Agenda has been approved at the request of the Audit and Control Committee, which is responsible, in accordance with the Regulations of the Board of Directors, for submitting to the Board the proposals concerning the selection and appointment of the external Auditor of the Company and its Consolidated Group.

The Audit and Control Committee agreed, in its meeting of April 24, 2013, to propose to the Board of Directors, for its later submission to the General Shareholders' Meeting, the re-election of the entity Deloitte, S.L. as Auditor of Repsol, S.A. and of its Consolidated Group for the Fiscal Year 2013.

Report of the Board of Directors on the resolution proposed under the fourth point on the Agenda ("Review and approval, if appropriate, effective as of January 1, 2013, of the Updated Balance Sheet of Repsol, S.A., in accordance with Law 16/2012, of 27 December").

Section 9 of Act 16/2012 of December 27 adopting several tax measures designed to consolidate public finance and boost the economy, published in the Official State Gazette (BOE) on December 28, 2012 and entering into force as of the same date, established the option for Corporate Income Tax payers to make a voluntary restatement of the value of certain assets included in their balance sheets.

The amount of the increased value deriving from such restatements will be recorded in the account "*Revaluation reserve under Act 16/2012 of December 27*", which will form part of the Company's equity. A single levy of 5% will be applied to the credit balance of that account, payable on the date of filing the Corporate Income Tax return for 2012. The amount of the single tax levy will be debited in the same account and will not be considered a tax deductible expense.

Pursuant to the Act, use of the balance of the account "*Revaluation reserve under Act 16/2012 of December 27*" is restricted. The balance of that account may not be used until it has been checked and accepted by the tax authorities, for which purpose those authorities have a period of three years from the date of filing of the 5% levy return. Once this account has been checked or the time limit for doing so has lapsed, the balance may be used to cancel out accounting losses, to increase the capital or, 10 years after December 31, 2013, to fund unappropriated reserves. It may only be distributed, directly or indirectly, when the restated assets are fully amortized or have been transferred or derecognized on the balance sheet.

The restatement requires approval by the General Shareholders' Meeting and a Restatement Balance Sheet and will have retroactive accounting and tax effects from January 1, 2013. As from 2013 it will also be necessary to include in the Company's Annual Report the information indicated in Section 12, Article 9 of Act 16/2012.

The Company has calculated the restatement of items of property, plant and equipment recognized on the individual balance sheet at December 31, 2012 (submitted for approval under the first point on the agenda for the AGM) which were not fully amortized for accounting or tax purposes. The amount of the restatement would be approximately 31 million euro (27 million euro in *Land and buildings*, 3 million euro in *Technical Installations* and 1 million euro in *Other property, plant & equipment*).

In the Board's opinion, the restatement has economic and financial benefits for Repsol, S.A., so it has considered it convenient to submit this proposal.

The Restatement Balance Sheet of Repsol, S.A. laid before the shareholders at this general meeting was approved by the Board of Directors on April 25, 2013, with a prior favorable report by the Audit and Control Committee and the Internal Transparency Committee.

The report on agreed procedures issued by Deloitte, S.L., auditor of Repsol, S.A. and the Repsol Group, on March 20 contained no qualifications regarding the calculation of the accounting and tax effects of the restatement.

Shareholders may consult the Restatement Balance Sheet of Repsol, S.A. at the Company's registered office, calle Méndez Álvaro, no. 44, 28045 Madrid and on its website (www.repsol.com). Shareholders may also request delivery of the Restatement Balance Sheet or remittance free of charge to the address they indicate.

Report of the Board of Directors on the resolution proposed under the fifth point on the Agenda ("Review and approval, if appropriate, of the proposed application of profits and distribution of the dividend for 2012").

As in earlier years, a proposal is submitted to approve the application of profits of Repsol, S.A. corresponding to 2012, in a sum of 480,656 thousand euro, as indicated in the Notes to the Individual Annual Accounts (Note 3 – Distribution of Profit), approved by the Board on February 27, 2013.

The proposal contemplates allocating 184,129 thousand euro, paid on January 15, 2013, to payment of the remuneration equivalent to the interim dividend made within the "Repsol Flexible Dividend" Program. This payment was made by acquiring the free-of-charge allocation rights from those shareholders who opted to sell their rights to the Company in the capital increase against reserves approved at the AGM on May 31, 2012, under the eleventh point on the agenda, and made in December 2012 and January 2013. In addition to the aforesaid 184,129 thousand euro, a further 410,044 thousand euro in shares was allocated to remunerate shareholders.

In addition, it is proposed paying shareholders a remuneration equivalent to the final dividend of the year, consisting of:

- I. The acquisition of free-of-charge allocation rights from any shareholder who, within the "Repsol Flexible Dividend" Program, opt to sell their rights to the Company in the capital increase against reserves, for a reference value of 589,926 thousand euro, submitted for approval at the AGM under the sixth point on the agenda. The Board of Directors has estimated a percentage of 63.64% of requests for shares in this capital increase, so the remuneration in cash through purchase of the free-of-charge allocation rights would total approximately 208,435 thousand euro.
- II. The payment of a dividend of 0.04 euro gross per share of Repsol, S.A. entitled to them and that is outstanding at the date on which the corresponding payment is made, as from June 20, 2013. At the date of issuing this report, the maximum amount to be distributed for all the ordinary shares into which the capital is divided would be 51,298 thousand euro.

The proposal is completed with the amounts that would be allocated to funding the legal reserve (12,317 thousand euro) and the voluntary reserves (24,477 thousand euro) of the Company.

Finally, according to the proposal, if the amount estimated for the acquisition of free-of-charge allocation rights in the capital increase against reserves contemplated in point (I) above (i.e. 208,435 thousand euro) is smaller or greater than the amount finally used to acquire those rights, the difference will automatically be allocated to increase the voluntary reserves or reduce the amount allocated to increasing those reserves, respectively. This is coordinated with the resolution proposed under the sixth point on the agenda, whereby if the total purchase price of the free allocation rights acquired by the Company exceeds the aforesaid amount, the Company is authorized to apply voluntary reserves from retained earnings to the purchase of free-of-charge allocation rights in the amount of that excess.

Report by the Board of Directors on the resolution proposals at the sixth and seventh points of the Agenda relating to capital increases in a determinable amount pursuant to the terms of the resolution, by issuing new common shares having a par value of one (1) euro each, of the same class and series as those currently outstanding, charged to reserves, offering shareholders the possibility of selling the free-of-charge allocation rights to the Company itself or on the market. Delegation of powers to the Board of Directors or, by substitution, to the Delegate Committee, to fix the date the increase is to be implemented and the terms of the increase in all respects not provided for by the General Meeting, all in accordance with Article 297(1)(a) of the Companies Act. Application for admission of the newly issued shares to listing on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Automated Quotation System (Sistema de Interconexión Bursátil) and on the Buenos Aires stock exchange”).

