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Company Overview
Company Overview
Repsol today

- ~656,000 boe/day production
- ~2.2 Billion boe proven reserves
- 1 million boe/d refining capacity
- Present in more than 40 countries
- 4,700 service stations
- ~27,000 employees
- 30% of Gas Natural Fenosa

Note: Additionally our Marketing and Chemical activity extends to Asia
On 11th November 2013 CaixaBank launched a €594m 3-year Mandatory Exchangeable Bond into Repsol shares (2.5% of share capital).

Total number of shares: 1,374.69 million
Company Overview

Strategic Plan 2012-2016

Growing from our strengths (2012-2016)

- Maximize Downstream profitability
- High growth in Upstream
- Competitive shareholder compensation
- Financial strength
- Talisman Acquisition

Value Creation
- Growth
- Diversification

All 2012-2016 Key strategic targets achieved
Company Overview

Strategic Plan 2016-2020

“A new Strategic Plan 2016-2020(*), focused on value creation”

- **PERFORMING BUSINESSES**
  - Optimization & Efficiency
  - Maximizing integration

- **SHAREHOLDER RETURN**
  - Attractive value proposal

- **FINANCIAL DISCIPLINE**
  - Resilience to stress scenarios
  - Disciplined Capex allocation

- **PORTFOLIO MANAGEMENT**
  - Reinforcing Upstream business

- **Profitability**
- **Sustainability**
- **Enhanced Capabilities**
- **Risk Management**

A proposal for strong value creation

(*) The Repsol Group will present a new strategic plan before the end of the year 2015
Acquisition of Talisman Energy

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.

Growth

Greater exposure to Upstream, leading growth platforms.

Diversification

Upgrading Repsol's portfolio and competitive advantage by achieving global scale and diversification.

Value creation

Enhanced capabilities to create value.
Acquisition of Talisman Energy
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]**

- **Talisman at US$ 8**
  - EV/EBITDA: 5.0

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

- **Talisman at US$ 8**
  - EV/Reserves 1P: 15.4
  - EV/Reserves 2P: 10.4

**Premium of 24% over previous 3-month average share price and 14% premium over previous 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
Increase in production, reserves, operated assets and OECD production

**Reserves 1P/2P (MBoe)**

- **Before deal**
  - 1P: 1,539
  - 2P: 2,384
- **After deal**
  - 1P: 2,270
  - 2P: 3,537

Increase: 47%

**Production 2014 (Kboepd)**

- **Before deal**
  - 355
- **After deal**
  - 656

Increase: 85%

**Operated production [%]**

- **Before deal**
  - 21%
- **After deal**
  - 44%

Increase: 23pp

**OECD production [%]**

- **Before deal**
  - 11%
- **After deal**
  - 36%

Increase: 25pp

Note: 2014 data unless otherwise specified; Considering net reserves (after royalties) and net production (after royalties); Asset sales considered.

Source: Rystad; Repsol internal information; Talisman Annual Report
**Upstream**
Greater exposure to Upstream, leading growth platforms

Repsol's growth will be accelerated by an extensive list of development opportunities

<table>
<thead>
<tr>
<th>North America</th>
<th>Africa &amp; Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eagle Ford</strong> [USA]</td>
<td><strong>Reggane</strong> [Algeria]</td>
</tr>
<tr>
<td><strong>Marcellus</strong> [USA]</td>
<td><strong>MonArb</strong> [UK]</td>
</tr>
<tr>
<td><strong>Duvernay</strong> [Canada]</td>
<td>WI: 29.25% First gas 2017</td>
</tr>
<tr>
<td><strong>Mid-continent</strong> [USA]</td>
<td>WI: 51% Redevelopment Production 2017: ~8 Kboed net</td>
</tr>
</tbody>
</table>

**North America**
- **Eagle Ford** [USA]: WI: ~31% [1]
  - Liquid rich play
  - 60%/40% liquids-gas mix
  - Production 2015: ~28 Kboed net
- **Marcellus** [USA]: WI: 100% Long Term potential
  - ~300K net acres
- **Duvernay** [Canada]: Current production ~11 Kboed net
- **Mid-continent** [USA]: WI: 15% Liquid rich play
  - ~65 Kboed net

