



Q1 2016 RESULTS

5 May, 2016

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BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

Repsol S.A. (“the Group”) activities are carried out in three operating segments:

- **Upstream**, corresponding to the exploration and development of crude oil and natural gas reserves.
- **Downstream**, corresponding, mainly, to (i) the refining, trading and transportation of crude oil and oil products, as well as the commercialization of oil products, petrochemical products and LPG, (ii) the commercialization, transport and regasification of natural gas and liquefied natural gas (LNG), and (iii) renewable energy power projects; and
- **Gas Natural Fenosa**, corresponding to its shareholding in *Gas Natural SDG, S.A.*, whose main activities are the distribution and commercialization of natural gas, and the generation, distribution and commercialization of electricity.

Finally, **Corporation and adjustments** includes activities not attributable to the aforementioned businesses, and specifically, corporate expenses and financial results, as well as intersegment consolidation adjustments.

The results for each segment include those from joint ventures, or other managed companies operated as such, in accordance with the percentage of interest held by the Group, considering its operational and economic metrics in the same manner and with the same detail as for fully consolidated companies. Thus, the Group considers that the nature of its businesses and the way in which results are analyzed for decision-making purposes is adequately reflected.

In addition the Group, considering its business reality and in order to make its disclosures more comparable with those in the sector, uses as a measure of segment results the so-called Adjusted Net Income, corresponding to the recurring net operating income of continuing operations at current cost of supply (“Current Cost of Supply” or CCS) after taxes.

Inventory valuation method widely used in the industry, current cost of supply (CCS), differs from that accepted under prevailing European accounting standards (“Weighted average cost”). The use of CCS methodology facilitates users of financial information comparisons with other companies in the industry. Under CCS methodology, the cost of sales during the period is based on current prices of purchases during the period. Consequently, Adjusted Net Income does not include the so-called Inventory Effect. This Inventory Effect is presented separately net of the tax effect and excluding non-controlling interests and it is the difference between the net income using CCS and the net income using “Weighted average cost”.

Likewise, Adjusted Net Income excludes the so-called Non-Recurring Income, that is, those originating from isolated events or transactions of an exceptional nature, or which are not ordinary or usual transactions of the Group. Non-Recurring Income is presented separately, net of the tax effect and excluding non-controlling interests.

However, the Adjusted Net Income of *Gas Natural Fenosa* segment includes the company's net income in accordance with the equity method.

All of the information presented in this *Q1 2016 Results Earnings Release* has been prepared in accordance with the abovementioned criteria, with the exception of the information provided in the Appendix II headed "Consolidated Financial Statements" which has been prepared according to International *Financial Reporting Standards* adopted by the *European Union (IFRS-EU)*.

Appendix III provides a reconciliation of the segment reported metrics and those presented in the consolidated financial statements (IFRS-EU).

In addition, the Group is consolidating the results of the acquired company *Talisman Energy Inc.*¹ ("*Talisman*"), since the date of closing of the transaction, 8 May.

This business combination's accounting treatment will be revised if any of the circumstances contemplated in IFRS 3 Business Combinations materialize since the prescribed 12-month period - starting on the acquisition date - has yet to elapse.

In accordance with IFRS 6 "Exploration for and evaluation of mineral resources", the Group have considered that the capitalization of geology and geophysics costs (G&G) during the exploratory phase provides a fairer presentation of the assets' economic reality and performance of its businesses. For more information about this change in the accounting policy please consult interim condensed consolidated financial statements as of 31 March, 2016.

Repsol will today publish interim condensed consolidated financial statements as of 31 March, 2016 and they will be available on Repsol and the *CNMV's (Comisión Nacional del Mercado de Valores)* websites.

¹ The registered name of *Talisman Energy Inc.* was changed to *Repsol Oil&Gas Canada Inc.* on 1 January, 2016.

KEY METRICS FOR THE PERIOD
[Unaudited figures]

Results (€ Million)	Q1 2015	Q4 2015	Q1 2016	% Change Q1 16/Q1 15
Upstream	(190)	(276)	17	-
Downstream	534	495	556	4.1
Gas Natural Fenosa	122	123	99	(18.9)
Corporate and others	462	119	(100)	-
ADJUSTED NET INCOME	928	461	572	(38.4)
Inventory effect	(140)	(130)	(157)	(12.1)
Non-recurring income	(27)	(2,390)	19	-
Income from discontinued operations	-	-	-	-
NET INCOME	761	(2,059)	434	(43.0)

