

SUPPLEMENT DATED 24 JUNE 2016 TO THE BASE PROSPECTUS DATED 22 SEPTEMBER 2015 (AS PREVIOUSLY SUPPLEMENTED ON 30 NOVEMBER 2015, 14 MARCH 2016 AND 20 MAY 2016).



REPSOL INTERNATIONAL FINANCE B.V.

(A private company with limited liability incorporated under the laws of The Netherlands and having its statutory seat (statutaire zetel) in The Hague)

EURO 10,000,000,000

Guaranteed Euro Medium Term Note Programme

Guaranteed by

REPSOL, S.A.

(A sociedad anónima organised under the laws of the Kingdom of Spain)

This supplement (the *Supplement*) to the base prospectus dated 22 September 2015 as supplemented on 30 November 2015, on 14 March 2016 and on 20 May 2016 (together, the *Base Prospectus*), constitutes a supplement, for the purposes of Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter 1 of Part II of the *loi relative aux prospectus pour valeurs mobilières du 10 juillet 2005* (the Luxembourg law on prospectuses for securities of 10 July 2005), as amended by the Luxembourg law of 3 July 2012 (the *Luxembourg Act*), to the Base Prospectus and is prepared in connection with the Euro 10,000,000,000 Guaranteed Euro Medium Term Note Programme (the *Programme*) established by Repsol International Finance B.V. (the *Issuer*) and guaranteed by Repsol, S.A. (the *Guarantor*). Terms defined in the Base Prospectus have the same meaning when used in this Supplement unless defined herein or where the context requires otherwise.

This Supplement is supplemental to, and should be read in conjunction with the Base Prospectus.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The information incorporated by reference to the Base Prospectus by virtue of this Supplement has been translated from the original Spanish.

The Dealers, the Trustee and the Arranger have not separately verified the information contained in the Base Prospectus, as supplemented by this Supplement. None of the Dealers or the Arranger or the Trustee makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in the Base Prospectus, as supplemented by this Supplement.

Documents incorporated by reference

Both the Issuer and the Guarantor consider advisable to incorporate by reference into the Base Prospectus via this Supplement two regulatory announcements of the Guarantor dated 13 June 2016 and 17 June 2016; and therefore, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, to amend the Section “**DOCUMENTS INCORPORATED BY REFERENCE**” (pages 20 to 24 of the Base Prospectus) by the inclusion of the following documents to the list “**Information incorporated by reference**” (page 20 of the Base Prospectus) as a new paragraph (R). The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) 809/2004.

<u>“Information Incorporated by Reference</u>	<u>Page References</u>
(R) Regulatory announcements of the Guarantor:	
- Announcement dated 13 June 2016 containing the Informative Document of the paid-up capital increase approved by the 2016 AGM (Repsol Flexible Dividend – scrip dividend)	1-10
- Announcement dated 17 June 2016 about the filing of an arbitration statement of claim in relation to its assets in the UK	1

Risk Factors

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in connection with Section “**RISK FACTORS**” to replace the following information contained under “**Uncertainty in the current economic context**” on page 6 of the Base Prospectus, in order to provide with the information obtained from the latest published financial statements of the Guarantor:

“The latest International Monetary Fund (IMF) forecasts (WEO April 2016) estimate that the global economy in 2015 will grow by 3.1%. This is lower than the 3.4% growth seen 2014. They also forecast that the global economy will be slightly higher in 2016, increasing up to 3.2%. Even though advanced economies are experiencing moderate but stable growth, developing and emerging economies are still experiencing the consequences of declining commodity prices, China’s economic deceleration and the monetary policy normalisation in the US. These factors may in turn lead to low inflation for a more prolonged period of time.