This report is issued by the Board of Directors of Repsol, S.A. (the “Company”) to justify the two proposals to increase the capital in the context of the shareholder remuneration program called “Repsol Flexible Dividend”, which will be submitted for approval under the sixth and seventh points of the Agenda, respectively, at the Ordinary General Shareholders' Meeting called at 12:00 on 30 May 2013, on first call and at the same time on 31 May 2013, on second call.

This report is issued in compliance with Articles 286 and 296 of the recast Companies Act (the “Companies Act”), approved by Legislative Royal Decree 1/2010 of 2 July, by virtue of which the Board of Directors must issue a report justifying the proposals to be submitted to the General Shareholders' Meeting, insofar as the approval of those resolutions and their implementation necessarily require a modification of Articles 5 and 6 of the Company's Articles of Association, on the capital and shares, respectively.

In order to enable a clearer understanding of the operations behind the proposals to increase the capital submitted to the General Shareholders' Meeting, shareholders are provided firstly with a description of the purpose of and grounds justifying those capital increases, and secondly with a description of the main terms and conditions of the capital increases against reserves contemplated in this report.

1 Purpose and justification of the proposals

1.1 Purpose and justification of the proposals

The Company has traditionally remunerated its shareholders through the payment of cash dividends and intends to continue to allow the shareholders, if they wish, to receive all of his compensation in cash.

With this approach, in order to improve shareholder remuneration structure and in keeping with the latest trends in this matter among other companies in IBEX-35, in 2012 the Company first offered its shareholders an option (called “Repsol Flexible Dividend”) which, without affecting their right to receive the entire remuneration in cash if they so wished, gave them the possibility of receiving shares in the Company, with the tax benefits applicable to free-of-charge shares, as described below. This system was first implemented in the Company to replace the traditional payment of the final dividend for the year 2011 and was repeated to replace the traditional payment of the interim dividend for the year 2012.

Thus, the purpose of the capital increase proposals submitted to the Shareholders' Meeting is to offer again all the Company's shareholders the option, at their free choice, of receiving new free-of-charge shares in the Company, without altering the Company's policy of remunerating its shareholders in cash, since they may opt, as an alternative, to receive an amount in cash by selling their scrip dividend rights to the Company (if they do not sell on the market), as explained herein below.

1.2 Structure of the operations and options available to shareholders

The two proposals laid before the General Shareholders' Meeting under the sixth and seventh points of the Agenda contemplate offering the Company's shareholders the option to receive, at their choice, either free-of-charge shares of the Company or a remuneration in cash.

These offers are structured in two capital increases against reserves (each on an “Increase” or a “Capital Increase” and jointly the “Capital Increases”). However, although they both correspond to the purpose described in section 1.1 above, each Capital Increase is independent, so they would be made on different dates and Repsol, S.A. could even decide not to make one or both, in which case the corresponding Increase would have no effect pursuant to section 2.7 below.

When the Board of Directors or, by substitution, the Delegate Committee decides to implement one of the Capital Increases:

- a. The Company's shareholders will receive a free-of-charge allocation right for each share in the Company that they hold at that time. These rights will be tradable so may be traded, on the same conditions as the shares in respect of which they are issued, on the Madrid, Barcelona, Bilbao and Valencia stock exchanges for a period of at least fifteen (15) calendar days, after which the rights will automatically become new shares in the Company, which will be allocated to the holders of the free-of-charge allocation rights at that date. The specific number of shares to be issued and, therefore, the number of rights needed for the allocation of one new share will depend on the price of the Company's share on the date of implementation of the Capital Increase (the “Share Price”), calculated by the procedure described herein below. However, as will be explained later (I) the total number of shares to be issued in the first Capital Increase will be determined so that their market value calculated at the Share Price will be approximately 590 million euro; and (II) the maximum number of shares to be issued in the Second Capital Increase will be determined so that their market value calculated at the Share Price will be the amount fix by the Board or, by substitution, the Delegate Committee, with the limit established in section 1.4 below.
- b. The Company will irrevocably undertake to purchase the aforesaid free-of-charge allocation rights at a fixed price from whom being entitled to receive them according to the accounting registers of *Sociedad de Gestión de los Sistemas de Registro, Compensación and Liquidación de Valores, S.A. Unipersonal* (Iberclear) at 23:59, Madrid time, on the date on which the announcement of the corresponding Capital Increase is published in the Official Gazette of the Commercial Registry and, therefore, will receive those rights free (the “Purchase Commitment”). The Purchase Commitment will only cover the rights received by the shareholders free of charge, not those purchased or otherwise acquired on the market. The fixed purchase price of the free-of-charge allocation rights will be calculated before trading of the rights commences, based on the Share Price (such that the price per right will be the result of dividing the Share Price by the number of rights needed to receive one new share, plus one). The Company thus guarantees that all shareholders will be able to monetize their rights and thus receive the cash if they do not wish to receive new shares.

Therefore, when each Capital Increase is made, the Company's shareholders may choose freely between the following options¹⁾:

- a. Not to sell their free-of-charge allocation rights. In this case, at the end of the trading period the shareholder will receive the corresponding number of new free-of-charge shares.
- b. To sell all or part of their free-of-charge allocation rights to the Company under the Purchase Commitment at a guaranteed fixed price. Shareholders choosing this option would monetize their rights and receive a remuneration in cash dividend instead of shares.

¹⁾ The options available to holders of *American Depositary Shares/American Depositary Receipts* and ordinary shares listed on the Buenos Aires stock exchange may be subject to certain variations in respect of the options described here, due to the terms and conditions applicable to the programs in which those holders participate and the regulations of the stock markets on which those securities are traded.

- c. To sell all or part of their free-of-charge allocation rights on the market. Shareholders choosing this option would also monetize their rights, although in this case they would not receive a guaranteed fixed price, as in option (b) above, but instead the consideration payable for the rights would depend on market conditions in general and the quotation price of those rights in particular.

The Company's shareholders may combine any or all of the alternatives mentioned in paragraphs (a) to (c) above. It should be noted in this regard that the alternatives receive different tax treatment.

The gross amount received by shareholders choosing options (a) and (b) will be equivalent, as the Share Price will be used to determine both the fixed price of the Purchase Commitment and the number of free-of-charge allocation rights needed for the allocation of one new share. In other words, the gross price received by a shareholder selling all his free-of-charge allocation rights to the Company under the Purchase Commitment will be approximately equal to the value of the new shares he will receive if he does not sell his rights, calculated at the market price of the Company's share at the date of the Capital Increase (i.e. the Share Price). However, the tax treatment of each alternative is different. The tax treatment of the sales contemplated in options (b) and (c) is also different (see section 2.6 below for a summary of the tax regime applicable to this operation in Spain).

