Investor Update

Strategic Plan 2012-2016

REPSOL

"Growing from our strengths"

Repsol. Investor Relations

January 2015

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The information contained in the document has not been verified or revised by the Auditors of Repsol.

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Company Overview

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Repsol today
Company Overview

Operating in more than 30 countries

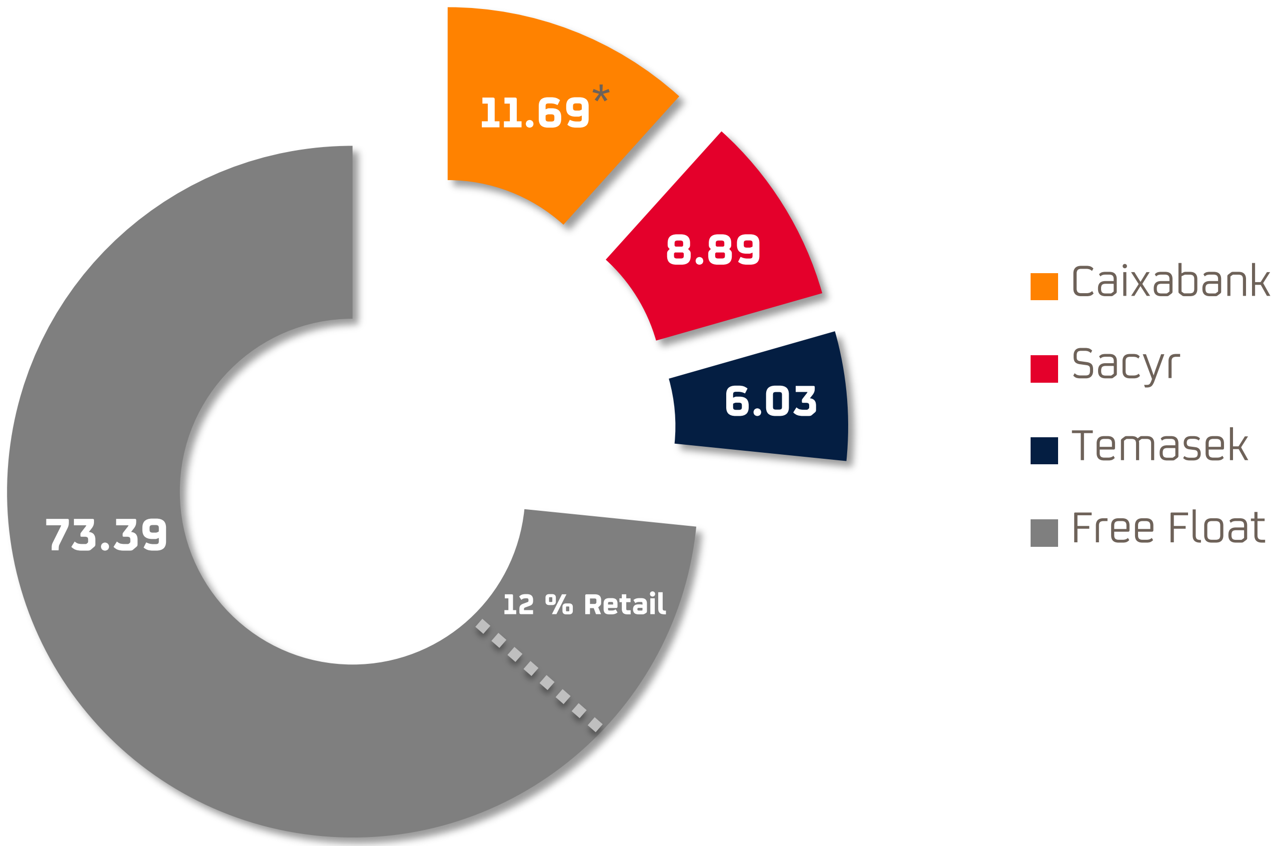
- Exploration & Production (E&P)
- Pure exploration
- Refining & Marketing (R&M)
- E&P / R&M
- Gas and Power

REPSOL

- Core Businesses
  - Upstream
  - Downstream
- Non Operated Shareholding
  - Gas Natural Fenosa

Note: Additionally our Marketing activity extends to South East Asia

Repsol's Shareholders
Company Overview



Total number of shares as of January 2015: 1,374.69 million

* On 11th November 2013 CaixaBank launched a €594m 3-year Mandatory Exchangeable Bond into Repsol shares (2.5% of share capital)

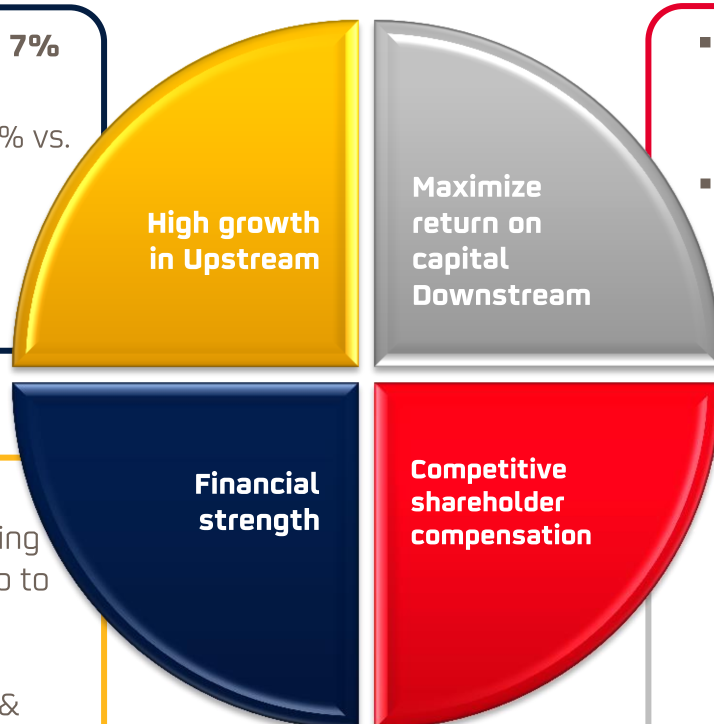
Repsol:
A Transformation Story

2

2012-2016 Key strategic targets

Repsol: A Transformation Story

- Production growth 2011-16[1] : **> 7% CAGR**[1]
- RRR[2] 2011-2016: **> 120%** (+120% vs. average 2008-2011)
- Upstream average capex: **€2.9bn/year**[3]



- Strong FCF from the Downstream Business
- Downstream average capex: **€0.7bn/year** (-50% vs. avg. 2008-11)

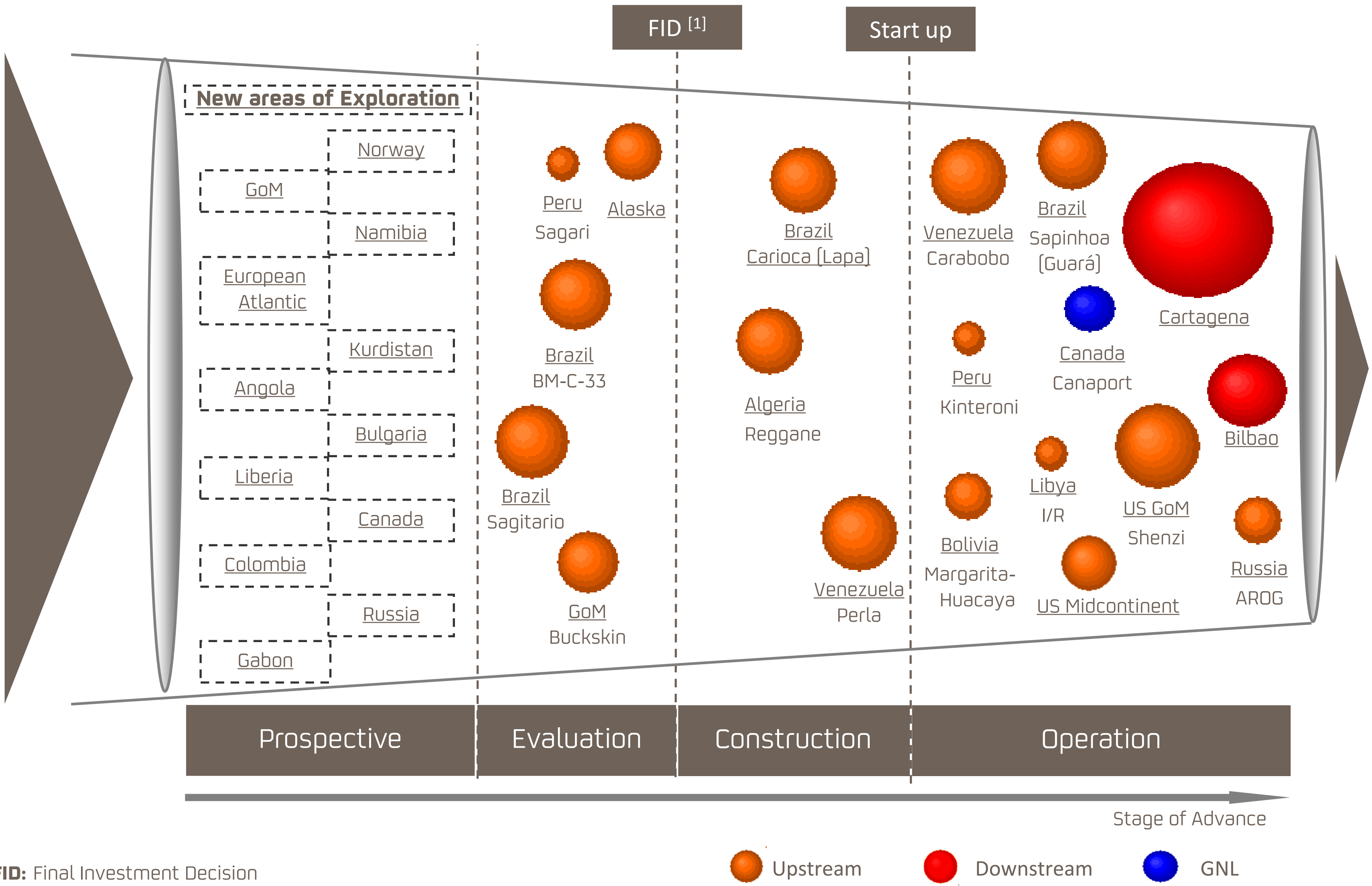
- **Maintain investment grade** rating
- Divestments & treasury stock: up to € 4-4.5 bn in 2012-2016[4]
- **Self-financed plan generating € 8,1-8,6 bn** cash for dividends & debt reduction in base case, resilient to stress scenario

- Dividend 2012-2016: **~1€/share** (scrip option)
- **"Repsol Flexible Dividend" program: 64%, 69%, 59%, 63% and 76%** acceptance ratio since 2012.
- 1€/share **Special dividend** from 2014 earnings.