From a financial perspective, the principal risks to the global economy are China and the divergence in economic policy between the main central banks. Since June 2015, there has been a growing risk for a more acute economic slowdown in China and a possible higher depreciation in its currency, have increased the instability in the global financial markets. On the other hand, whilst the US Federal Reserve (FED) has begun a normalisation of its monetary policy, both the European Central Bank (ECB) and the Bank of Japan (BoJ) continue with an expansive monetary policy. This divergence has allowed the US dollar to appreciate, putting the solvency of many governments and businesses with dollar debt at risk. Furthermore, the euro and the yen having a short-term interest rate curve with negative rates affects the margin obtained by banks, who already find themselves in a delicate position because of an increase in non-performing loans. Some of these loans are exposure to the energy sector and commodities.

With regard to the geopolitical risks, terrorist attacks, including those in Paris and Belgium, as well as the refugee crisis have had an impact on the markets due to the political instability in Europe. The increase in the political risk threatens the stability of European markets. The UK’s vote in favour of leaving the EU and the expected use of the Article 50 of the Treaty of Lisbon implies an end to the irreversibility of participation in the EU. While the British case is very particular, in the short term it creates uncertainty about potential referendums in other countries. In addition, the UK’s vote to leave the EU is a relevant volatility factor. In the short term, it creates uncertainty that affects both the stock, commodities and foreign exchange markets. While the central banks’ reaction is expected to cushion such negative effects to some extent, in the long term, the possibility that other member states could also leave the EU threatens economic stability and the existence of the Euro. Further details about the process of the UK leaving the EU are needed to better assess the impact on the real economy.

So far in 2016, the oversupply of petroleum, which has caused the decrease in crude oil prices since the second half of 2014, is being reduced and close to disappear as a consequence of both the effect of low prices on investment and the recent increase of unplanned outages (Nigeria, Canada, etc.), that have accelerated the rebalance of the market. The International Energy Agency forecasts a supply/demand balance in equilibrium during the second half of 2016. Low oil prices have had a positive effect on demand in 2015 that persists in 2016, and a negative effect on supply, especially in non-OPEC (Organization of Petroleum Exporting Countries) countries where production has been reduced dramatically, even not considering the effect of the outages. Nevertheless, the petroleum market balance is weak and the high inventory levels act as an important cushion for the market.

Analysts no longer expect an OPEC crude oil production cut this year. Therefore, the adjustment is coming from both sustained demand growth and significant non-OPEC supply decline. The principal negative risk factors for market price adjustment are (i) a slower than expected demand growth, especially in the developing and emerging economies; (ii) a non-OPEC supply more elastic to low prices than expected; and (iii) a higher recovery than expected in Iran and Libya production, or a new upturn in Iraqi supply. On the supply side, the resume of the outages is not a major risk given the bigger effect of the production declines as a consequence of divestment in Non-OPEC and the geopolitical uncertainties in the OPEC region.”

Organisational structure - Issuer

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in relation to **Section “INFORMATION ON THE ISSUER”** under the heading **“Organisational structure”**, to replace the following table (page 32 of the Base Prospectus), due to the sale on 8 June 2016 of the Issuer’s stake in Repsol Capital, S.L. to another company wholly owned by the Repsol Group (Repsol Tesorería y Gestión Financiera, S.A.):

	<u>“Percentage ownership”</u>
	%
Occidental de Colombia LLC, Delaware	25.00
Repsol Netherlands Finance B.V., The Hague	100.00”

Business overview – Upstream

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in relation to **Section “INFORMATION ON THE GUARANTOR AND THE GROUP”** under the heading **“Upstream”**, to replace the information in relation with the Brent crude oil prices (page 39 of the Base Prospectus), immediately before the heading entitled “Downstream”:

“During 2015, oil prices were significantly lower than in recent times. In 2014, Brent crude oil prices averaged U.S.\$98.9 per barrel, compared to an average of U.S.\$81.8 per barrel reported over the 2004-2014 period. In 2015, the price range stood between approximately U.S.\$35.6 to U.S.\$66.7 per barrel, with an average price of U.S.\$52.5 per barrel.