1.3 Coordination with the traditional dividend

In addition to the distribution of a cash dividend to be submitted for approval to the Annual Shareholders' Meeting under the fifth point on the agenda for the AGM, the Company plans to replace what would have been the traditional final dividend of 2012 and the interim dividend of 2013 with two issues of free-of-charge shares, although preserving its shareholders' right to receive a cash remuneration if they prefer.

1.4 Amount of the Alternative Option and price of the Purchase Commitment

The structure of the proposals consists of offering shareholders free-of-charge shares, the value of which, determined according to the Share Price, will be:

- in the first Increase, a total of 589,926,276.88 euro gross; and
- in the second Increase, the amount determined by the Board of Directors or, by substitution, the Delegate Committee, with the limit of 792,000,000 euro gross.

Since, as mentioned earlier, the purpose of the Purchase Commitment is to enable shareholders to monetize the Amount of the Alternative Option of each Increase, and bearing in mind that shareholders will be assigned one free-of-charge allocation right for each outstanding share, the gross price per right at which the Purchase Commitment will be made in each Increase would be approximately equal, subject to the provisions of sections 2.1 and 2.3 below, to the amount per share of the Amount of the Alternative Option.

The final purchase price (and, in relation to the second Increase, the Amount of the Alternative Option, if appropriate) will be determined and announced pursuant to section 2.3.

2. Main terms and conditions of the capital increase

2.1 Amount of each Capital Increase, number of shares to be issued and number of scrip dividend rights needed for the allocation of one new share

The maximum number of shares to be issued in each Capital Increase will be the result of dividing the Amount of the Alternative Option of the corresponding Increase between the value of the Company's share when the Board of Directors or, by substitution, the Delegate Committee, decides to implement each Capital Increase (i.e. the Share Price). The number thus calculated will be rounded off to obtain a whole number of shares and a rights-shares conversion rate, also in a whole number. In addition and for the same purpose, the Company will waive the free-of-charge allocation rights corresponding to it, for the sole purpose of ensuring that the number of new shares to be issued in each Capital Increase is a whole number and not a fraction.

To determine the number of shares to be issued, it will be considered only the outstanding free-of-charge allocation rights at the end of the trading period, excluding those that were sold to the Company under the Purchase Commitment at a guaranteed fixed price (alternative b). When it is decided to implement a Capital Increase, the Board of Directors or, by substitution, the Delegate Committee will determine the maximum number of shares to be issued in each Increase and, therefore, the maximum amount of the Capital Increase and the number of free-of-charge allocation rights need for the allocation of one new share by applying the following formula (rounding the result down to the nearest whole number):

$$MNNS = NES / \text{No. Rights per share}$$

where,

"MNNS" = Maximum number of New Shares to be issued in the Capital Increase;

"NES" = number of outstanding shares in the Company at the date on which the Board of Directors or, by substitution, the Delegate Committee resolves to implement the Capital Increase; and

"No. Rights per share" = number of free-of-charge allocation rights required for the allocation of one New Share in the Capital Increase, which will be the result of applying the following formula, rounded up to the nearest whole number:

$$\text{No. Rights per Share} = NES / \text{Provisional no. shares}$$

where,

"Provisional no. shares" = Amount of the Alternative Option / Share Price

For this purpose, "Share Price" will be the arithmetic mean of the weighted average prices of the Company's share on the Madrid, Barcelona, Bilbao and Valencia stock exchanges over the five (5) trading sessions prior to the date of the resolution adopted by the Board of Directors or, by substitution, the Delegate Committee to implement the Capital Increase, rounded up or down to the nearest thousandth of a euro and, in the event of half a thousandth of a euro, rounded up to the nearest thousandth of a euro.

The final number of shares to be issued will be the ratio of the number of outstanding rights at the end of the negotiation period and the number of rights per share, and if this figure is not a whole number, the Company will waive the free-of-charge allocation rights necessary to do so.

Once determined the final number of shares to be issued, the amount of each Capital Increase will be the result of multiplying the number of the new shares by the par value of the Company's shares – one euro per share (1 €). The Capital Increases will be made, therefore, at par, with no share premium.

Example of the calculation of the number of new shares to be issued, the amount of a Capital Increase and the number of free-of-charge allocation rights needed for the allocation of one new share:

For the sole purpose of helping shareholders to understand its application, a sample calculation is set out below using the formula contemplated in this section. The results of these calculations are not representative of the possible real results in the event of making the Capital Increases, which will depend on the different variables used in the formula (essentially the Share Price of the Company's share at that time) and the rounding off to be made.

For the sole purpose of this example:

The Amount of the Alternative Option of the Increase to be made is 589,926,276.88 euro.

A Share Price of 16.70 euro is assumed.

The NES is 1,282,448,428 (number of Company shares at the date of this report).

Therefore:

$$\text{Provisional no. shares} = \text{Amount of the Alternative Option} / \text{Share Price} = 589,926,276.88 / 16.70 = 35,324,926$$

$$\text{No. Rights per share} = \text{NES} / \text{Provisional no. shares} = 1,282,448,428 / 35,324,926 = 36.30 = 37 \text{ (rounded up)}$$

$$\text{MNNS} = \text{NES} / \text{No. Rights per share} = 1,282,448,428 / 37 = 34,660,768 \text{ (rounded down)}$$

The free-of-charge allocation rights sold to the Company under the Purchase Commitment at a guaranteed fixed price (alternative b), are excluded from the computation of shares to be issued (NNS). In the example, if the Company had purchase 500,000,000 free-of-charge allocation rights, would be 782,448,428 of outstanding free-of-charge allocation rights at the end of the trading period. The calculation of the final number of new shares to be issued (NNS) would be:

$$NNS = \text{Number of outstanding free-of-charge allocation rights} / \text{No. Rights per share} = 782,448,428 / 37 = 21,147,254$$

Consequently, in this example, (I) the final number of new shares to be issued in the Capital Increase would be 21,147,254, (II) the amount of the Capital Increase would be 21,147,254 euros, and (III) 37 free-of-charge allocation rights (or old shares) would be needed for the allocation of one new share in that Increase.

2.2 Free-of-charge allocation rights

In each Capital Increase each share of the Company in circulation will entitle its holder to one free-of-charge allocation right.

The number of free-of-charge allocation rights needed to receive one new share in each Capital Increase will be determined automatically according to the ratio of the number of new shares to the number of outstanding shares at that time, calculated using the formula established in section 2.1 above. In particular, shareholders will be entitled to receive one New Share for a number of free-of-charge allocation rights determined according to section 2.1 above, that they hold in the corresponding Increase.

If the number of free-of-charge allocation rights required for the allocation of one share (37 in the example set out above) multiplied by the maximum number of new shares to be issued (34,660,768 in the example) is lower than the number of shares in circulation (1,282,448,428), the Company will waive a number of free-of-charge allocation rights equal to the difference between the two figures (12 rights in the example) for the sole purpose of ensuring that the number of new shares is a whole number and not a fraction. In that case, there would be an incomplete allocation of the Capital Increase and the capital would be increased only by the amount corresponding to the free-of-charge allocation rights in respect of which no waiver has been made (for which the provisions of section 2.3 below must also be taken into consideration), pursuant to Article 311 of the Companies Act.