1. Compound annual growth rate. **2.** Average Reserve Replacement Ratio 2011-2016. **3.** Net Capex. excluding G&G and G&A
4. Targets in 2012. Target more than achieved after LNG disposal. Up to date divestments: 10% of treasury stock (€2.4bn); LPG Chile & Amodaimi (€0.6bn); LNG business (€4.4bn) and 10% stake in TPG (219 M$)

Turnaround plan

Repsol: A transformation story



 1.FID: Final Investment Decision

Acquisition of Talisman Energy

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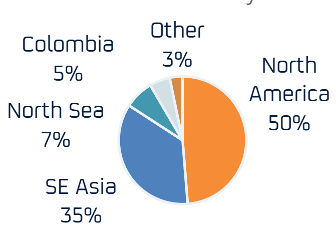
Talisman:
A major Canadian listed upstream company with a globally diversified portfolio

Key facts

- Dual-listed E&P company with core assets in North America, the Asia Pacific region, Colombia and Northern Europe
- Headquartered in Calgary, Alberta, Canada
- Approximately 2,800 highly trained employees in 18 countries
- 1P reserves 838 Mboe, ~65% Developed
- OECD countries: ~65% of 2P Reserves
- R/P: 12 (2P Reserves / run rate production)

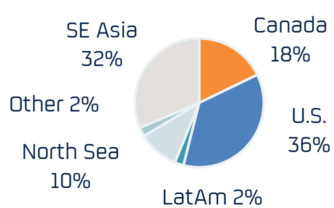
2014E Production: 280-290 Kboepd[1]

After contract and royalties

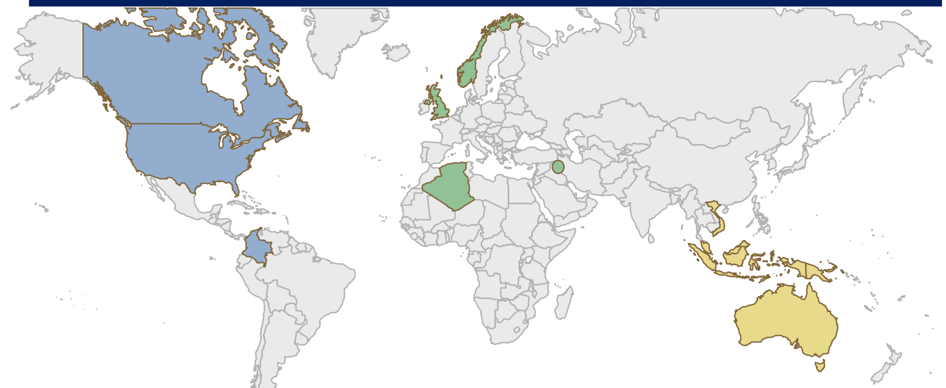


2P Net reserves: 1,243 Mmboe[2]

Year End 2013



Diversified asset portfolio



Americas	EMEA	Asia-Pacific
Natural gas and associated liquids long-term growth potential	JV with Sinopec in UK	Legacy asset position
Upsides from NGL and gas price	Offshore operator in North Sea (UK and Norway), mainly oil production	Large Free Cash Flow
Legacy asset position in Canada	Algeria free cash flow	Sustainable production
Efficient operator in Canada and Marcellus		Additional Exploration & Development potential
Capital intensive unconventionals		Efficient operator
Upside emerging in Colombia (heavy oil)		Good relations with Governments and NOC's

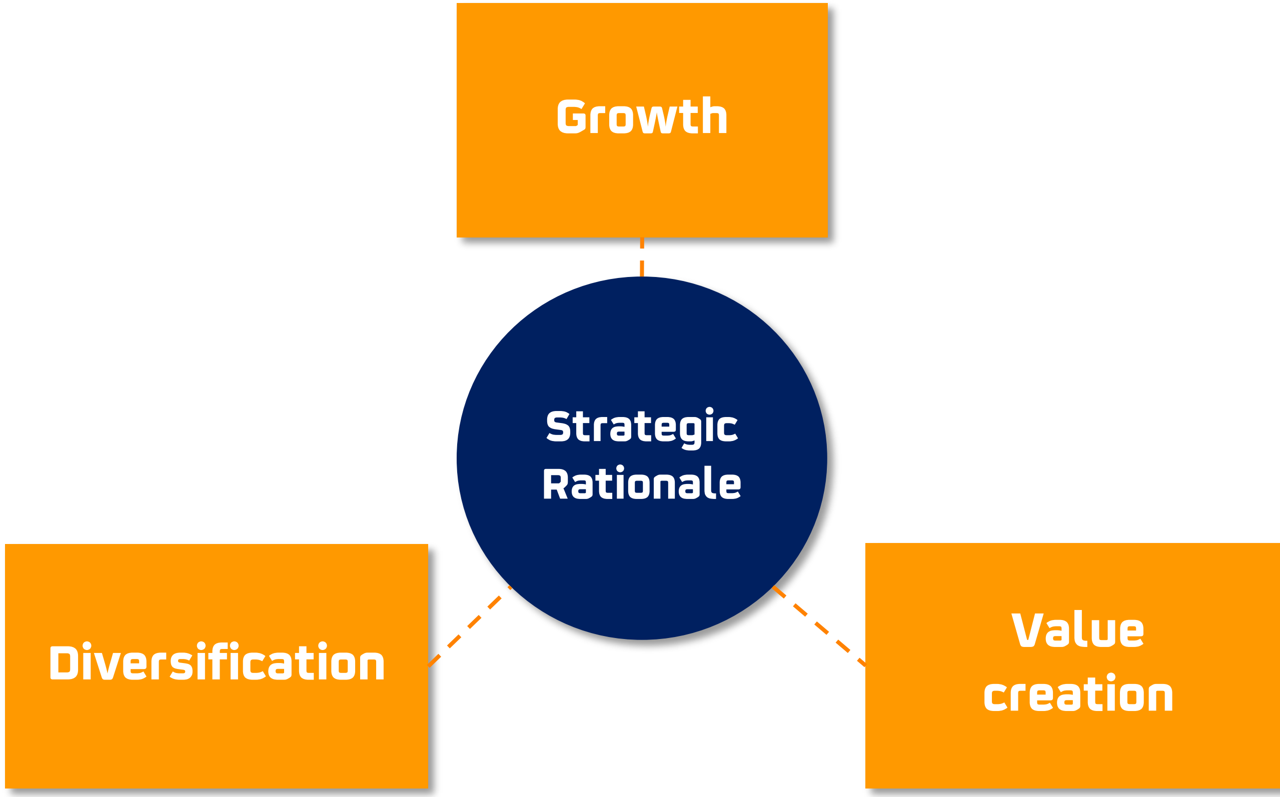
Source: Company filings, presentation, equity research
Note: All figures shown gross of royalties and in U.S. dollars, unless otherwise noted, includes equity investments
1. Net production (assuming 2013YE reserve report implied royalty rates of 19% for gas and 20% for liquids) from ongoing operations based on company guidance (350-365 kboepd gross)
2. Net reserves as of December 2013YE adjusted to reflect sale of Montney assets (550 Bcf of 2P reserves, assumes to be 100% gas, 19% royalty)

Transaction Overview

Transaction structure	• Repsol S.A. ("Repsol") to acquire 100% of Talisman Energy Inc. ("Talisman") outstanding common shares • Structured as Plan of Arrangement
Consideration & Valuation	• **US$8 per share**, representing total all-cash consideration of **US$8.3 billion**[1] • **Total enterprise value of US$12.9 billion, assuming US$4.7 billion in Talisman net debt as of September 30th, 2014** • Immediately accretive to operating cash flow per share, EPS neutral for 2016 and accretive from 2017[2]
Financing	• Liquidity on hand • Designed to secure the Investment Grade rating • Maintenance of current competitive dividend
Certainty & timing	• Offer unanimously approved by Repsol and Talisman Boards of Directors • Subject to the approval of Talisman shareholders • Subject to customary Governmental regulatory approvals, including Investment Canada, and third party consents • Closing estimated by mid-year 2015

1. Talisman permitted to pay common dividends of up to US$0.18 per share between signing and closing. 2. Using the scenario of prices: forward curve first 3 years and then Repsol price deck

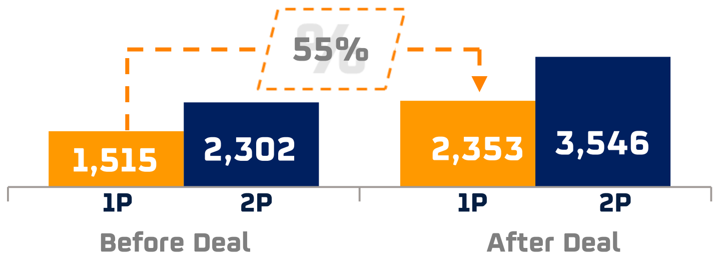
Strategic Rationale



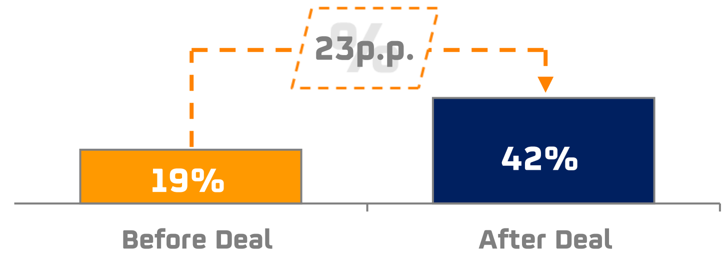
Transformational deal, upgrading Repsol's portfolio and **competitive advantage** achieving global **scale** and **diversification,** greater **exposure to Upstream, leading growth platforms** and **enhanced capabilities to create value**

