The Hague, February 26, 2014

In accordance with Article 14 of Law of 9 May 2006, on market abuse, Repsol International Finance, B.V. is filing the attached English translation of the official notice published on February 25, 2014 by Repsol, S.A. (Guarantor of the Euro 10,000,000,000 Guaranteed Euro Medium Term Note Programme of the Company), related to the approval by the Board of Director of Repsol, S.A. of the execution of an agreement over the expropriation of YPF for US$ 5.0 billion, subject to ratification of the General Shareholders’ Meeting.

The Spanish version of the press release has been also filed today by Repsol, S.A. with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores).
ARGENTINA AND REPSOL REACH A COMPENSATION AGREEMENT OVER THE EXPROPIATION OF YPF

The agreement approved today by Repsol’s Board of Directors must be ratified by the Annual General Shareholders’ Meeting and by the Argentinean Parliament.

The agreement reached between the Republic of Argentina and Repsol (“Convenio de Solución Amigable y Avenimiento de Expropiación”) recognises the company’s right to receive US$5 billion as compensation for the expropriation of 51% of the shares of YPF and stipulates guarantees for effective payment as well as the termination of all judicial and arbitration proceedings and the reciprocal waiver of future claims.

The agreement does not enter into force until a number of conditions precedent are met, including its approval by Repsol’s Annual General Meeting followed by approval of a law especially sanctioned by the Parliament of the Republic of Argentina.

Makeup of Public Debt

The agreement stipulates that the Government of Argentina will transfer to Repsol dollar-denominated public debt, as follows:

1) A fixed package with a nominal value of $5 billion, made up of:
   - Bonar X: US$500 million.
   - Discount 33: US$1.250 billion.

2) A complementary package, with a maximum nominal value of $1 billion, made up of:
   - Boden 2015: US$400 million.
   - Bonar X: US$300 million.
   - Bonar 2024: US$300 million.

The transferal of the complementary package will be adjusted so that the market value of all the Argentinean bonds delivered to Repsol is no less than $4.670 billion and up to a maximum nominal value of $6 billion. The market value will be calculated through quotations from international financial institutions. The complementary bonds will be delivered to Repsol by earliest maturity first up to the limits indicated in each bond.
The closing of the transaction will be completed with the delivery of the bonds in Repsol’s favor with full guarantees in their deposit through an international financial clearing institution. Repsol is free to sell these bonds. If the sale proceeds were to exceed US$5 billion (excluding costs and interest), the excess would revert to the Republic of Argentina.

Guarantees

The Republic of Argentina’s debt will be transferred to Repsol “pro solvendo,” that is that the debt due to Repsol will not be considered to be extinguished until full payment, be it through the sale of bonds or through ordinary payment through the bonds’ maturity.

As an additional guarantee, the Republic of Argentina recognises that if the debt were restructured or there were a failure to pay, Repsol has the right to accelerate debt payment and seek payment of the outstanding amount up to $5 billion through UNCITRAL (United Nations Commission on International Trade Law.)

The compensation agreement is protected by the Bilateral Treaty between Spain and Argentina for the Protection of Investments (Acuerdo de Promoción y Protección de Inversiones entre España y Argentina.)

Agreement with YPF

Simultaneously with the execution of the agreement, Repsol will enter into an agreement with YPF and YPF Gas by which – mainly - all parties will agree to desist from all legal action initiated by them as well as certain waivers and indemnities.
**ANNEX 1**

**INITIAL PACKAGE**

<table>
<thead>
<tr>
<th>Bond</th>
<th>Nominal (US$)</th>
<th>ISIN</th>
<th>Coupon</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonar X</td>
<td>500,000,000</td>
<td>ARARGE03F441</td>
<td>7.00%</td>
<td>17/04/2017</td>
</tr>
<tr>
<td>Bonar 2024</td>
<td>3,250,000,000</td>
<td>To be confirmed</td>
<td>8.75%</td>
<td>10 years from the issue date. Yearly payment at 16.66% of the face value between years 5 and 9 and 16.7% in year 10.</td>
</tr>
<tr>
<td>Discount 33 (*)</td>
<td>1,250,000,000</td>
<td>ARARGE03E113</td>
<td>8.28%</td>
<td>31/12/2033. From June 2024 paid in 20 half-yearly payments. Each of the 20 payments includes the proportional part of the capitalized interest accrued until the first payment (7.01%).</td>
</tr>
<tr>
<td><strong>Total initial package</strong></td>
<td><strong>5,000,000,000</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ADDITIONAL CONTINGENT PACKAGE**

<table>
<thead>
<tr>
<th>Bond</th>
<th>Nominal (US$)</th>
<th>ISIN</th>
<th>Coupon</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boden 2015</td>
<td>Up to 400,000,000</td>
<td>ARARGE03F144</td>
<td>7.00%</td>
<td>03/10/2015</td>
</tr>
<tr>
<td>Bonar X</td>
<td>Up to 300,000,000</td>
<td>ARARGE03F441</td>
<td>7.00%</td>
<td>Described in initial package</td>
</tr>
<tr>
<td>Bonar 2024</td>
<td>Up to 300,000,000</td>
<td>To be confirmed</td>
<td>8.75%</td>
<td>Described in initial package</td>
</tr>
<tr>
<td><strong>Up to 1,000,000,000</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) This bond includes capitalized interest worth $500 million.