Free-of-charge allocation rights will be allocated to whom being entitled to receive them according to the accounting registers of *Sociedad de Gestión de los Sistemas de Registro, Compensación and Liquidación de Valores, S.A. Unipersonal* (Iberclear) at 23:59 on the date on which the announcement of the Capital Increase is published in the Official Gazette of the Commercial Registry. Such rights may be traded on the same conditions as the shares in respect of which they are granted and may be traded on the market for such time as may be determined by the Board of Directors or, by substitution, the Delegate Committee, at least fifteen (15) calendar days, commencing on the day after the date on which the announcement of the corresponding Capital Increase is published in the Official Gazette of the Commercial Registry. During that period, sufficient free-of-charge allocation rights may be acquired on the market in the necessary proportion to receive new shares.

The holders of any convertible debentures into Repsol shares that may be outstanding at the date on which the Board of Directors or, by substitution, the Delegate Committee resolves to implement the Capital Increase will not have free-of-charge allocation right over the New Shares, notwithstanding the modifications to be made to the conversion rate by virtue of the terms of each issue.

2.3 Purchase Commitment of the free-of-charge allocation rights

As mentioned earlier, the Company irrevocably undertakes to purchase the free-of-charge allocation rights assigned in each Capital Increase (the "Purchase Commitment"), so those receiving free the free-of-charge allocation rights at the start of the trading period of those rights will have guaranteed the possibility of selling their rights to the Company and receiving, at their choice, all or part of their remuneration in cash. The Purchase Commitment will only cover the rights received by the shareholders free of charge, not those purchased or otherwise

acquired on the market, and will be in force and may be accepted during such time, within the trading period of the rights, as may be determined by the Board of Directors or, by substitution, the Delegate Committee. The purchase price under the Purchase Commitment will be fixed, calculated prior to opening of the trading period for the free-of-charge allocation rights applying the following formula (applying the definitions set out in section 2.1 above), rounded up or down to the nearest thousandth of a euro and, in the event of half a thousandth of a euro, rounded up to the nearest thousandth of a euro (the "Purchase Price"): Purchase Price = Share Price / (No. Rights per share +1).

The final Purchase Price thus calculated will be determined and announced on the date of implementation of each Capital Increase.

The Company will foreseeably waive the new shares corresponding to the free-of-charge allocation rights acquired under the Purchase Commitment. In that case there would be an incomplete allocation of each Capital Increase and the capital would be increased only by the amount corresponding to the free-of-charge allocation rights in respect of which no waiver has been made, pursuant to Article 311 of the Companies Act.

2.4 Rights of the new shares

The new shares issued in each Capital Increase will be ordinary shares with a par value of one euro (1 €) each, of the same class and series as those currently in circulation, issued in book-entry form, the accounting register of which will be assigned to *Sociedad de Gestión de los Sistemas de Registro, Compensación and Liquidación de Valores, S.A. Unipersonal* (Iberclear) and its members. The new shares will confer upon their holders the same voting and economic rights as the Company's ordinary shares currently in circulation as from the date on which the Capital Increase is declared subscribed and paid up.

The Capital Increases will be made free of charges and commissions for the allocation of new shares issued. The Company will bear the costs of issue, subscription, putting into circulation, listing and any others related to each Capital Increase.

Nevertheless, the Company's shareholders should bear in mind that the members of *Sociedad de Gestión de los Sistemas de Registro, Compensación and Liquidación de Valores, S.A. Unipersonal* (Iberclear) at which they have deposited their shares may, under prevailing laws, establish such administration charges and commissions as they may freely determine for the subscription of the new shares and the maintaining of the shares in the accounting registers. Moreover, these members may, under prevailing laws, establish such charges and commissions as they may freely determine for handling purchase and sale orders in respect of free-of-charge allocation rights.

2.5 Balance sheet and reserve against which the Capital Increases are made

The balance sheet on which the Capital Increases are based is the balance sheet for the year ended 31 December 2012, audited by Deloitte, S.L. on 27 February 2013 and laid before the Ordinary General Shareholders' Meeting for approval under the first point of the Agenda.

The Capital Increases will be made entirely against the voluntary reserves from retained earnings. When making the Capital Increase, the Board of Directors or, by substitution, the Delegate Committee, will specify the reserve to be used and the amount of that reserve according to the balance sheet used as the basis for the Capital Increases.

2.6 Taxation

General comments

The principal tax implications deriving from the Capital Increase are set out below, based on the tax laws in place in the common territory and the interpretation made by the Spanish tax authorities (*Dirección General de Tributos*) in answers to several binding consultations.

Although the tax regime applicable to shareholders resident in Ceuta and Melilla is similar to that of the common territory, certain differences may arise in the tax treatment (particularly for individual shareholders resident in certain territories, in connection with the sale of their free-of-charge allocation rights in the market).

Shareholders not resident in Spain, the holders of *American Depositary Shares/American Depositary Receipts* representing shares in the Company and the holders of Company shares listed on the Buenos Aires stock exchange should consult their tax advisers on the effects deriving from the different options for the Capital Increase, including the right to apply the provisions of double taxation treaties signed by Spain.

It should be borne in mind that the taxation of the different options for the Capital Increase set out herein does not cover all possible tax consequences. Consequently, shareholders are recommended to consult their tax advisers on the specific tax impact of the proposed operation and to pay attention to any changes or amendments that may be made in both the laws in place at the date of this operation and the interpretation criteria, as well as the specific circumstances of each shareholder or holder of free-of-charge allocation rights.

Specific comments

The new shares delivered in each Capital Increase will, for tax purposes, be considered bonus shares and, as such, will not be considered income for personal income tax (IRPF), corporate income tax (IS) or non-resident income tax (IRNR), regardless of whether or not the recipients of those shares operate through a permanent establishment in Spain. In line with the foregoing, the delivery of new shares is not subject to withholding tax or payment on account (advance tax).

The acquisition value of both the new shares and the shares in respect of which they are issued will be determined by dividing the total cost by the number of shares, both old shares and bonus shares. The bonus shares will be considered to have the same age as the shares in respect of which they are issued.

Consequently, in the event of a subsequent sale, the income obtained will be calculated with reference to this new value.

If shareholders sell their free-of-charge allocation rights on the market, the proceeds obtained from trading those rights on the market will not be subject to withholding tax or payment on account and will be given the tax treatment described below:

a. For personal income tax and income tax of non-residents with no permanent establishment in Spain, the proceeds obtained from the sale of free-of-charge allocation rights on the market will be given the same tax treatment as preferential subscription rights. Consequently, the proceeds from selling the free-of-charge allocation rights reduce the acquisition value for tax purposes of the shares giving rise to those rights, pursuant to Article 37.1.a) of the Personal Income Tax Act 35/2006 of 28 November.