**South East Asia**
- **Corridor & Jambi Merang** (Indonesia): WI: 36% / 25% Upside potential
  - Jambi Merang: liquids rich project
- **HST/HSD & Red Emperor** (Vietnam): WI: 60% / ~40% HST/HSD foundation and FCF generator
  - Red Emperor future development

**Latin America**
- **Margarita-Huacaya** (Bolivia): WI: 37.5% Phase III in progress
  - Production in April 2015: 18 Mm3d net
- **Carabobo-AEP** (Venezuela): WI: 11% Production in April 2015: 16 Kboed gross
- **Cardon IV** (Venezuela): WI: 32.5% Production start-up 2015 with 150 Mscfd. Ramping up to 800 Mscfd in 2018.
- **Kinteroni + Sagari** (Peru): WI: 53.8% First Gas 2014. Plateau of 26 Kboed net in 2019
- **Akacias** (Colombia): WI: 45% Extension of Chichimene field
  - >2.5 Bn bbis OOIP

**South East Asia**
- **HST/HSD & Red Emperor** (Vietnam): WI: 60% / ~40% HST/HSD foundation and FCF generator
  - Red Emperor future development

**Brazil**
- **Sapinhoa** (former Guara): WI: 15%
  - 270 Kboed gross Plateau by end 2015
- **Lapa** (former Carioca): WI: 15%
  - 80 Kboed gross First Oil: end 2016

**Russia**

**EXPLORATION**

**Contingent resources**

- **Repsol**
  - **Alaska**
  - **Brazil** C-33 (Seat, Gavea, Pao de, Acucar)

**Talisman**

- **Colombia**: CP-6
  - Indonesia: Sakakemang
  - Malaysia: Sabah Basin

**Prospective resources**

- **Repsol**
  - GoM: Leon
  - East Canada
  - Brazil: Santos Basin & Espirito Santo

**Note:** WI: Repsol working Interest

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[1] Repsol stake in JV with Statoil is 50%. The W.I. in the play including third parties is ~31%.
Upstream

Diversification: significant enhancement of Repsol's upstream business geographic diversification

Repsol will have operations in more than 40 countries and more than 27,000 employees
Upstream
Value Creation: Deal provides enhanced capabilities to create value

What Talisman brings to Repsol

World class explorer

Experienced production operator

Deep water exploration experience and portfolio

Unconventional experience and portfolio

Broad international portfolio with strong focus on Latin America

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 capability

Value creation through portfolio management and synergies
Upstream
A proposal for strong value creation

Exploration Capex:
2015 (E) USD 1.2bn/year
Including drilling, G&A and G&G
35% Exploration Capex reduction

Cost Efficiency in our Operations:
1Q15: Cost reduction of 5.7% year on year in the upstream operating cost (*)

New organization focus on business performance, improving efficiency and agility

Portfolio Management

Cost and Operational Synergies

(*) 2015E objective is to cut costs $5 per barrel (-24% reduction).
**Exploration**

Repsol standalone plans to drill 21 exploratory wells in 2015, with a great percentage of low risk appraisals.

**Talisman will add to Repsol in 2015:**

- Promising activity in Indonesia, Malaysia, Vietnam and Papua New Guinea with up to 8 wells.
- Additional wells in Colombia and in Norway.
- Building an interesting inventory of low risk prospects in Colombia.
Downstream
Downstream
Improve profitability on operational excellence and efficiency

Refining
- Reduce energy costs
  - Fuel consumption & losses down by 6% at 2016
- Reduce CO2 emissions
- Operational excellence program in refineries

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

Maximize return on investment and cash generation

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**

Increased competitiveness of Downstream business

**Competitive Downstream business, linked to quality assets and geographical situation**

- 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

**Leadership in integrated Refining and Marketing margin in Europe**

*Calculated as adjusted operating income (CCS) of R&M, divided by the volume of processed crude oil for 10 European peers (Repsol, Cepsa, Eni, Galp, OMV, MOL, Total, PKN Orlen, Hellenic Petroleum y Saras)*
Downstream
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)\(^1\)

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
Downstream
Maximizing returns from the business and capital discipline

In 1Q15 Results conference call, Repsol raised its EBITDA CCS forecast (ex G&P) for 2015 up to 2.8 – 3 € bn