Production, Reserves, Operatorship, OECD production

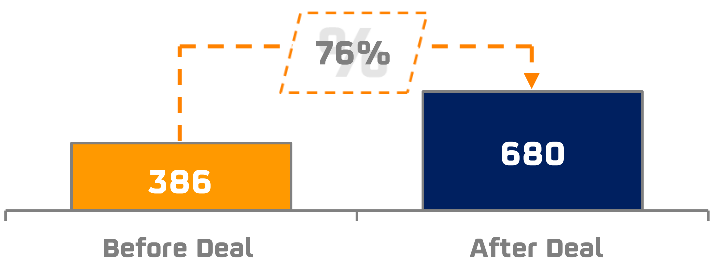
Reserves 1P/2P (MBoe)



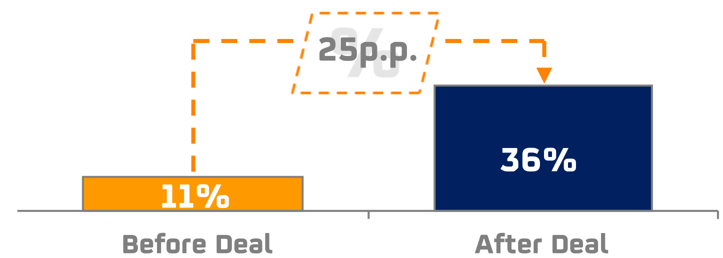
Operated production (%)[1]



Production 2014E (Kboepd)



OECD production (%)



1. Without Libya
Note: Considering net reserves (after royalties) and net production (after royalties). Asset sales considered
Note: If not specified 2013 data
Source: Rystad; Repsol internal information; Talisman Annual Report

Significant enhancement of Repsol's upstream business geographic diversification

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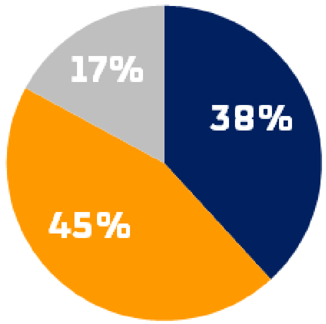
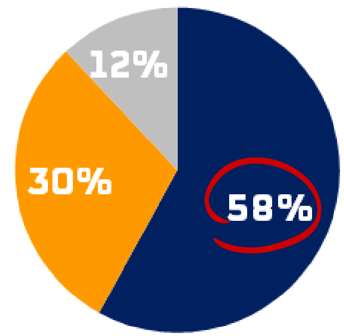
REPSOL + TALISMAN ENERGY

Whole Company



Upstream Downstream GNF

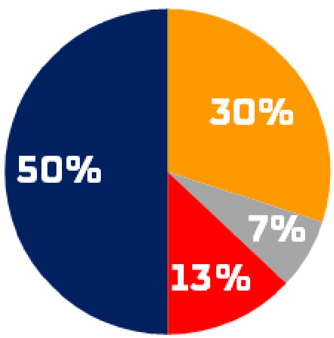


Capital Employed in **Upstream** from 38% to 58%

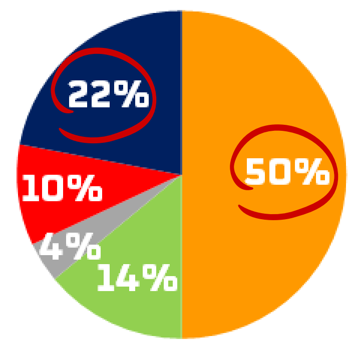
CE: ~36 B$

CE: ~52 B$

Upstream Division



North America SEA Europe Other Latam



Upstream Division Capital Employed in NA from 30% to 50%, Latam from 50% to 22%

CE Ups: ~ 14 B$[1]

CE Ups: ~ 30 B$[2]

Repsol will have operations in more than 50 countries and more than 27,000 employees

1. Data 2014 Estimated. Others include Repsol assets in Africa and Russia 2. Public 2013 Talisman data

Note: Corporate Center CE splitted between Upstream and Downstream proportionally to their standalone CE. Corporate Center CE included in Spain. Whole GNF stake considered in Spain. Source: annual report, Capital IQ

Adds new plays, skills & technology
Complementary capabilities

REPSOL		TALISMAN ENERGY
World class explorer	⟷	Experienced production operator
Deepwater exploration experience and portfolio	⟷	Unconventional experience and portfolio
Broad international portfolio with strong focus on LatAm	⟷	Broad international portfolio with strong focus on North America and South East Asia
High growth exploration and development pipeline	⟷	Great legacy assets and contingent resources
High impact Upstream G&G capabilities and R&D	⟷	Focus on operational capabilities

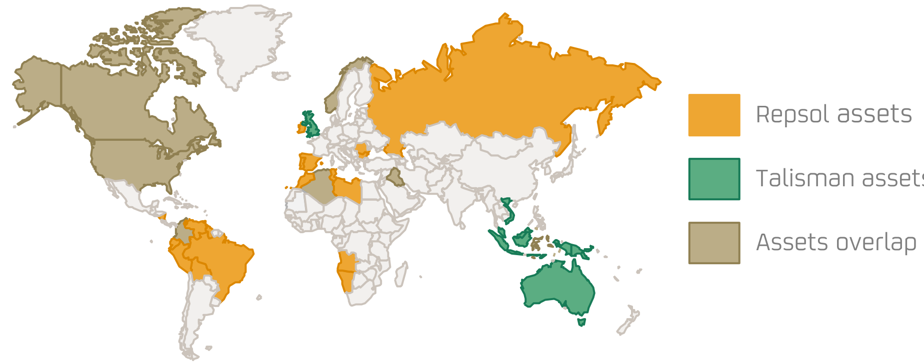
With this transaction, Repsol gains a significant competitive edge becoming a much stronger and balanced E&P player

Portfolio management: Opportunities to optimize capital allocation

A broader portfolio together with a sound financial position provides a better capacity to create and unlock value through portfolio management, allocating capital to the most valuable projects and assets

Portfolio management criteria:

- Prioritizing CF and Net Income
- Exposure to priority plays where to set platforms for growth
- Increasing sustainability (Reserve Life Ratio)
- Geographic Risk Profile



Talisman transaction would generate synergies of ~220 M U$/year[1]

Cost Synergies	**Commercial**	• Enhanced gas, NGLs and oil marketing and trading in North America • Growth in N. America gas, NGLs and oil commercial and midstream portfolio size and diversity
	Capex costs	• Leverage scale in procurement in categories with global or regional markets • Best practice sharing in Capex and project management
	G&A costs	• Optimization and integration of corporate functions • Integration of regional and country HQ where overlapped • IT expenditure optimization and scale
Operational Synergies	**Exploration effectiveness**	• Application of Repsol exploration technology on new portfolio • Exploration teams integration and best practice transfer • Global exploration portfolio management

1. Conservative estimate

A strategic combination to accelerate growth, diversify asset base and drive shareholder value

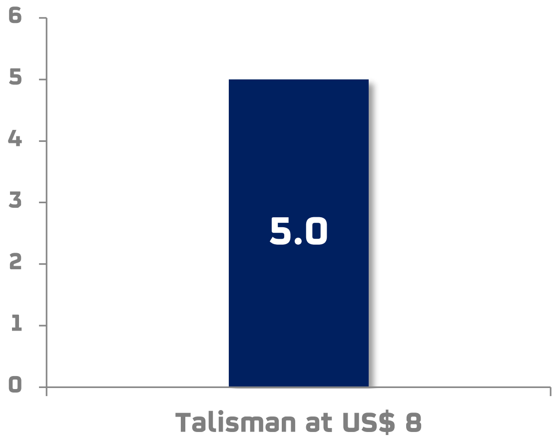
REPSOL

- Talisman acquisition **consistent with Repsol strategy to strengthen Repsol's upstream** business while providing a **platform for future growth**
- Creating Value: **IRR above WACC**
- Creates a truly **globally diversified company** with an asset base in key sought-after regions in **North America, Northern Europe, Southeast Asia and Latin America**
- Gives Repsol **access to deeper expertise** in unconventional plays, heavy oil, and offshore
- **Doubles Repsol's operatorships** and **increases** its weight towards **OECD**
- **Immediately cash flow accretive** and **EPS** neutral for 2016 and **accretive from 2017**
- **Doable opportunity**
- **Commitment to maintain competitive dividend**

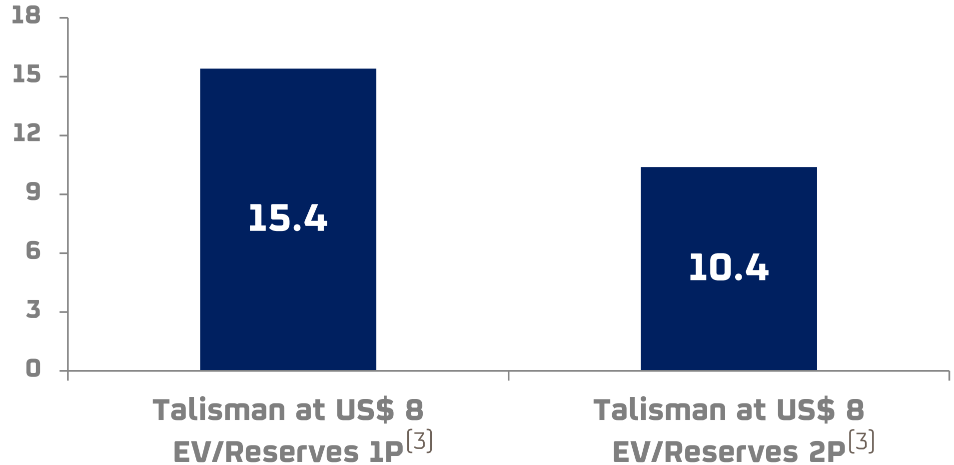
Price and Trading Multiples

The transaction offers competitive multiples for Repsol, especially considering the long term value of the asset