Low crude oil prices negatively affected Upstream operating income (see risk factors titled “Fluctuations in international prices of crude oil and reference products and in demand, due to factors beyond Repsol’s control” and “Uncertainty in the current economic context”), and a significant impairment of Repsol’s assets was recognised amounting to €4,010, as described in Note 22 “Asset impairment” to the audited consolidated financial statements of Repsol, S.A. for the year ended 31 December 2015. As a result of the foregoing, the Group presented a net loss in 2015.

During the first five months of 2016, the average price of Brent crude oil stood at U.S.\$38.0 per barrel, compared to an average of U.S.\$57.1 per barrel during the same period of 2015. If the current trend continues, income and revenue of Repsol’s Upstream segment could continue to erode further.”

Business overview – Recent Developments

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in relation to **Section “INFORMATION ON THE GUARANTOR AND THE GROUP”** under the heading “**Recent developments**” (page 41 of the Base Prospectus), to add the following information at the end of the same section included in the Supplement dated 20 May 2016:

“Recent developments

At the Annual Shareholders’ Meeting held on 20 May 2016, the Guarantor’s shareholders approved two bonus share issues to execute the shareholder remuneration scheme “Repsol Flexible Dividend”, in substitution of what would have been the traditional final dividend from 2015 profits and the interim dividend from 2016 earnings. Under the “Repsol Flexible Dividend”, shareholders can choose between receiving their remuneration in cash (by selling their bonus share rights in the market or back to the Guarantor) or in new shares of the Guarantor.

The Guarantor’s CEO approved the commencement of the first capital increase on 13 June 2016, pursuant to the terms approved by the Guarantor’s Annual Shareholders’ Meeting. In accordance with the formula approved by such Annual Shareholders’ Meeting, the maximum face value amount of the capital increase will be €36,968,802. The price at which the Guarantor will purchase each free-of-charge allocation right will be €0.292 gross per share and the number of rights necessary to receive each new share of the Guarantor will be 39.”

Business Overview – Legal and Arbitration Proceedings

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in connection with **Section “INFORMATION ON THE GUARANTOR AND THE GROUP”** to replace the information contained under subsection “**Legal and Arbitration Proceedings — United Kingdom – Addax Arbitration**” (page 46 of the Base Prospectus) with the following:

“Addax Arbitration

On 13 July 2015, Addax Petroleum UK Limited (“Addax”) and Sinopec International Petroleum Exploration and Production Corporation (“Sinopec”), filed a Notice of Arbitration against Talisman Energy Inc. (“TEI”, currently Repsol Oil&Gas Canada Inc.) and Talisman Colombia Holdco Limited (“TCHL”) in connection with the purchase of 49% shares of TSEUK. TEI and TCHL filed their responses to the Notice of Arbitration on 1 October 2015. As announced by TEI and the Guarantor by official notice dated 17 June 2016 (incorporated by reference into this Base Prospectus), Addax and Sinopec seek repayment of their initial investment in TSEUK, executed in 2012, together with any additional investment, past or future, in such company, and further for any loss of opportunity, which they estimate in a total approximate amount of US\$5,500 million. In the Guarantor’s opinion, the claims included in the Notice of Arbitration are baseless and without merit. The Arbitration Tribunal has decided, among other procedural points, that the oral hearing will take place between 29 January 2018 and 16 February 2018.”

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Programme has been noted or, to the best of the knowledge of the Issuer and the Guarantor, has arisen, as the case may be, since the publication of the Base Prospectus.

To the extent there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by virtue of this Supplement and (b) any other statement, pre-dating this Supplement, in, or incorporated by reference into, the Base Prospectus, the statements in (a) above shall prevail.

As long as any of the Notes are outstanding, this Supplement and each document incorporated by reference into the Base Prospectus via this Supplement will be available for inspection, free of charge, at the offices of the Issuer at Koninginnegracht 19, 2514 AB The Hague, The Netherlands during normal business hours and on the website of the Luxembourg Stock Exchange at www.bourse.lu. In addition, copies of the documents incorporated by reference referred to above can be obtained from the website of the Issuer at http://www.repsol.com/es_en/corporacion/accionistas-inversores/informacion-financiera/financiacion/repsol-international-finance/programa-emision-continua.aspx.