R&M EBITDA CCS

R&M CAPEX

Higher margins largely derived from expansion and conversion projects

Downstream investment cycle already finalized

(*) 2015E capex figure includes the investments in La Pampilla Refinery (Peru). This subsidiary is fully consolidated in the financial statements although Repsol stake is 51%. Downstream investments will be applied to maintenance and to our programs to reduce CO2 emissions, increasing profit through energy consumption reduction.
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

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

1 Bfcd traded in 2014

Regasification plant

Prices referenced mainly to Algonquin

Acquisition of Talisman will significantly increase access to North American Equity Gas improving Repsol’s Trading business position
Gas Natural Fenosa
A liquid asset, with growth capabilities and a strong cash flow generator

Strong LatAm footprint, growth and strong cash generation

<table>
<thead>
<tr>
<th>Leading Utility</th>
<th>An European leading utility company with a strong footprint and growth in Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend Yield</td>
<td>Strong cash stream for Repsol via Dividend</td>
</tr>
<tr>
<td>A Good option</td>
<td>A financial investment with strong cash flow generation via dividends, not linked to oil price and providing financial optionality</td>
</tr>
<tr>
<td>Recent Developments</td>
<td>GNF reached an agreement to purchase CGE. With this acquisition GNF maintains its commitment of a 62% payout ratio in cash</td>
</tr>
</tbody>
</table>
Financial Position
Financial Position
Net debt pro forma post Talisman deal

Resilient credit metrics under stress scenarios

Net Debt Estimated Post Deal

(USD bn)

Repsol Net Debt as of 31.03.15
TLM Purchase Price
TLM Preferred shares
TLM Proforma Net Debt as of 31.03.15
Proforma Net Debt post-closing REP+TLM

Repsol remains fully committed with keeping the investment grade
Rating Agencies underline benefits from upstream portfolio diversification and Repsol´s flexibility to maintain target leverage ratios after acquisition of Talisman Energy

Fitch affirms Repsol’s long-term rating at BBB while maintains outlook to “Stable” 8 May 2015

Moody’s affirms Repsol's long-term rating at Baa2 while changing outlook to “Negative” from “Stable”. 19 December 2014

Standard & Poor's affirms rating at BBB- while revising outlook to “Stable” from “Positive”. 18 December 2014
**Financial Position**

Shareholder remuneration

2015 maintaining our competitive shareholder remuneration at current levels with scrip option

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**Dividend Yield**

\[ \text{Dividend Yield}^{(1)}: \frac{\text{Gross Dividend during Year}}{\text{closing price at the end of the period}} \]

1. For the scrip dividend assumes the guaranteed fixed price offered for the free-of-charge allocation rights.
2. Dividend yield calculated with December 31\textsuperscript{st} 2014 closing Price.
3. In accordance with the formula approved by the Shareholders’ Meeting, and considering the closing price of Repsol’s shares on 29th April 2015 (18.390 € per share), the approximate price Repsol will purchase each free-of-charge allocation right will be 0.4840 € and the number of rights necessary to receive one new share will be 37. It is expected that the definitive amount of these figures and the remaining information of the capital increase will be announced, as Official Notice, on June 15, 2015.
Environmental, Social & Governance
Corporate Responsibility Model: Our commitments

- Zero Accidents
- Embedded safety culture

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

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

- Ethics and Conduct Regulation
- Anticorruption policy
- Crime prevention model

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

- Achievement reduction of by 2.5 million tonsCO2.
- Additional reduction of 1.9 million emissions by 2020
- Promoting non- fossil fuel energy initiatives
The consistency and commitment of our work has led to recognition of the company's firm commitment to continually improving its performance.

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

<table>
<thead>
<tr>
<th>Climate Disclosure Leadership Index (CDLI)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Energy sector score</td>
<td>88</td>
<td>90</td>
<td>92</td>
<td>98</td>
<td>98</td>
</tr>
<tr>
<td>Minimum score for Energy sector companies to be eligible for the CDLI</td>
<td>79</td>
<td>88</td>
<td>90</td>
<td>95</td>
<td>97</td>
</tr>
<tr>
<td>Repsol's score</td>
<td>75</td>
<td>88</td>
<td>89</td>
<td>98</td>
<td>98</td>
</tr>
</tbody>
</table>