EV/EBITDA 2015E (x) [1]



EV/2013 1P & 2P reserves ($/boe) [2]



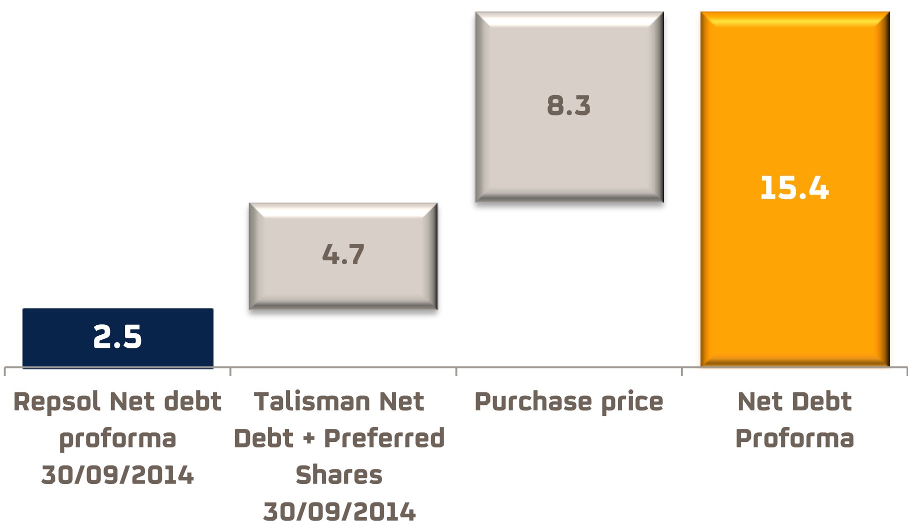
Premium of 24% over last 3-month average share price and 14% premium over last 3-month average Enterprise Value[4]

1. Company filings, FactSet, Equity research and Bloomberg. 2. Finding & Development 5-year average cost of the industry is US$ 24.4/boe. 3. According to Sell Side analysts the average resource finding cost of the industry is 5 $/boe, which compares with 2.9 $/boe of EV/resources in this transaction (assuming Sell Side estimate of 3.2 Bboe for Talisman's contingent resources) 4. VWAP as of December 11th, 2014

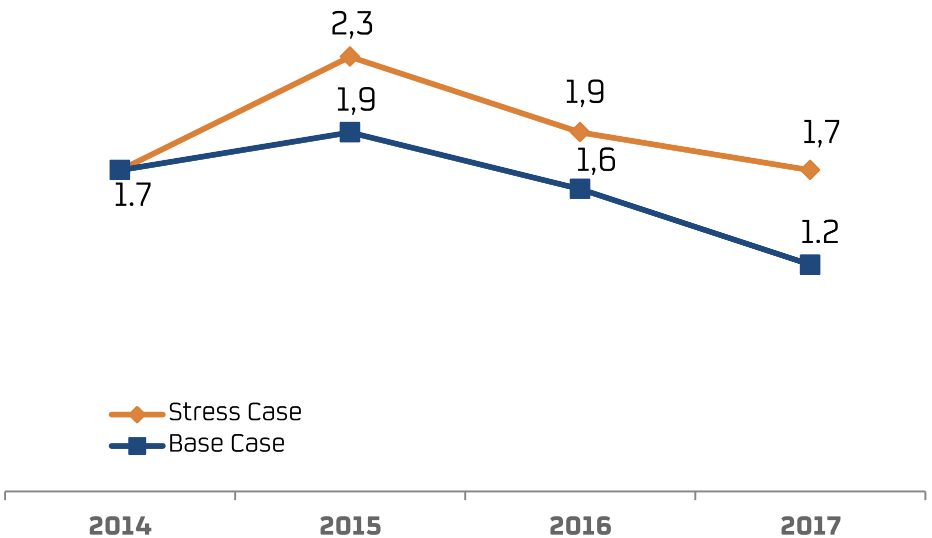
Net debt proforma post Talisman deal

Resilient credit metrics under stress scenarios

Net debt proforma post deal (BUS$)



Net Debt [1] / EBITDA (x) [2] [3]



Resilient credit metrics under stress scenarios

1. Net debt 2015-2017 includes: US$ 1 billion in synergies and US$ 1 billion in divestments; 50% in 2015 and 50% in 2016.
2. Joint Ventures' EBITDA included
3. Base case: Repsol price deck (2015E 85 US$/bbl; 2016E 93 US$/bbl; 2017E 99 US$/bbl); Stress case: Forward curve first 3 years (2015E 71 US$/bbl; 2016E 76 US$/bbl; 2017E 79 US$/bbl)

Upstream

Our businesses strategy

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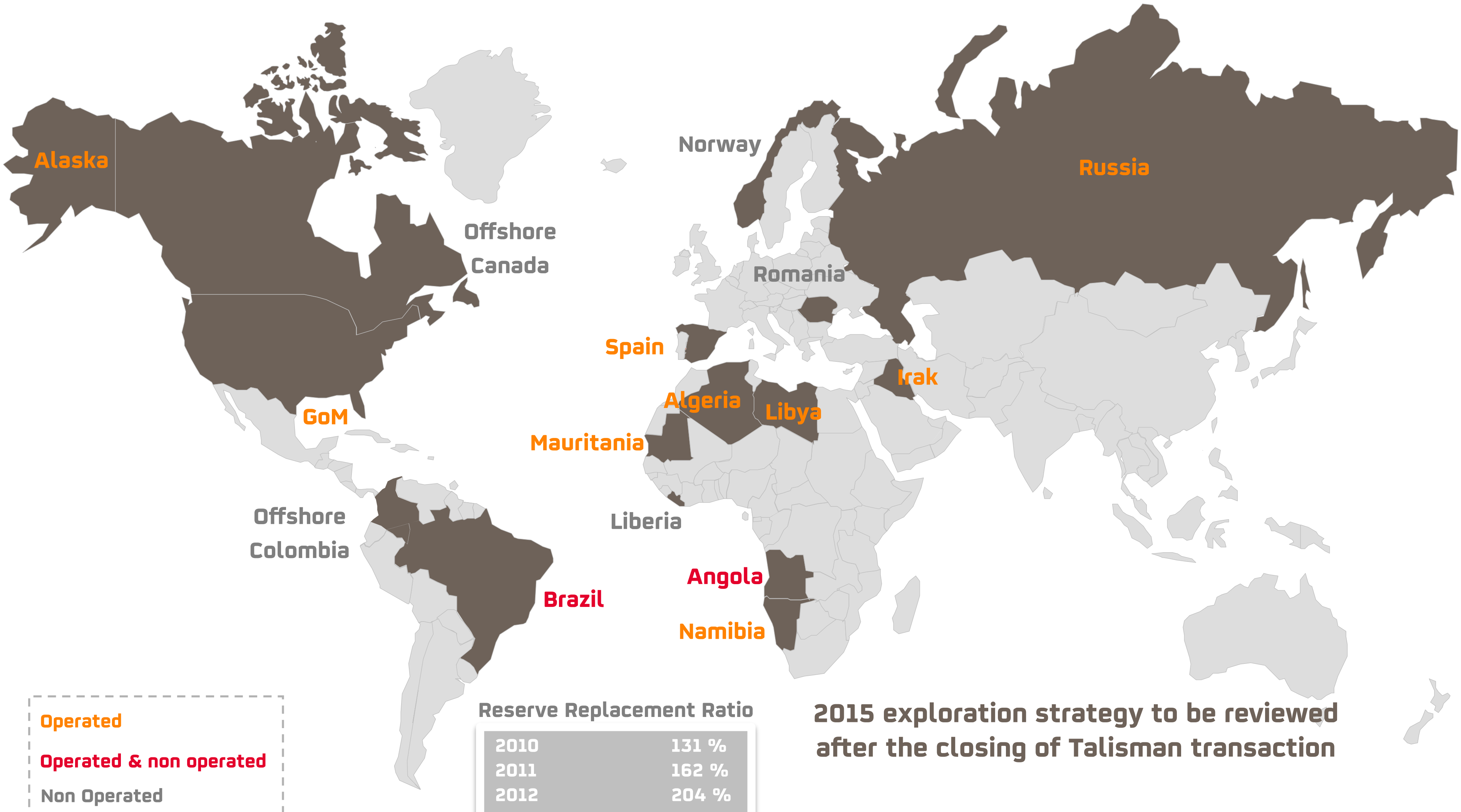
Countries with drilling activity during 2014