Therefore, if the amount obtained from that sale is greater than the acquisition value of the shares in respect of which the rights are granted, the difference will be considered a capital gain for the seller in the tax period in which the sale is made, without prejudice to the possible application to non-resident taxpayers with no permanent establishment in Spain of the double taxation treaties signed by Spain to which they may be entitled.

b. For corporate income tax and income tax of non-residents with a permanent establishment in Spain, since a full commercial cycle is closed, it will be taxed according to the applicable accounting standards and, where appropriate, any special tax regimes applicable to the shareholders subject to the taxes indicated.

Finally, if holders of the free-of-charge allocation rights decide to take up the Repsol Purchase Commitment, the proceeds from sale to Repsol of such rights received as shareholders will be given the same tax treatment as a cash dividend and, therefore, they will be subject to withholding tax and the corresponding taxation.

2.7 Authorization to make each Capital Increase

Pursuant to Article 297.1.a) of the Companies Act, it is proposed authorizing the Board of Directors, with express power to delegate to the Delegate Committee, to determine the date on which each capital increase resolution adopted by the Ordinary General Shareholders' Meeting is to be implemented and to establish the conditions of each Capital Increase in any aspects not stipulated by the Shareholders' Meeting, within a period not exceeding one year from the date on which the resolutions are adopted by the Shareholders' Meeting in respect of the Capital Increases.

This notwithstanding, if the Board of Directors, with express powers of substitution, does not consider it convenient to make any of the Capital Increases, it may submit a proposal to the Shareholders' Meeting for revocation, in which case it will not be obliged to make the Capital Increase in question. In particular, the Board of Directors or, by substitution, the Delegate Committee, will analyze and take account of the market conditions, circumstances of the Company and any deriving from a socially or economically important event or circumstance, as well as the level of acceptance of the first Capital Increase and, if in the opinion of the Board of Directors those or other considerations make it unadvisable to make the corresponding Increase, it may submit a proposal to the Shareholders' Meeting to revoke any of the Capital Increases. Moreover, the Capital Increases will have no effect if the Board of Directors or, by delegation, the Delegate Committee, does not exercise the powers delegated to it within the period of one year indicated by the Shareholders' Meeting for making the Capital Increase, in which case it will report on that at the first Shareholders' Meeting held thereafter.

When the Board of Directors or, by substitution, the Delegate Committee decides to make a Capital Increase, defining the final terms thereof in any aspects not already specified by the Shareholders' Meeting, the Company will publish those terms. In particular, prior to commencement of the period for free allocation of the corresponding Increase, the Company will publish a document containing information on the number and nature of the shares and the reasons for the Capital Increase, in pursuance of Article 26.1.e) of Royal Decree 1310/2005 of 4 November, partly developing the Securities Market Act 24/1988 of 28 July.

After the end of the trading period for free-of-charge allocation rights in respect of each Capital Increase:

- a. The new shares will be allocated to those shareholders who hold the free-of-charge allocation rights according to the registers kept by *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal* (Iberclear) and its members in the necessary proportions.
- b. The Board of Directors or, by substitution, the Delegate Committee will declare the free-of-charge allocation rights trading period over and will apply the reserves in the Company's accounts in the amount of the corresponding Capital Increase, which will be deemed paid up by that application.

Finally, the Board of Directors or, by substitution, the Delegate Committee, will adopt the corresponding resolution to modify the Articles of Association in order to reflect the new amount of the capital following each Capital Increase and apply for listing of the new shares.

2.8 Listing of the new shares

The Company will apply for listing of the new shares issued in each Capital Increase on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*) and complete whatever formalities and actions may be necessary and file such documents as may be required with the competent authorities for listing of the new shares issued in each Capital Increase on the Buenos Aires stock exchange, expressly putting on record that the Company submits to existing or future laws and regulations governing the stock market, particularly regarding trading, minimum time frames and delisting.

Report of the Board of Directors on the resolution proposed under the eighth point on the Agenda: ("Re-election as Director of Mr. Luis Suárez de Lezo Mantilla")

The eighth point of the Agenda is to re-elect Mr. Luis Suárez de Lezo, as Director, for a further period of four years.

The proposal consisting in re-electing Mr. Luis Suárez de Lezo as Director, which the Board of Directors presents to the General Meeting, has been agreed following a favorable report by the Nomination and Compensation Committee held on April 25, 2013, which equally ratified the concurrence and subsistence, at the time of re-election, of the conditions of full eligibility of Mr. Suárez de Lezo to hold the position of Director.

Mr Suárez de Lezo was appointed Repsol Board Member by the Board of Directors on 2 February 2005, subsequently ratified and appointed by the General Shareholders' Meeting of 31 May 2005, and re-elected by the General Shareholders' Meeting of 14 May 2009.

According to the provisions included in the Bylaws and Regulations of the Board of Directors, Mr. Suárez de Lezo is considered to be an *"Executive Director"*.

Herein below it is included additional information about the professional history of Mr. Suárez de Lezo, other Boards of Directors to which he belongs, the number of shares of the Company that he holds and the number of Board meeting he has attended personally during 2012.

Mr. Suárez de Lezo has a Law Degree from the Complutense University and he is Public Prosecutor (on leave of absence). Lawyer specializing in Mercantile and Administrative Law. He was Legal Affairs Director at Campsa until the end of the oil monopoly and has practised as a liberal professional, specifically in the energy sector. He is currently a Member of the Board at Gas Natural SDG, S.A. and Repsol – Gas Natural LNG, S.L., as well as Vice-Chairman of the Repsol Foundation. He is also a member of the Environment and Energy Commission at the International Chamber of Commerce (ICC).

Mr. Suárez de Lezo holds, whether directly or indirectly, 21,830 shares of Repsol, S.A.

Mr. Suárez de Lezo has attended personally to all the meetings of the Board of Directors held during 2012 (12 out of 12).

Report of the Board of Directors on the resolution proposed under the ninth point ninth on the Agenda: ("Re-election as Director of Ms. María Isabel Gabarró Miquel").

The ninth point of the Agenda is to re-elect Ms. María Isabel Gabarró Miquel, as Director, for a further period of four years.

The proposal consisting in re-electing Ms. María Isabel Gabarró Miquel as Director, which the Board of Directors presents to the General Meeting, has been agreed following a favorable report issued by the Nomination and Compensation Committee held on April 25, 2013 which equally ratified the concurrence and subsistence, at the time of re-election, of the conditions of full eligibility of Ms. Gabarró to hold the position of Director.

Ms. Gabarró was appointed as Director of Repsol, S.A. by resolution of the Annual Shareholders Meeting on May 14th, 2009.