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

**REPSOL STANDALONE 1Q 2015 RESULTS**

<table>
<thead>
<tr>
<th>Results (€ Million)</th>
<th>Q1 2014</th>
<th>Q4 2014</th>
<th>Q1 2015</th>
<th>% Change Q1 15/Q1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upstream</td>
<td>255</td>
<td>4</td>
<td>(190)</td>
<td>-</td>
</tr>
<tr>
<td>Downstream</td>
<td>290</td>
<td>370</td>
<td>534</td>
<td>84.1</td>
</tr>
<tr>
<td>Gas Natural Fenosa</td>
<td>123</td>
<td>67</td>
<td>122</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Corporate and others</td>
<td>(136)</td>
<td>(71)</td>
<td>462</td>
<td>-</td>
</tr>
<tr>
<td><strong>ADJUSTED NET INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory effect</td>
<td>(59)</td>
<td>(489)</td>
<td>(140)</td>
<td>(137.3)</td>
</tr>
<tr>
<td>Non-recurring income</td>
<td>35</td>
<td>(245)</td>
<td>(27)</td>
<td>-</td>
</tr>
<tr>
<td>Income from discontinued operations</td>
<td>299</td>
<td>330</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>807</td>
<td>(34)</td>
<td>761</td>
<td>(5.7)</td>
</tr>
</tbody>
</table>

**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 1st Quarter 2015 earnings release.
## Annex
REPSOL STANDALONE 1Q 2015 RESULTS

### Economic data (€ Million)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2014</th>
<th>Q4 2014</th>
<th>Q1 2015</th>
<th>% Change Q1 15/Q1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>1,177</td>
<td>551</td>
<td>962</td>
<td>(18.3)</td>
</tr>
<tr>
<td>EBITDA CCS</td>
<td>1,265</td>
<td>1,314</td>
<td>1,174</td>
<td>(7.2)</td>
</tr>
<tr>
<td>NET CAPITAL EXPENDITURE</td>
<td>615</td>
<td>1,065</td>
<td>933</td>
<td>51.7</td>
</tr>
<tr>
<td>NET DEBT</td>
<td>4,722</td>
<td>1,935</td>
<td>126</td>
<td>(97.3)</td>
</tr>
<tr>
<td>EBITDA / NET DEBT (x)</td>
<td>1.0</td>
<td>1.1</td>
<td>30.5</td>
<td>-</td>
</tr>
</tbody>
</table>

### Operational data

<table>
<thead>
<tr>
<th></th>
<th>Q1 2014</th>
<th>Q4 2014</th>
<th>Q1 2015</th>
<th>% Change Q1 15/Q1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIQUIDS PRODUCTION (Thousand bbl/d)</td>
<td>131</td>
<td>143</td>
<td>132</td>
<td>1.1</td>
</tr>
<tr>
<td>GAS PRODUCTION (*) (Million scf/d)</td>
<td>1,185</td>
<td>1,283</td>
<td>1,249</td>
<td>5.4</td>
</tr>
<tr>
<td>TOTAL PRODUCTION (Thousand boe/d)</td>
<td>342</td>
<td>371</td>
<td>355</td>
<td>3.7</td>
</tr>
<tr>
<td>CRUDE OIL REALIZATION PRICE ($/Bbl)</td>
<td>85.8</td>
<td>61.3</td>
<td>44.6</td>
<td>(48.0)</td>
</tr>
<tr>
<td>GAS REALIZATION PRICE ($/Thousand scf)</td>
<td>4.2</td>
<td>3.6</td>
<td>2.8</td>
<td>(33.2)</td>
</tr>
<tr>
<td>DISTILLATION UTILIZATION Spanish Refining (%)</td>
<td>74.5</td>
<td>80.1</td>
<td>82.6</td>
<td>8.1</td>
</tr>
<tr>
<td>CONVERSION UTILIZATION Spanish Refining (%)</td>
<td>96.9</td>
<td>105.5</td>
<td>98.8</td>
<td>1.9</td>
</tr>
<tr>
<td>REFINING MARGIN INDICATOR IN SPAIN ($/Bbl)</td>
<td>3.9</td>
<td>5.5</td>
<td>8.7</td>
<td>123.1</td>
</tr>
</tbody>
</table>

(*) 1,000 Mcf/d = 28.32 Mm³/d = 0.178 Mboe/d