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Madrid, December 17, 2014

Repsol discloses information in connection with the paid-up capital increase approved by the Annual Shareholders' Meeting 2014 under item six on the Agenda, as part of the shareholder remuneration program "*Repsol Flexible Dividend*" (scrip dividend). The informative document, required by Article 26.1.e) of Royal Decree 1310/2005, of 4 November (implementing Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading) is enclosed.

**Estimated Timetable for holders of American Depositary Receipts (ADRs)**

<b>Date</b>	<b>Action / Event</b>
19 December 2014	ADRs Record Date
22 December 2014	Distribution by the Depositary of the Dividend Election Form to new registered ADRs holders
29 December 2014	ADRs Election Deadline
20 January 2014	ADRs Payment Date of cash dividend, cash proceeds from sales and delivery of new ADRs



**Informative Document**  
**Capital increase charged to reserves from retained earnings**

**Repsol, S.A.**

December 17, 2014

**This document has been prepared in accordance with article 26.1.e) of Royal Decree 1310/2005.**

*Translation of the original in Spanish.  
In case of any discrepancy, the Spanish version prevails*



## 1. Background and purpose

The Annual Shareholders' Meeting of Repsol S.A. ("**Repsol**" or the "**Company**") held on March 28, 2014 approved, under item six on the agenda, to increase the share capital of Repsol, with full charge to reserves from retained earnings, in an amount to be determined in accordance with the terms and conditions set out in the resolution (the "**Capital Increase**"), delegating the execution of the Capital Increase to the Board of Directors of Repsol, with authority to delegate it, pursuant to article 297.1.a) of Companies Act.

In exercise of said delegation, the Company's Board of Directors at its meeting held on May 28, 2014 approved, among others agreements, to substitute to the Delegate Committee and the CEO Mr. Josu Jon Imaz San Miguel, each acting severally, all the powers granted to it by the Annual Shareholders' Meeting in relation to the Capital Increase, and in particular the power to execute the Capital Increase, fixing the date of its execution and its condition in all aspects not contemplated in the resolution of the Annual Shareholders' Meeting.

In order to inform to the market properly and in time, on November 13, 2014, the Company published an estimated timetable for the execution of the Capital Increase, communicated as an official notice. With the same purpose, on November 26, 2014, the Company informed about the market value of the Capital Increase (ie the Amount of the Alternative Option – as this term is defined in the Capital Increase resolution approved by the Shareholders' Meeting), by registering the corresponding official notice in the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores).

According to provisions in the above mentioned official notices, the Company's CEO has agreed, on December 17, 2014, to execute the Capital Increase under the terms approved by the Annual Shareholders' Meeting, as reflected in this document.

This report is issued in accordance with article 26.1.e) of Royal Decree 1310/2005, of 4 November, by virtue of which the preparation and publication of a prospectus related to the admission to listing of the shares issued as a consequence of the execution of the Capital Increase will not be necessary "*if a document is made available containing information on the number and nature of the shares and the reasons for and details of the offer*", role of this Informative Document. This document is available on the Company's website ([www.repsol.com](http://www.repsol.com)) and in the website of the Spanish Securities Market Commission ([www.cnmv.es](http://www.cnmv.es)).

The purpose of this document is, therefore, to provide all the information related with the Capital Increase available at this date.

## 2. Purpose of the Increase: Repsol Flexible Dividend Program

The Capital Increase serves as an instrument to implement the shareholder-remuneration program named "Repsol Flexible Dividend", in substitution of the traditional payment of the 2014 interim dividend. The purpose of this remuneration system, that was set up for first time by the Company in 2012, is to offer all the Company's shareholders the option, at their free choice, of receiving new paid-up shares of the Company, or an amount in cash by selling their free-of-charge allocation rights to the Company (if they do not sell on the market), as explained herein below.



The "Repsol Flexible Dividend" program is similar to those programs implemented by other companies in IBEX-35. With it, the Company wants to offer its shareholders an alternative which, without affecting their right to receive the entire remuneration in cash if they so wish, gives them the possibility of receiving paid-up shares of the Company.

"Repsol Flexible Dividend" program works as follows. Each shareholder will receive a free-of-charge allocation right for every Repsol's share held on the date mentioned in paragraph 3.1 below. These rights will be listed and may be traded on the Spanish Stock Exchanges during a 20 calendar day period. Following the end of this period, the rights will be automatically converted into new Repsol's shares. Each shareholder may opt for one of the following alternatives:

- (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 paid-up 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, mentioned below in this document. Shareholders choosing this option would monetize their rights and would receive a remuneration in cash, as in previous years. The Purchase Commitment will only be applicable with respect to those rights freely received by the shareholders, not to 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, mentioned in paragraph 3.4 below.
- (c) To sell all or part of their free-of-charge allocation rights on the market, during the trading period mentioned in paragraph 3.4 below. 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.

In consideration of its own needs, Company's shareholders may combine any or all of the alternatives mentioned above.