27 wells finalized in 2014



Reserve Replacement Ratio

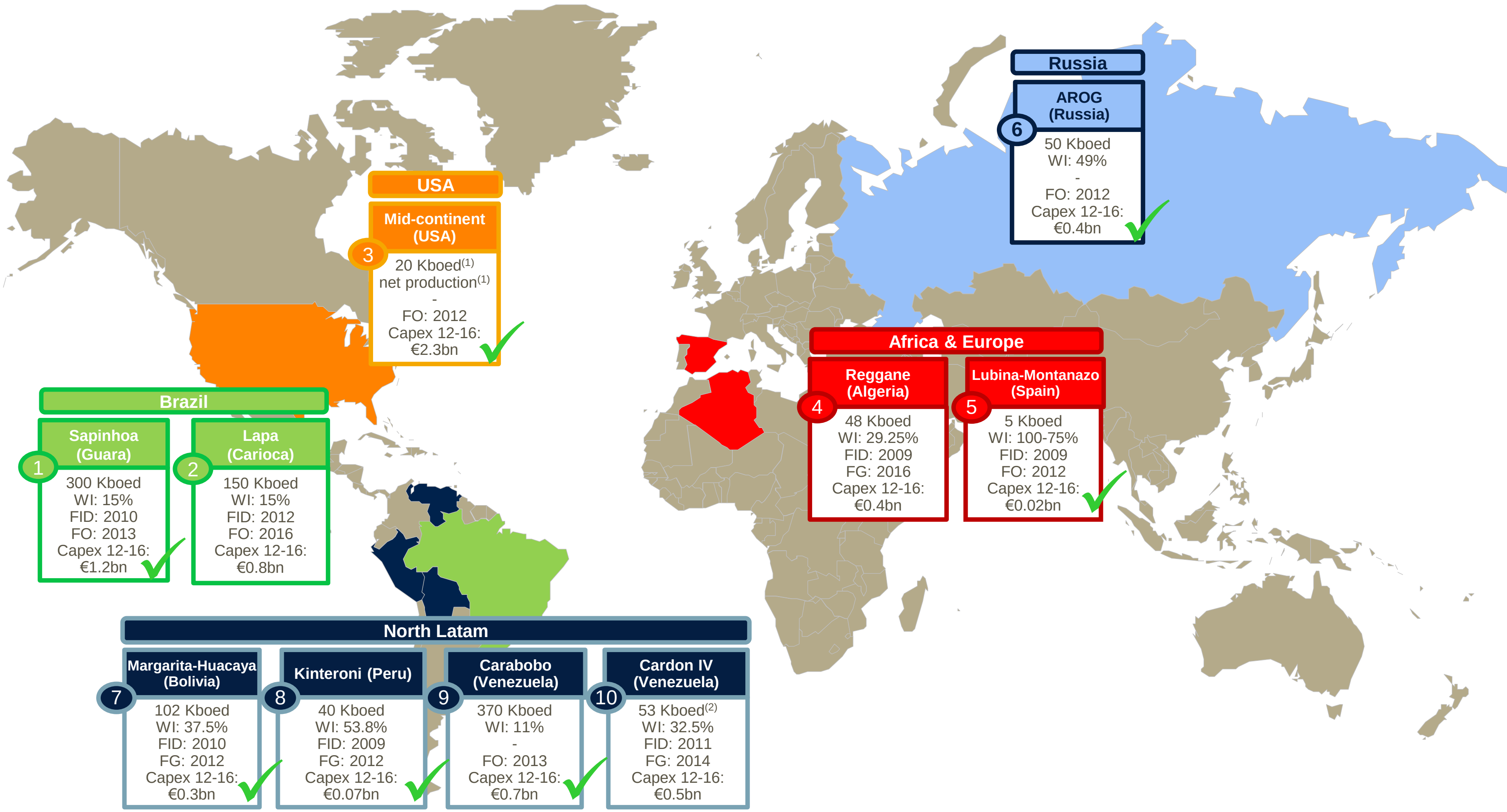
2010	131 %
2011	162 %
2012	204 %
2013	275 %

2015 exploration strategy to be reviewed after the closing of Talisman transaction

10 key growth projects in 2012-2016

Delivering Growth

Low risk of delivery: 7 projects already producing



Note: all production figures indicate gross plateau production; WI = Repsol Working Interest; FID = Final Investment Decision; FO: First Oil; FG: First Gas; Net capex 2012-2016, excluding G&G and G&A. 1. Average Repsol net production post royalties 2. Phase I gross production

Downstream

Our businesses strategy

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Improve profitability on operational excellence and efficiency

Maximize return on investment and cash generation

Refining

- Reduce energy costs
  - Fuel consumption & losses down by 6% at 2016
- Reduce CO_2 emissions by 15% at 2016
- Operational excellence program in refineries

Petrochemicals

- Maximize value of integration with refining
- Competitive Plan:
  - Higher-value applications
  - Efficiency program
- Continue cost reduction program

Marketing

- Maximize value of marketing assets and competitive position
- Optimize retail asset portfolio
- Increase non-oil margins
- Increase international margin from lubricants and specialties

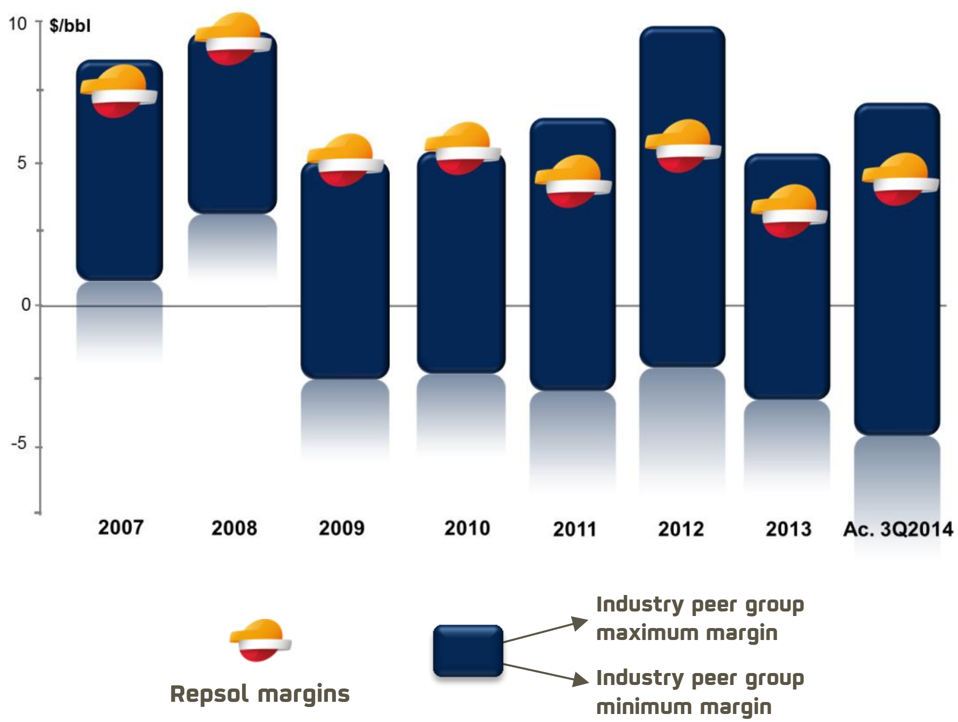
LPG

- Adequate production and commercial capacity to market conditions in Spain
- Optimize portfolio

Downstream strategy 2010-2014:
Increased competitiveness of Downstream business

Competitive Downstream business, linked to quality assets and geographical situation

Integrated R&M margin (Repsol vs. Sector)

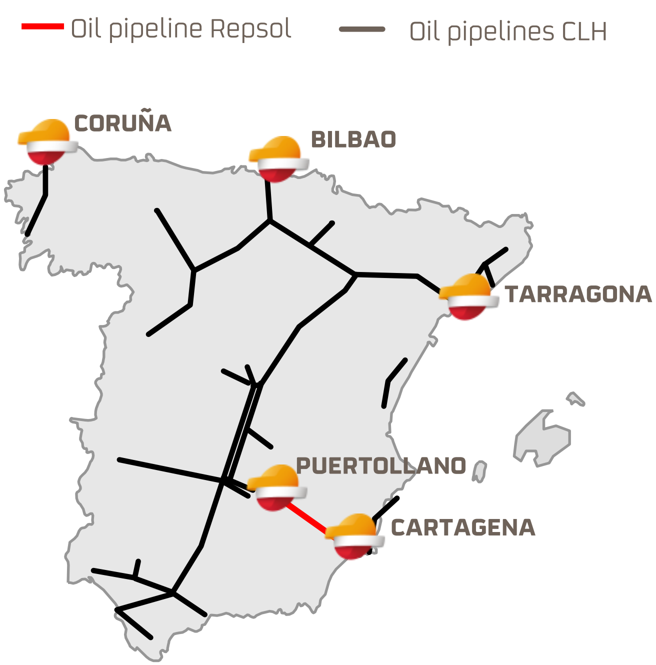


- Presence in a premium market for refining
- Completion of expansion and conversion projects
- Integrated refining portfolio, working as a unique system
- Efficient integration between the refining and marketing businesses

Note: Integrated R&M margin calculated as CCS/LIFO-Adjusted operating profit of the R&M Segment divided by the total volume of crude processed (excludes petrochemical business) of a 14-peer-group. Based on annual reports and Repsol's estimates. Source: Company filings

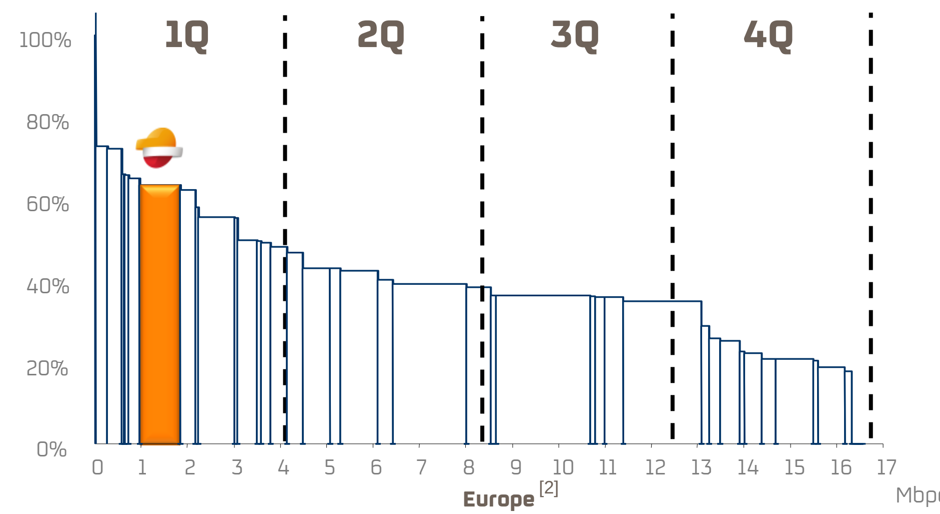
Downstream strategy 2010-2014:
Increased competitiveness of Downstream business