According to the provisions included in the Bylaws and Regulations of the Board of Directors, Ms. Gabarró is considered to be an *"Independent External Director"*.

Herein below it is included additional information about the professional history of Ms. Gabarró, the number of shares of the Company that she holds and the number of Board meeting she has attended personally during 2012.

Ms. Gabarró has a Graduate in Law from the University of Barcelona in 1976. In 1979 she joined the Bar of Notaries. She has been a board member of important entities in different sectors: financial, energy, telecommunications, infrastructure and also property, where she was also a member of the Nomination and Compensation Committee and of the Audit and Control Committee. Currently, she is registered on the Bar of Notaries of Barcelona, since 1986, and is a member of the Sociedad Económica Barcelonesa de Amigos del País.

Ms. Gabarró holds, whether directly or indirectly, 8,255 shares of Repsol, S.A.

Ms. Gabarró has attended personally 11 out of the 12 meetings of the Board of Directors held during 2012.

Report by the Board of Directors on the resolution proposed under the tenth point on the Agenda ("Ratification of the interim appointment and re-election of Mr. Manuel Manrique Cecilia as Director of the Company").

The tenth point of the Agenda consists on the ratification of the interim appointment of Mr. Manuel Manrique Cecilia as Director and his re-election, for a further period of four years.

Further to Mr. Juan Abelló Gallo's resignation on March 6, 2013, the Board of Directors of the Company resolved to appoint Mr. Manuel Manrique Cecilia as Director, through the cooptation system and further to the proposal submitted by Sacyr Vallehermoso, S.A., holder of 9.53% share capital of Repsol. Said appointment was resolved by the Board of Directors of April 25, 2013 following a favorable report issued by the Nomination and Compensation Committee that verified the concurrence of the conditions of full eligibility of Mr. Manrique to hold the position of Director.

The proposal consisting in ratifying and re-electing Mr. Manrique as Director, which the Board of Directors presents to the General Meeting, has also been agreed following a favorable report issued by the Nomination and Compensation Committee held on April 25, 2013 which ratified the concurrence and subsistence, at the time of re-election, of the conditions of full eligibility of Mr. Manrique to hold the position of Director.

According to the provisions included in the Bylaws and Regulations of the Board of Directors, Mr. Manrique is considered to be an *"External Proprietary Director"* proposed by the shareholder Sacyr Vallehermoso, S.A.

Herein below it is included additional information about the professional history of Mr. Manrique, other Boards of Directors to which he belongs and the number of shares of the Company that he holds.

Mr. Manrique is a Civil Engineering graduate from Escuela Técnica Superior, Madrid. He has more than 35 years of professional experience in construction, infrastructure concessions, services, rental property, residential development and the energy sector.

He began his professional career in Ferrovial. In 1987 he was one of the founding partners of Sacyr, being appointed its International Responsible in the late 90's. In 2001 he was appointed Executive Director of the Construction area. In 2003, at the time of the merger with Vallehermoso, Mr. Manrique was appointed Chairman and CEO of the construction division and member of the Board of Directors of the new Group Sacyr Vallehermoso. In November 2004, he was appointed First Vice-chairman and CEO of Sacyr Vallehermoso, S.A. as well as member of the Delegate Committee of the Group. Since October 2011, Mr. Manrique also holds the position of Chairman of the Board of Directors of Sacyr Vallehermoso, S.A.

Mr. Manrique is also a member of the Board of Directors in other Group companies such as Testa Inmuebles en Renta, S.A.

Mr. Manrique holds, whether directly or indirectly, 100 shares of Repsol, S.A.

Report of the Board of Directors on the resolution proposed under the eleventh point on the Agenda ("Appointment of Mr. Rene Dahan as Director").

The eleventh point of the Agenda concerns the appointment of Mr. Rene Dahan as Director for the statutory period of four years.

The proposal consisting in appointing Mr. Rene Dahan as Director, which the Board of Directors presents to the General Meeting, has been agreed further to the proposal submitted by Temasek, which holds 6.41% of Repsol share capital and has been favorably informed by the Nomination and Compensation Committee held on April 25, 2013 which equally ratified the concurrence of the conditions of full eligibility of Mr. Dahan to hold the position of Director.

According to the provisions included in the Bylaws and Regulations of the Board of Directors, Mr. Dahan is considered to be an *"External Proprietary Director"* proposed by the shareholder Temasek.

Herein below it is included additional information about the professional history of Mr. Dahan and other Boards of Directors to which he belongs.

Former Director and Executive Vice President of ExxonMobil corporation.

Started his career with Exxon at its Rotterdam refinery in 1964. After several operating, engineering and staff assignments was appointed manager of the 325 kbd Rotterdam Refinery in 1974.

He transferred to the European Exxon headquarters in 1976 where he was responsible for Exxon natural gas interests in Europe.

After a short assignment in the corporation's New York headquarters he was appointed CEO of Esso B.V., the Company's affiliate responsible for all upstream and downstream interests in the Benelux countries.

In 1990 he transferred to New Jersey, USA and was appointed in 1992 President of Exxon Company International responsible for all Exxon businesses outside North America.

In 1998 he joined the Management Committee and was appointed as Director of Exxon corporation in Dallas with responsibility for the worldwide downstream and chemical business.

In 1999 he led the implementation of the merger between Exxon and Mobil and was subsequently named Executive Vice President of ExxonMobil corporation. He retired in 2002.

In the period between 2002 and 2009 he served as a director in the Supervisory Boards of VNU N.V., TNT N.V. and Aegon N.V. and the Advisory Boards of CVC (private equity) and the Guggenheim group in New York.

He currently serves as Chairman of the Supervisory Board of Royal Ahold N.V.

He is a member of the International Advisory Board of the Instituto de Empresa in Madrid and President of the Dahan Family Foundation.

Mr. Dahan is of Dutch nationality and resides in Montreux, Switzerland.

Report by the Board of Directors on the resolutions proposed under the twelfth point ("Directors' Remuneration system: amendment of Article 45 ("Remuneration of Directors") of the Bylaws.") and thirteenth on the Agenda ("Remuneration of Board members").

1. Purpose of the Report

In pursuance of section 286 of the Corporate Enterprises Act and Article 2 of the Regulations of the General Shareholders' Meeting, the Board of Directors of Repsol, S.A. ("**Repsol**" or the "**Company**") issues this report to justify the proposed alteration of Article 45 of the Company's Bylaws, submitted to the shareholders at the General Meeting for approval.

2. Purpose and justification of the proposal

The proposed alteration of the Bylaws consists of modifying the first paragraph of Article 45 regarding the system of remuneration of Directors for their collegiate supervisory and decision-making duties, replacing the current system of remuneration based on a share in the profits with a system of remuneration consisting of the payment of a fixed annual sum, the amount of which is to be determined by the General Meeting.