It should be noted in this regard that the alternatives receive different tax treatment. A summary of the transaction tax applicable regime in Spain can be found in paragraph 2.6 of the report by the Board of Directors on the proposal of resolution submitted to the Annual Shareholders' Meeting that were approved under items five and six on the Agenda, which is available on the Company's website ([www.repsol.com](http://www.repsol.com)). In any case, it should be borne in mind that the taxation of the different options related to the Capital Increase set out therein does not cover all possible tax consequences.

Furthermore, we call attention to the existence of certain amendments to the Spanish tax system applicable to the scrip dividend through which the "Repsol Flexible Dividend" program is implemented, introduced by the recently approved Spanish Law 26/2014 of November 27, which amends Law 35/2006 of November 28, on the Personal Income Tax, the Law on Non-Resident Income Tax, approved by Royal Legislative Decree 5/2004 of March 5, and other tax regulations.



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.

### 3. Details of the offer

#### 3.1. Number of free-of-charge allocation rights needed to receive a new share, maximum number of new shares to be issued and face value of the Capital Increase.

In application of the formulas approved by the Annual Shareholders' Meeting, the CEO has established the following terms of the Capital Increase:

- (i) The number of free-of-charge allocation rights needed to receive one new share ("**No. Rights per share**") is 34. Free-of-charge allocation rights will be allocated to whom being entitled to receive them according to the accounting records of *Sociedad de Gestión de los Sistemas de Registro, Compensación and Liquidación de Valores, S.A. Unipersonal (Iberclear)* at 23:59 the day of publication of the Capital Increase in the Official Gazette of the Commercial Registry (Boletín Oficial del Registro Mercantil) - expected on December 19, 2014. Company's shareholders will receive a free-of-charge allocation right for each share in the Company that they hold at that time. Accordingly, the said shareholders shall be entitled to receive one new share for every 34 old shares that they hold on the mentioned date.

The mentioned "**No. Rights per share**" has been calculated as described below, taking into account that the number of Company shares at the date of this report is 1,350,272,389 ("**NES**").

No. Rights per share = NES / Provisional no. shares = 1,350,272,389 / 40,897,516 = 33.016 = 34 rights (rounded up);

where

"Provisional no. shares" = Amount of the Alternative Option / Share Price = 675,136,195 / 16.508 = 40,897,516; and

"Share Price" = 16.508 euro, is 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 agreement adopted by CEO to execute the Capital Increase (days 10, 11, 12, 15 and 16 of December 2014), 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.

- (ii) The maximum number of new shares to be issued in the Capital Increase ("**MNNS**") is 39,713,893, resulting from the formula approved by the Annual Shareholder's Meeting of Repsol, which is reproduced below, rounded down to the nearest whole number:



$MNNS = NES / \text{No. Rights per share} = 1,350,272,389 / 34 = 39,713,893$  new shares (rounded down to the nearest whole number)

where, “NES”, “No. Rights per share” and “Share Price” have the meaning specified in paragraph (i) above.

Notwithstanding this, the final number of shares to be issued will depend on the number of shareholders who request to receive their remuneration in cash at the fixed price of the Company’s undertaking to acquire rights.

Repsol will waive the rights acquired by virtue of the undertaking to acquire rights, so the capital would be increased only by the amount corresponding to the free-of-charge allocation rights not acquired by Repsol pursuant to this undertaking<sup>1</sup>. In any case, the final number of shares to be issued in the Capital Increase will be promptly published in the official notice of the closing of the Capital Increase, which is scheduled for the next January 9, 2015.

- (iii) Consequently, the face value amount of the Capital Increase is 39,713,893 euro. However, as already mentioned, the final amount of the share capital increase will be calculated by multiplying the number of final shares for 1 euro.

Due to the number of free-of-charge allocation rights required for the allocation of one new share (34, according to the previous calculations), multiplied by the maximum number of new shares to be issued (39,713,893, according to the previous calculations), is 1,350,272,362 (lower than the number of shares in circulation (1,350,272,389), Repsol has waived a number of free-of-charge allocation rights equal to the difference between the two figures (27 rights) for the sole purpose of ensuring that the maximum number of new shares to be issued is a whole number and not a fraction.

### **3.2. Price of the purchase commitment of free-of-charge allocation rights**

The guaranteed fixed price of Repsol’s purchase commitment of rights (the “**Purchase Commitment**”) is 0.472 euro gross per right, which results from the following formula of the Capital Increase:

$\text{Purchase Price} = \text{Share Price} / (\text{No. Rights per share} + 1) = 16.508 / (34 + 1) = 0.4717 = 0.472$  (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).

Accordingly, shareholders who wish to receive their remuneration in cash, may sell their rights to Repsol at a guaranteed fixed price of 0.472 euro gross.

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<sup>1</sup> Also, if the final number of shares to be issued (i.e, the number of outstanding rights at the end of the trading period divided into the number of rights needed to receive one new share) is not a whole number, the Company will waive the number of rights required to that end.