Improved competitiveness of refining assets

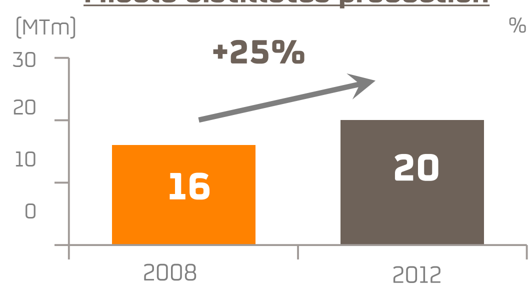


- Increased competitiveness of refining assets
- Top quartile position among European peers along the cycle
- Divested non-core / low return assets (€1.4bn) [1]

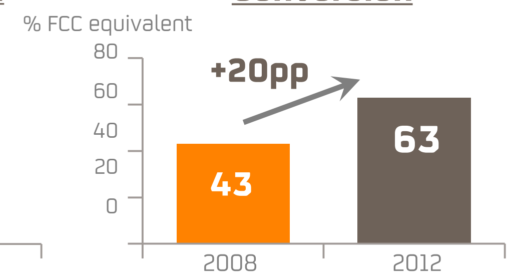
% FCC equivalent



Middle distillates production



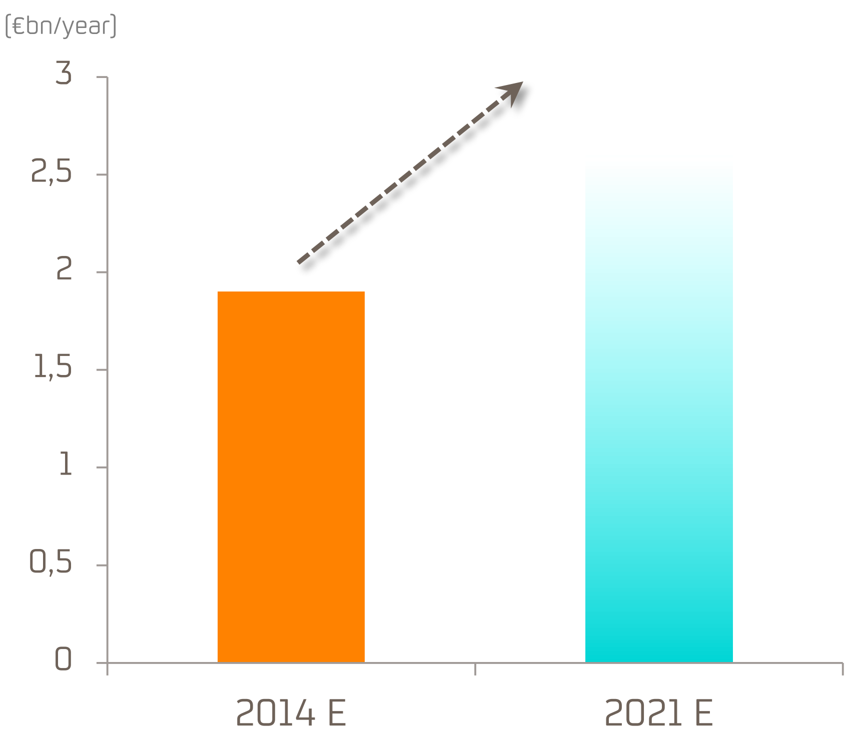
Conversion



1. Includes sale of 15% of CLH, non-integrated Downstream in LatAm (Chile, Brazil and Ecuador), PMMA Petrochemicals, Refap in Brazil and LPG France, some of them executed in Dec. 2007 **2.** Data source: WoodMackenzie

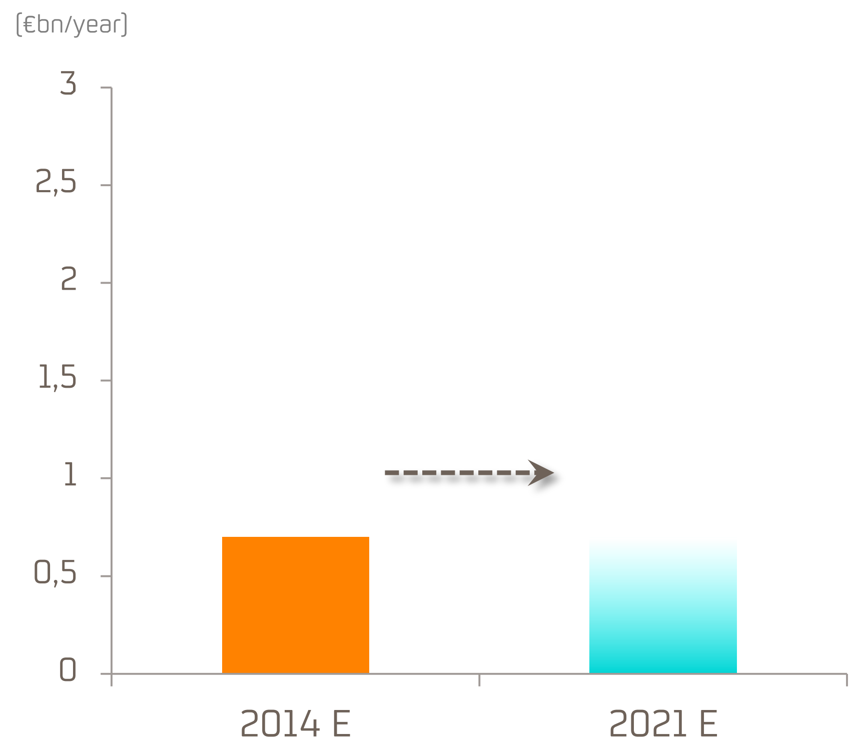
Maximizing returns from the business and capital discipline

R&M EBITDA



Higher margins largely derived from expansion and conversion projects

R&M CAPEX

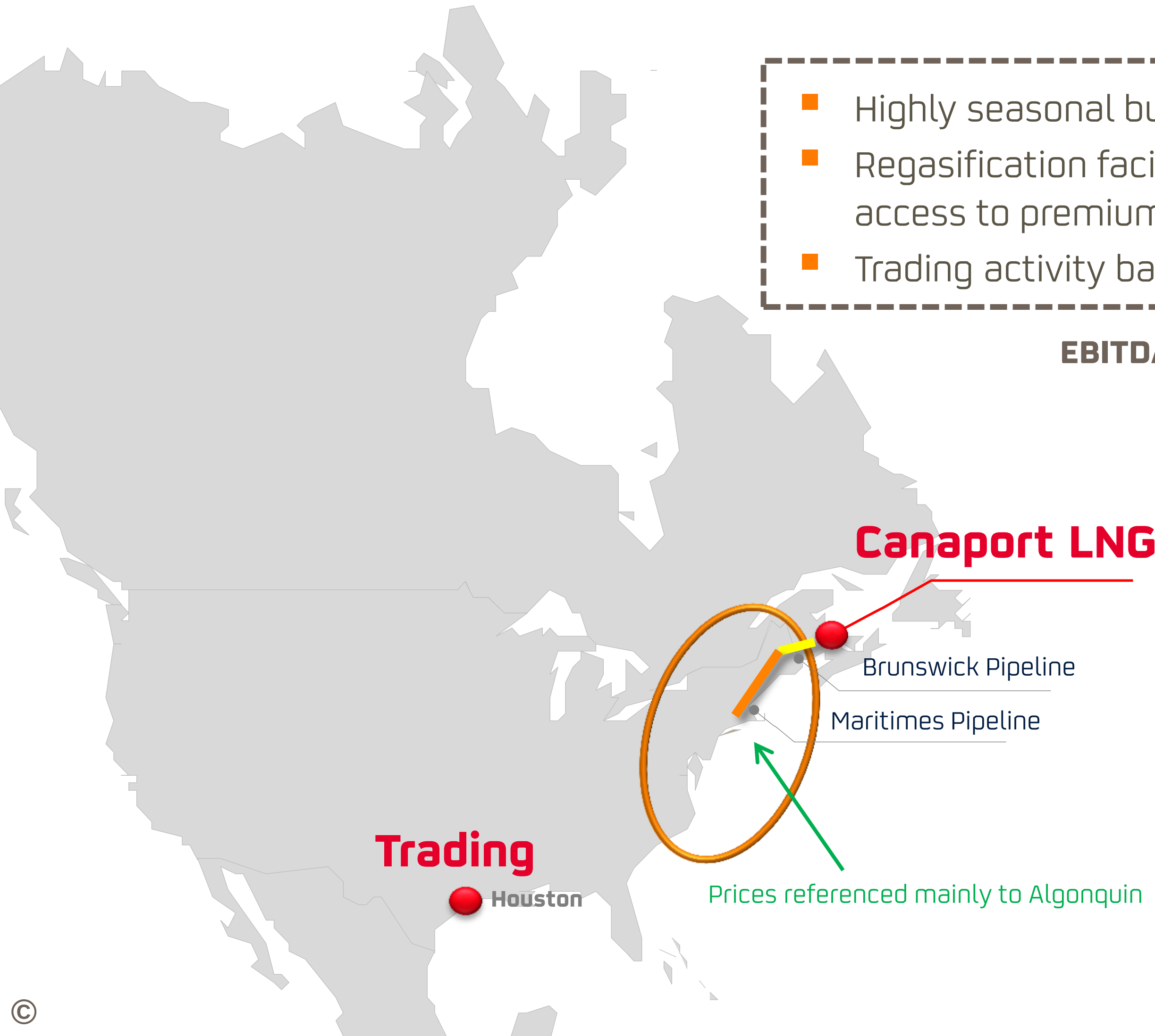


Downstream investment cycle already finalized

Gas & Power
Access to premium markets in North America

- Highly seasonal business
- Regasification facility and midstream assets with access to premium markets in North East USA
- Trading activity based in our Houston headquarters