The proposed alteration is intended to adapt the system established in the Bylaws to the Company's remuneration policy for Directors, which has been applied in practice for several years. Under the system as it is currently regulated in the Bylaws, Directors are entitled to a sum equivalent to 1.5% of the net profit, after setting aside the necessary amounts to cover the legal reserve and other compulsory reserves and recognizing shareholders a dividend of at least 4%, as Board members and in compensation for the collegiate supervisory and decision-making duties corresponding to this body. In a Company of the size and with the profits reported by Repsol, that percentage could represent a very large sum, for which reason the current Bylaws already contemplate the possibility that the Board may reduce the amount corresponding to the aforesaid percentage, and in practice this reduction has been resolved consistently in recent years. Consequently, the new system proposed, consisting of a fixed annual sum to be determined by the General Meeting is more in line with what the Company has been doing so far and is, moreover, a system commonly used among large-cap Spanish listed companies.

As indicated in the Report on the Remuneration Policy for Directors of Repsol, S.A. 2012, put to an advisory vote under the fourteenth point on the Agenda for the General Meeting, the remuneration received by Directors for their collegiate supervisory and decision-making duties is a fixed remuneration calculated by assigning points for being on the Board of Directors or different Committees. The value of the point has remained unchanged since 2011. This fixed

sum is and has been far smaller than the amount that would be obtained by applying the percentage share in the Company's profits as established in the Bylaws.

In view of the foregoing and in order to adapt the Directors' compensation system to current practice in the Company, a motion is put to the shareholders to alter the first paragraph of Article 45 of the Bylaws, stipulating that Directors will receive a fixed sum for their collegiate supervisory and decision-making duties, the maximum amount of which will be set by the General Meeting. The Board will have the power to decide on the exact sum to be paid within that limit and how it is to be distributed among the Directors, taking account of the positions they hold and their participation in the different Committees.

The remaining paragraphs of Article 45 remain unchanged, maintaining the possibility of remunerating Directors with the delivery of shares in the Company, stock options or other securities entitling them to obtain shares in the Company and other forms of remuneration linked to the market value of the shares, subject to resolution by the General Meeting. The system of remuneration of Executive Directors and the provision regarding civil liability insurance for Directors and executives are also maintained.

Finally, for the purposes contemplated in the new first paragraph of Article 45 of the Bylaws, a proposal is put to the General Meeting under the thirteenth point on the agenda to determine the fixed annual sum of Directors' compensation for 2013, which will remain in force until the General Meeting resolves to change it. That sum would be a ceiling and the Board would establish the exact amount to be paid not exceeding that ceiling. For this purpose, shareholders are reminded that the Board has raised its remuneration for collegiate supervisory and decision-making duties by only 2.5% since 2008 and that the limit proposed is much smaller than the maximum amount that could be applied under the system of remuneration in force up to now.

Purely for shareholders' information and to facilitate comparison between the current version of the Article to be altered under point twelve on the agenda and the new text as it would be drafted according to the proposed alterations, both versions are transcribed below, in two columns.

Current wording	Proposal of amendment
Article 45 Director's Remuneration	Article 45 Director's Remuneration
As members of the Board and for the supervisory and decision-making duties performed by this body, Directors shall be entitled to a sum equivalent to 1.5% of the net profit, which may be paid only after covering the legal reserve and any other compulsory reserves and declaring a dividend of at least 4% in favor of the shareholders. The Board shall decide on the exact sum payable within this limit and distribute it among the Directors, taking into account the positions held by each Director on the Board and its Committees. The Company may make advance payments against the future share in the profits.	As members of the Board and for the supervisory and decision-making duties performed by this body, Directors shall be entitled to a <u>fixed annual amount determined by the shareholders at the General Shareholders' Meeting. Such amount shall remain in effect to the extent that the shareholders at the General Shareholders' Meeting do not resolve to change it.</u> sum equivalent to 1.5% of the net profit, which may be paid only after covering the legal reserve and any other compulsory reserves and declaring a dividend of at least 4% in favor of the shareholders. The Board shall decide on the exact sum payable within this limit and distribute it among the Directors, taking into account the positions held by each Director on the Board and its Committees. <u>The Company may make advance payments against the future share in the profits.</u>

Current wording (cont.)	Proposal of amendment (cont.)
Directors' remuneration may also include the delivery of shares in the Company, stock option rights or other securities entitling their holders to obtain shares, or systems of remuneration linked to the market price of the Company's shares. Application of any such system of remuneration shall be resolved by the Shareholders' Meeting, which shall specify the value of the shares taken as reference, the number of shares to be delivered to each Director, the price for exercising stock options, the duration of the system established and such other conditions as it may deem fit.	Directors' remuneration may also include the delivery of shares in the Company, stock option rights or other securities entitling their holders to obtain shares, or systems of remuneration linked to the market price of the Company's shares. Application of any such system of remuneration shall be resolved by the Shareholders' Meeting, which shall specify the value of the shares taken as reference, the number of shares to be delivered to each Director, the price for exercising stock options, the duration of the system established and such other conditions as it may deem fit.
The emoluments contemplated in this Article shall be compatible with and independent of the salaries, remuneration, severance pay, pensions or compensations of whatsoever nature established for Board members with executive duties, regardless of their relationship with the Company, whether deriving from a contract of employment (ordinary or top management), or from commercial or service contracts. The Company shall report on these remuneration in the Notes to the Annual Accounts and the Annual Corporate Governance Report.	The emoluments contemplated in this Article shall be compatible with and independent of the salaries, remuneration, severance pay, pensions or compensations of whatsoever nature established for Board members with executive duties, regardless of their relationship with the Company, whether deriving from a contract of employment (ordinary or top management), or from commercial or service contracts. The Company shall report on these remuneration in the Notes to the Annual Accounts and the Annual Corporate Governance Report.
The Company may take out civil liability insurance for its Directors and executives.	The Company may take out civil liability insurance for its Directors and executives.

Report by the Board of Directors on the resolution proposed under the fourteenth point on the Agenda ("Advisory vote on the Report on the Remuneration Policy for Directors of Repsol, S.A. for 2012").

Pursuant to Article 61 ter of the Securities Market Act 24/1988 of 28 July, as amended by the Sustainable Economy Act 2/2011 of 4 March, the Annual Report on the Remuneration Policy for Directors of Repsol, S.A. for the Fiscal Year 2012 is put to the advisory vote by the shareholders as a separate item on the agenda.

This Report was approved by the Board of Directors at its meeting of April 25, 2013, upon recommendation by the Nomination and Compensation Committee, and is available for consultation by shareholders on the Company's website (www.repsol.com) and at its registered office, Calle Méndez Álvaro, 44 28045 Madrid, where shareholders may also request its delivery or remittance free of charge to such address as they may indicate.