### 3.3. Timetable

The Capital Increase is expected to be executed in accordance with the following timetable:

- December 19, 2014: Publication of the announcement of the Capital Increase in the Official Gazette of the Commercial Registry. Record date for the allocation of rights (23:59 CET)
- December 20, 2014: Rights trading period begins. Also the period to request payment in cash (sale of rights to Repsol) begins. Being 20 and 21 December, 2014 non-business days, the trading period of the free-of-charge allocation rights will effectively begin on December 22, 2014, first business days after the record date, and on this date Repsol's shares will begin trading discounting the theoretical value of the right (ex-coupon).
- December 31, 2014: Deadline for requesting payment in cash (sale of rights to Repsol).
- January 8, 2015: Rights trading period ends. Repsol acquires rights of those shareholders who had requested payment in cash (sale of rights to Repsol).
- January 9, 2015: Repsol waives the rights so acquired. Closing of the Capital Increase. Official notice announcing the final results of the operation.
- January 13, 2015: Payment date to shareholders who have requested payment in cash (sale of rights to Repsol).
- January 15, 2015: Estimated date for allocation of the registration references corresponding to the new shares and confirmation by the official authorities of compliance with the requirements for the admission to trading of new shares.
- January 16, 2015: Estimated first ordinary trading session of the new shares on the Spanish stock exchanges.<sup>2</sup>

### 3.4. Allocation of rights and procedure to opt for cash or new shares

As noted above, the free-of charge allocation rights will be allocated to whom being entitled to receive them according to the accounting records of Iberclear at 23:59 on the day of publication of the announcement of the Capital Increase in the Official Gazette of the Commercial Registry (expected on December 19, 2014). The trading period of the rights will begin on the next business day and will have a term of twenty calendar days (from December 20, 2014 to January 8, 2015). During this period, the rights will be tradable in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, under the same conditions as the shares of those arising.

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<sup>2</sup> Subject to obtaining all necessary authorisations. The Company will also apply for the listing of the new shares on the Buenos Aires Stock Exchange (Bolsa de Comercio de Buenos Aires).



During the trading period of the rights, shareholders may opt for cash or new shares as explained above, as well as may opt for acquiring on market free-of-charge allocation rights to subscribe new shares. However, those shareholders who wish to accept the undertaking to purchase rights offered by Repsol and receive cash at the guaranteed price shall need to communicate their decision no later than December 31, 2014. The undertaking to purchase rights is addressed only at the rights allocated free-of-charge to shareholders, and not to those purchased or otherwise acquired on market. To choose among the alternatives offered by the “Repsol Flexible Dividend” program, shareholders will have to contact the entities where their Repsol’s shares and corresponding free-of-charge allocation rights are deposited.

Those shareholders who wish to receive cash at the guaranteed fixed price shall need to communicate their decision no later than December 31, 2014. In the absence of an express communication, shareholders will receive new shares of Repsol<sup>3</sup>.

The Capital Increase 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 with the Capital Increase.

Nevertheless, the Company’s shareholders should bear in mind that the members of Iberclear at which they have deposited their shares may, under prevailing laws, establish such charges and commissions as they may freely determine for the subscription of the new shares and maintaining the securities in the accounting records.

Moreover, these entities 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.

#### **4. Nature of the shares to be issued**

##### **4.1. Face value, issue price and representation of shares**

The new shares to be issued in the Capital Increase will be ordinary shares with a face value of one euro (1) each, of the same class and series as those currently outstanding and already admitted to trading in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

The new shares will be issued at an issue price of one euro (1), that is, without issuance premium, and will be represented in book-entry form, the records of which will be kept by Iberclear and its participant entities.

##### **4.2. Reserves to which the shares will be charged and balance sheet used for the Increase**

The balance sheet used for purposes of the Capital Increase is that corresponding to December 31, 2013, duly audited by Deloitte, S.L. on February 25, 2014 and approved by the Annual Shareholders’ Meeting on March 28, 2014 under item first of its agenda.





The Capital Increase will be made entirely against the voluntary reserves from retained earnings, which amounts to 8,902,605,353 euro as of December 31, 2013.

#### **4.3. Shares on deposit**

At the end of the trading period for the free-of-charge allocation rights, any new share 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 share are still pending allocation three 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.

#### **4.4. Rights of the New Shares**

As from the date on which the Capital Increase is declared subscribed and paid up, expected on January 9, 2014, the new shares will confer upon their holders the same voting and economic rights as the Company's currently outstanding ordinary shares.

#### **4.5. Admission to listing**

The Company will apply for the listing of the new shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Spanish Automated Quotation System (Mercado Continuo), and shall take the steps and actions that may be necessary with the competent bodies of the Buenos Aires Stock Exchange. Subject to the granting of the relevant authorizations, it is expected that the ordinary trading of the new shares in the Spanish Stock Exchanges will begin on January 16, 2015.

### **5. Foreign Jurisdictions where Repsol is listed**

In consideration of the terms and conditions of their respective programs and the rules of the securities market where the following securities are admitted to trading, the options, procedures and terms available for holders of (i) American Depositary Shares/American Depositary Receipts; and (ii) ordinary shares listed on the Buenos Aires Stock Exchange may have certain specialties respect those described herein.

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<sup>3</sup> The holders of (i) American Depositary Shares/American Depositary Receipts; and (ii) ordinary shares listed on the Buenos Aires Stock Exchange may have certain specialties with respect to those described herein.