EBITDA 9M14: 238 M€



Regasification plant
Total capacity: 10 bcm/year Partners: Repsol (75%), Irving Oil (25%) Regasification capacity: 100% Repsol

Gas Natural Fenosa

Our businesses strategy

6

GAS NATURAL FENOSA

A liquid asset, with growth capabilities and a strong cash flow generator

Strong LatAm footprint, growth and strong cash generation

Leading Utility	An European leading utility company with a strong footprint and growth in Latin America
Dividend Yield	Strong cash stream for Repsol via Dividend
A Good option	A financial investment that could be used after the LNG sale is completed and if a good opportunity in the upstream business arises
Recent Developments	GNF reached an agreement to purchase CGE. With this acquisition GNF maintains its commitment of a 62% payout ratio in cash

Financial Position

7

Financial Position
YPF Monetization

As of today Repsol has no exposure to Argentina

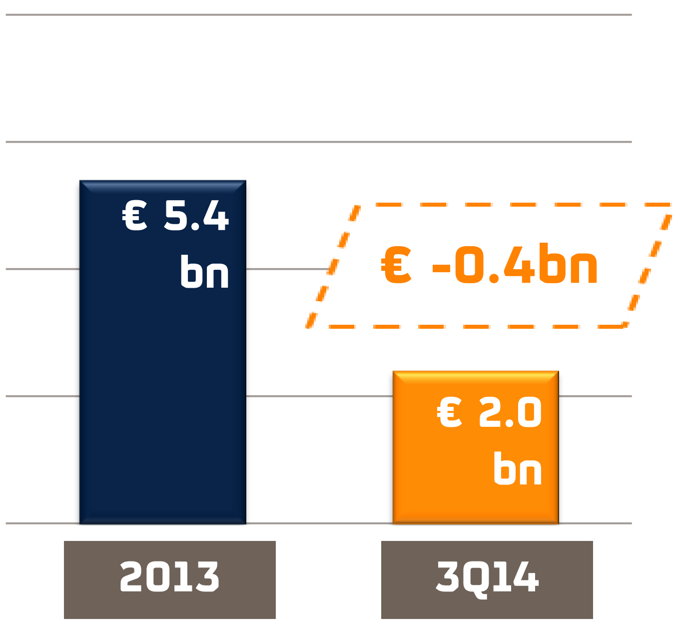
Closing of the Agreement	Sale of the Argentinean sovereign bonds	Sale of the 12.34 % stake of YPF	Distribution of an extraordinary dividend
The Republic of Argentina delivered a portfolio of Argentinean sovereign bonds with a **total nominal value of $ 5.3 bn**	Repsol sold the sovereign bonds to JP Morgan in 3 separate transactions **for almost $ 5 bn**	Repsol sold the 12.38% stake in YPF in 2 separate transactions **for $ 1.3 bn**	The Board of Directors agreed to distribute an extraordinary dividend of **1 euro per share**

Financial Position

Financial Discipline: self-financed strategic plan

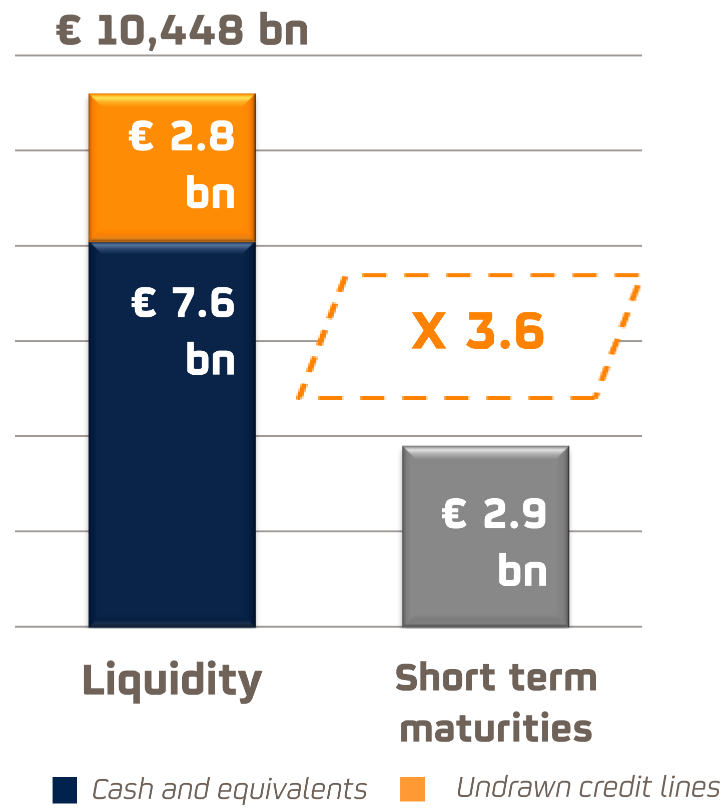
Net Debt

High Liquidity



Liquidity Position

Sound Financial Position



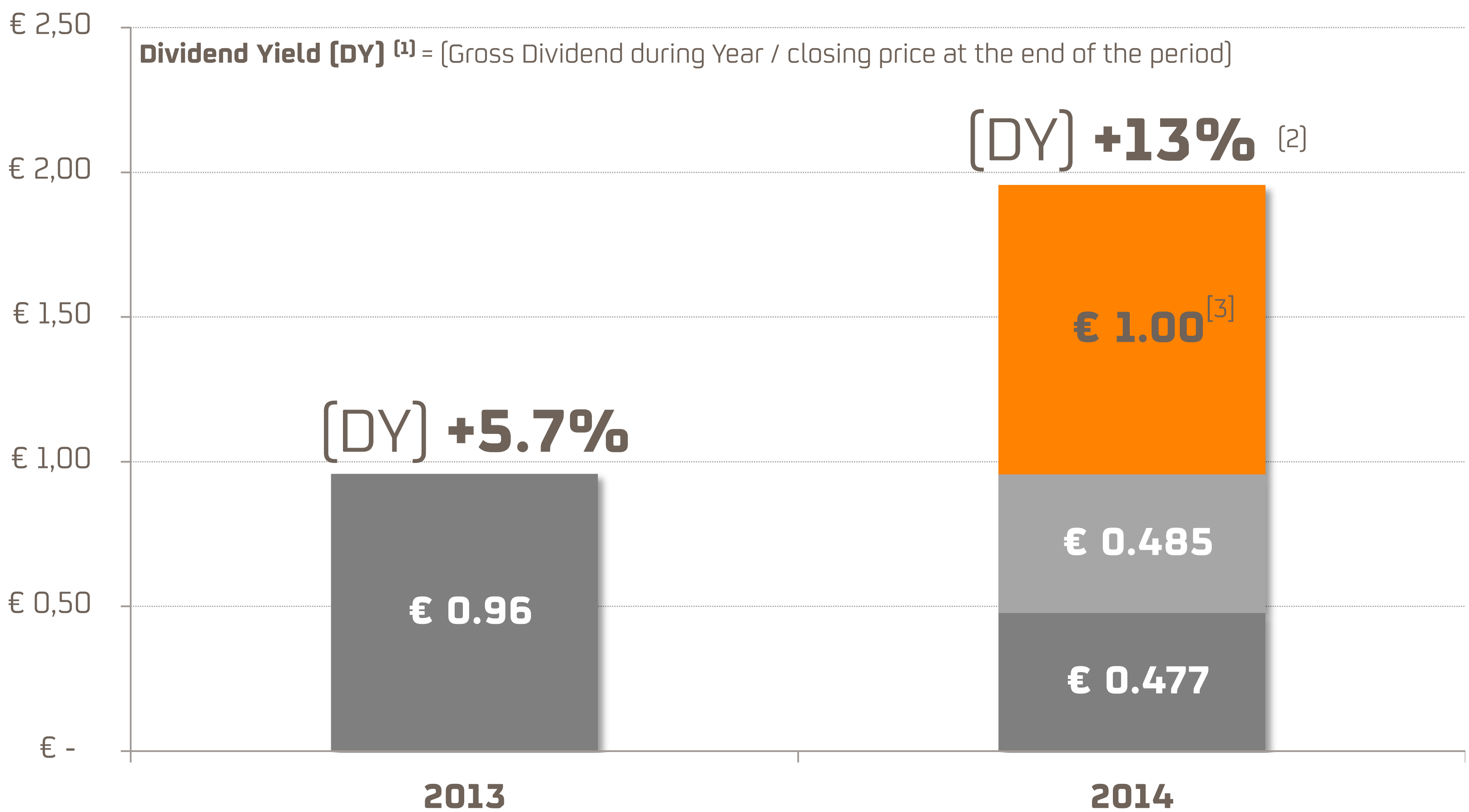
Note: liquidity position as of September 30th 2014.

Credit Rating Agencies
Repsol's rating

Rating Agencies underline benefits from upstream portfolio diversification and Repsol´s flexibility to maintain target leverage ratios after acquisition of Talisman Energy

Moody's **Baa2 (Negative)**	Moody's affirms Repsol's long-term rating at **Baa2** while changing outlook to "Negative" from "Stable". 19 December 2014
Fitch ratings **BBB (Stable)**	Fitch affirms Repsol's long-term rating at **BBB** while revising outlook to "Stable" from "Positive". 22 December 2014
Standards & Poors **BBB- (Stable)**	Standard & Poor's affirms rating at **BBB-** while revising outlook to "Stable" from "Positive". 18 December 2014

Repsol in figures
Shareholder remuneration



1. For the scrip dividend assumes the guaranteed fixed price offered for the free-of-charge allocation rights.
2. Dividend yield calculated with December 31st 2014 closing Price.
3. On May 28th, 2014, The Board of Directors agreed to distribute an extraordinary dividend of one euro per share from 2014 earnings, with payment day on June 6th, 2014.