Report of the Board of Directors on the resolution proposed under the fifteenth point on the Agenda ("Delegation to the Board of Directors of the power to issue debentures, bonds and any other fixed rate securities or debt instruments of analogous nature, simples or exchangeables by issued shares or other pre-existing securities of other entities, as well as promissory notes and preference shares, and to guarantee the issue of securities by companies within the Group, leaving without effect, in the portion not used, the eighth resolution of the General Shareholders' Meeting held on May 14, 2009").

This report aims to justify the proposal submitted to the General Shareholders' Meeting, under the fifteenth point of the Agenda, for granting the Board of Directors, with express power to delegate the delegated powers, to issue, on one or several occasions, debentures, bonds and any other fixed rate securities or debt instrument of analogous nature, simple or exchangeable for issued shares or other existing securities of other entities. The delegation is also extended to the issue of preference shares or other securities of analogous nature, and promissory notes (under this or another denomination) and includes the power to establish and/or renew continuous or open-ended programs of debentures, bonds and any fixed rate securities of analogous nature as well as promissory notes, under this or another denomination.

The Board of Directors considers highly convenient to have the delegated powers permitted by the current legislation, in order to be in a position to obtain from the securities primary markets the necessary funds for an appropriate management of the corporate interests. From this point, the purpose of the proposed delegation is to provide the management body of the Company with the movement and response capacity required by the competitive environment in which the Company is involved, where the success of a strategic initiative or financial transaction frequently depends on the possibility to carry it out quickly and without the delays and costs of holding a General Shareholders' Meeting. This flexibility and agility is especially desirable in the current fragile financial context and uncertain market circumstances and make it advisable for the Company's Board of Directors to have the necessary means to have recourse, at any time, to the different sources of financing available, in order to obtain the most advantageous financial terms.

With this aim in mind, and due to the fact of close maturity of the authorizations granted by the General Shareholders' Meeting held on May 14th, 2009 for the issue of certain fixed rate securities, it is submitted to the General Shareholders' Meeting the approval of the resolution proposed under point fifteenth of the Agenda, in accordance with Article 319 of the Mercantile Register Regulations and applicable provisions.

Notwithstanding the provisions of the current Article 510 of the Companies Act (under which the maximum limit for the issuance of debentures provided in the Article 405 of the above Companies Act would not apply to listed companies), the proposal contains quantitative limits for the different issues.

In that sense, the Board of Directors considers advisable that these limits should be broad enough to permit the required fundraising in the capital market so as, in the implementation of the financing policy of the Company and its Group, to enable it to cover the financing requirements of the ordinary course of its business and those contemplated in the Strategic Plan 2012--2016 and to undertake such other investments as may be deemed appropriate for the Company or, in the case, refinance a part of the Company's debt.

Apart from this, and taking into consideration that, in certain circumstances, especially in the international markets, it could be convenient to obtain the funds in the market through subsidiaries and, in such case, the success of the operation could require the support and guarantee of the Company, the Board of Directors applies for the General Shareholders' Meeting express authorization, within the same period of five years, to guarantee any and all securities assumed by subsidiaries in relation with their issues made to obtain financing for the Group.

The proposal is completed with the application for the listing on any secondary market, organized or OTC, official or unofficial, domestic or abroad, of the securities issued by virtue of this authorization, empowering the Board of Directors to carrying out the corresponding procedures for such purpose and with the express power to delegate on the Delegate Committee any and all powers conferred to the Board of Directors.

Finally, the proposal includes leaving without effect, in the portion not used, the eighth resolution of the General Shareholders' Meeting held on May 14st, 2009, for the identity in the regulated subject, regarding the authorization granted to the Board of Directors to issue debentures, bonds and any other fixed rate securities of analogous nature, simples or exchangeable by issued shares of other companies, as well as promissory notes (under this or another denomination) and preference shares, and to guarantee the issue of securities by companies within the Group.

Report of the Board of Directors on the resolution proposed under the sixteenth point on the Agenda ("Composition of the Delegate Committee: amendment of Article 38 ("Delegate Committee") of the Bylaws").

The proposed amendment of the Bylaws consists in modifying first paragraph of Article 38 of the Bylaws concerning the composition of the Delegate Committee so that said Committee is composed by no more than nine Directors instead of eight. The purpose of said amendment is to provide more flexibility to the Committee in order to adjust its composition to the shareholding structure that the Company has at each moment. As provided in the current Article of the Bylaws, the Chairman of the Board will be in any case member of the Committee and will head it.

The other paragraphs of Article 38 of the Bylaws concerning the delegation of powers and the functioning regime of the Committee as regards the meetings, calling and passing of resolutions will not be modified.

To facilitate comparison of the existing wording of the Article for which modifications are proposed under the sixteenth point on the Agenda with the re-drafted wording resulting from the proposed modifications, a transcript of both wordings is inserted below in two columns, purely for informative purposes.

Current wording	Proposal of amendment
Article 38 Delegate Committee	Article 38 Delegate Committee
The Board may appoint a Delegate Committee, headed by the chairman of the Board, with no more than seven other Directors. The Secretary of the Board shall be secretary of this Committee.	The Board may appoint a Delegate Committee that will be composed by no more than nine (9) Directors. The Chairman of the Board will be in any case member of said Committee and will head it , headed by the chairman of the Board, with no more than seven other Directors. The Secretary of the Board shall be secretary of this Committee.
The favorable vote of two-thirds of the Board members shall be required for the permanent delegation of any power of the Board to the Delegate Committee and to appoint the Directors who are to sit on this Committee.	The favorable vote of two-thirds of the Board members shall be required for the permanent delegation of any power of the Board to the Delegate Committee and to appoint the Directors who are to sit on this Committee.
The Board may permanently delegate all its powers to the delegate Committee, save any which may not lawfully be delegated.	The Board may permanently delegate all its powers to the delegate Committee, save any which may not lawfully be delegated.

Current wording (cont.)	Proposal of amendment (cont.)
The delegate Committee shall meet whenever called by the chairman or when requested by the majority of its members. It may adopt final resolutions on all and any matters delegated to it by the Board, reporting to the latter at the next meeting held thereafter. In emergencies, it may also take decisions on other matters subject to delegation, submitting them to the Board for approval and ratification.	The delegate Committee shall meet whenever called by the chairman or when requested by the majority of its members. It may adopt final resolutions on all and any matters delegated to it by the Board, reporting to the latter at the next meeting held thereafter. In emergencies, it may also take decisions on other matters subject to delegation, submitting them to the Board for approval and ratification.

Report of the Board of Directors on the resolution proposal related to the seventeenth point on the Agenda ("Delegation of powers to interpret, complement, develop, execute, correct and formalize the resolutions adopted by the General Meeting").

This is the usual resolution that grants the Board of Directors the ordinary powers for the appropriate execution of the resolutions of the General Meeting itself, including the powers to formalize the deposit of the Annual Accounts and to register the resolutions subject to the same.