Environmental, Social & Governance

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Corporate Responsibility Model
Our commitments

REPSOL

Commitment to safety

- ✓ **Zero Accidents**
- ✓ **Embedded safety culture**

Excelence in environmental management

- ✓ **Excellence in spill prevention and response**
- ✓ **Optimized water&waste management**
- ✓ **Biodiversity action plans**

Promoting a low carbon strategy

- ✓ **Achievement** reduction of by **2.5** million tonsCO2.
- ✓ **Additional reduction** of **1.9** million emissions by 2020
- ✓ **Promoting non- fossil fuel energy initiatives**

Ethical conduct Anti-corruption

- ✓ **Ethics and Conduct Regulation**
- ✓ **Anticorruption policy**
- ✓ **crime prevention model**

Transparency

- ✓ **Support of EITI since 2003.**
- ✓ **Adherence to Code of Best Tax practices** and to the register of **EU lobbies.**
- ✓ **Remuneration disclosure**

Respect for human rights

- ✓ **Policy on respect for human rights** based on the UN Guiding Principles on Business and Human Rights.

Monitoring and control of the sustainability indexes

The consistency and commitment of our work has led to recognition of the company's firm commitment to continually improving its performance.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

FTSE4Good

TOP 100 SUSTAINABLE

MSCI 2014 Constituent MSCI Global Sustainability Indexes

MEMBER OF THE INVESTMENT REGISTER ETHIBEL EXCELLENCE

Our Company has won recognition for its energy efficiency and carbon management for the third time in the last five years

Climate Disclosure Leadreship Index (CDLI)

	2009	2010	2011	2012	2013
Maximum Energy sector score	88	90	92	98	98
Minimum score for Energy sector companies to be eligible for the CDLI	79	88	90	95	97
Repsol's score	75	88	89	98	98

Our Company has won recognition for its energy efficiency and carbon management for the third time in the last five years

SUMMARY

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Summary

Repsol has achieved all 2012-2016 strategic goals. YPF´s monetization allows Repsol to inorganically accelerate further growth in the upstream, further diversification in the asset base and further shareholder value.

Positioned for growth ✓

- Upstream as growth engine
- Focus on exploration
- Delivery based on projects in development phase

Diversification ✓

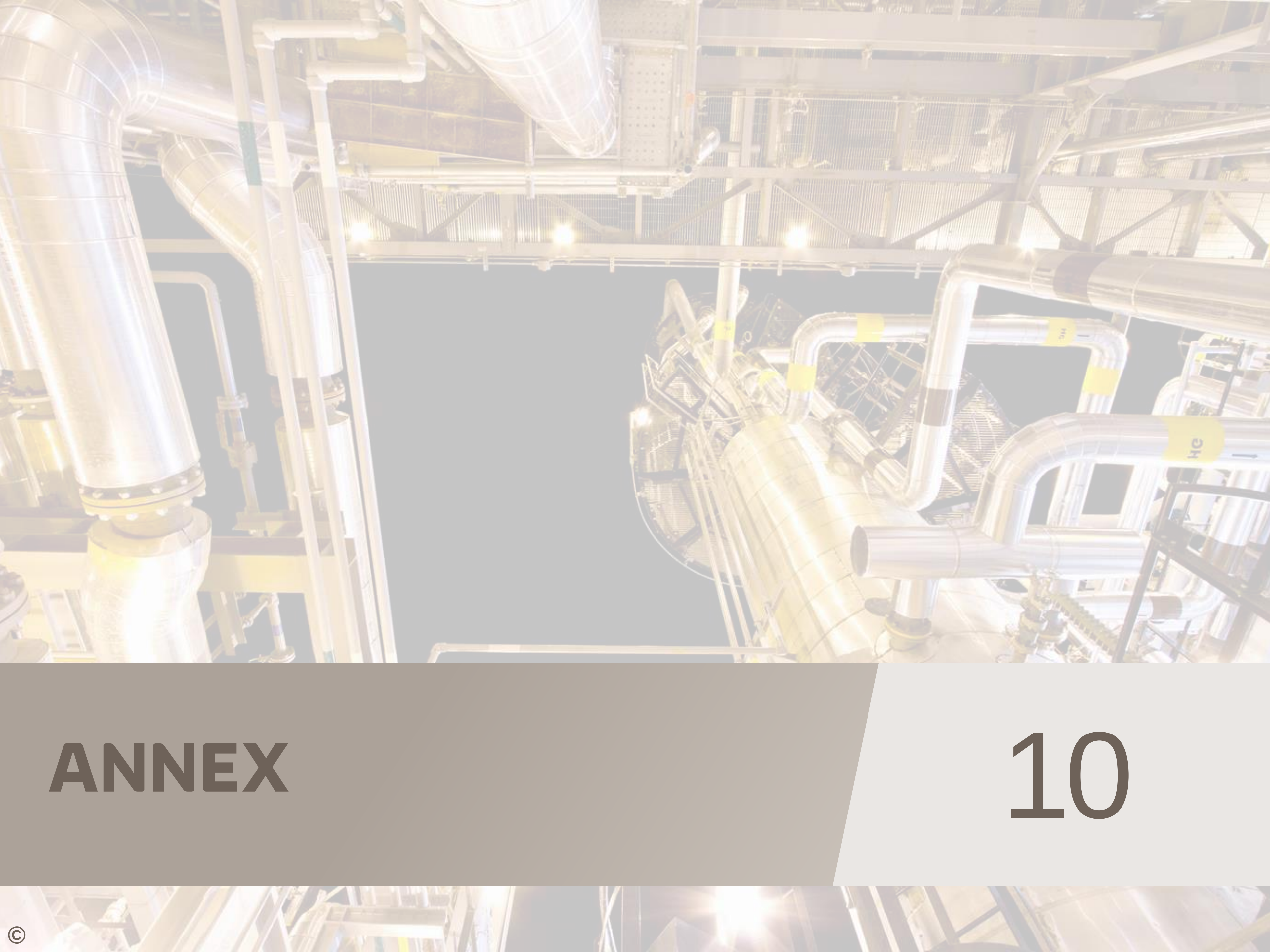
- Balancing our capital employed:
  - More OECD/non-OECD.
  - More Oil vs Gas

Profitability ✓

- Maximize return on investment
- Operational excellence
- Fully invested assets in Downstream

Sound financial position ✓

- Self-financed strategic plan, resilient to stress scenarios
- Commitment to maintain investment grade
- Competitive dividend pay-out



ANNEX 10

Repsol in figures

REPSOL

Results (€ Million)	3Q 2013	2Q 2014	3Q 2014	% Change 3Q14/3Q13	January - September 2013	January - September 2014	% Change 2014/2013
Upstream	184	145	185	0.5	818	585	(28.5)
Downstream	108	162	190	76.6	458	642	40.2
Gas Natural Fenosa	106	159	92	(13.2)	359	374	4.2
Corporate and others	(103)	(76)	(52)	49.5	(415)	(264)	36.4
ADJUSTED NET INCOME	**295**	**390**	**415**	**40.9**	**1,220**	**1,337**	**9.6**
Inventory effect	30	5	(63)	-	(123)	(117)	4.9
Non-recurring income	(34)	156	(32)	5.9	(121)	159	-
Income from discontinued operations	95	(31)	(1)	-	311	267	(14.1)
NET INCOME	**386**	**520**	**319**	**(17.3)**	**1,287**	**1,646**	**27.9**

Note: Repsol Group made the decision in 2014, prompted by the business reality and in order to make its disclosures more comparable with those in the sector, to disclose as a measure of the result of each segment the recurring net operating profit at current cost of supply (CCS) after tax of continuing operations ("Adjusted Net Income"), which excludes both non-recurring net income and the inventory effect.

For more information please refer to section "Basis of preparation of the financial information" of the 3rd Quarter 2014 earnings release.

Repsol in figures

Economic data (€ Million)	3Q 2013	2Q 2014	3Q 2014	% Change 3Q14/3Q13	January - September 2013	January - September 2014	% Change 2014/2013
EBITDA	1,026	1,025	1,047	2.0	3,241	3,249	0.2
CAPITAL EXPENDITURES	716	860	961	34.2	2,112	2,549	20.7
NET DEBT	7,117	2,392	1,998	(71.9)	7,117	1,998	(71.9)
EBITDA / NET DEBT (x)	-	-	2.10	-	-	2.17	-

	As of September 30th 2014
MARKET CAPITALIZATION	25,385

Operational data	3Q 2013	2Q 2014	3Q 2014	% Change 3Q14/3Q13	January - September 2013	January - September 2014	% Change 2014/2013
LIQUIDS PRODUCTION (Thousands of bbl/d)	135	122	141	4.7	145	131	(9.3)
GAS PRODUCTION (*) (Millions of scf/d)	1,172	1,216	1,261	7.6	1,176	1,221	3.8
TOTAL PRODUCTION (Thousands of boe/d)	**344**	**338**	**366**	**6.4**	**354**	**349**	**(1.5)**
CRUDE OIL REALIZATION PRICE ($/Bbl)	89.0	87.8	84.3	(5.3)	89.7	85.9	(4.2)
GAS REALIZATION PRICE ($/Thousands scf)	3.8	4.0	3.6	(5.3)	4.0	3.9	(1.1)
DISTILLATION UTILIZATION Spanish Refining (%)	80.9	83.5	84.8	4.8	80.3	81.0	0.9
CONVERSION UTILIZATION Spanish Refining (%)	101.1	100.6	106.6	5.4	100.1	101.4	1.3
REFINING MARGIN INDICATOR IN SPAIN ($/Bbl)	2.6	3.1	3.9	50.0	3.0	3.6	20.0

(*) 1,000 Mcf/d = 28.32 Mm^3/d = 0.178 Mboe/d

Investor Update

Strategic Plan 2012-2016

REPSOL

"Growing from our strengths"

Repsol. Investor Relations

January 2015