Economic data (€ Million)	Q1 2015	Q4 2015	Q1 2016	% Change Q1 16/Q1 15
EBITDA	962	923	1,027	6.7
EBITDA CCS	1,174	1,125	1,242	5.8
NET CAPITAL EXPENDITURE	933	1,164	709	(24.0)
NET DEBT	126	11,934	11,978	-
NET DEBT (x) / EBITDA CCS	0.03	2.65	2.41	-

Operational data	Q1 2015	Q4 2015	Q1 2016	% Change Q1 16/Q1 15
LIQUIDS PRODUCTION (Thousand bbl/d)	132	246	255	92.8
GAS PRODUCTION (*) (Million scf/d)	1,249	2,533	2,579	106.5
TOTAL PRODUCTION (Thousand boe/d)	355	697	714	101.4
CRUDE OIL REALIZATION PRICE (\$/Bbl)	44.6	37.8	30.3	(32.2)
GAS REALIZATION PRICE (\$/Thousand scf)	2.8	2.5	2.4	(17.2)
DISTILLATION UTILIZATION Spanish Refining (%)	82.6	89.3	85.8	3.2
CONVERSION UTILIZATION Spanish Refining (%)	98.8	104.3	103.0	4.2
REFINING MARGIN INDICATOR IN SPAIN (\$/Bbl)	8.7	7.3	6.3(**)	(27.6)

(*) 1,000 Mcf/d = 28.32 Mm³/d = 0.178 Mboe/d. (**) Managing the refining business during the quarter improved the actual CCS refining margin approximately by 1 USD/Bbl above the indicator.

KEY MILESTONES FOR THE FIRST QUARTER OF 2016

- **Adjusted net income** in the first quarter was €572 million, 38% lower year-on-year mainly due to the profit, booked in the first quarter of 2015, from the exchange rate positions maintained as a result of the compensation received from Argentina. **Net income** amounted to €434 million, 43% lower year-on-year due to the same reason. Additionally, the first quarter results were influenced by low crude oil and gas prices and by high chemicals and healthy refining margins.

- Quarterly results for the business units are summarized as follows:
 - Adjusted net income from **Upstream** was €17 million positive, with an average Brent price of 34 \$/Bbl, and €207 million higher than in the same period in 2015, mainly due to lower exploration expenses, higher volumes - due to the contribution of acquired assets - and a positive tax effect of €161 million - due to the appreciation of local currencies - partially offset by lower realized oil and gas prices.
 - In **Downstream**, adjusted net income was 4% higher year-on-year as a result of improved Chemicals and a lower tax rate in Spain. However, these effects were partially offset by lower profits in Gas & Power - due to the mild winter in North America - and in refining. However, it is worth noting that in the refining business, operating metrics remained at a healthy level.
 - The adjusted net income of **Gas Natural Fenosa** stood at €99 million, 19% lower year-on-year mainly due to lower profits in the gas commercialization business - as a result of lower margins - and in the gas and electricity distribution business in Latin America.
 - In **Corporate and others**, adjusted net income amounted to €-100 million.
- Upstream **production** reached an average of 714 kboe/d in the first quarter of 2016, 101% higher year-on-year. The increase in production came mainly from acquired assets and the ramp-up of the Cardón IV project in Venezuela and the Sapinhoá project in Brazil.
- **EBITDA CCS** in the first quarter of 2016 reached €1.242 billion, 6% higher compared to that of the first quarter of 2015.
- **Cash flow from operations** of approximately €1 billion broadly covered net investments and dividend payments during the first quarter of 2016. **On page 13 of this document a new section regarding Adjusted Cash Flow Statement has been included to aid understanding.**
- The Group's **net debt** at the end of the quarter stood at €11.978 billion, in line with that of the end of the fourth quarter 2015, despite the challenging commodity price environment. The **net debt to capital employed ratio** stood at 29.7%.
- Material progress was made towards our **Synergies and Efficiency** Strategic Targets which are expected to be over €1.1 billion this year. In the first quarter projects have commenced that will secure 62% of the 2016 annual target and by quarter end 22% of the full year target had already been realized and booked.

NET INCOME PERFORMANCE BY BUSINESS SEGMENT
UPSTREAM
(Unaudited figures)

Results (€ Million)	Q1 2015	Q4 2015	Q1 2016	% Change Q1 16/Q1 15
ADJUSTED NET INCOME	(190)	(276)	17	-
Operating income	(136)	(488)	(95)	30.1
Income tax	(56)	207	106	-
Income from equity affiliates and non-controlling interests	2	5	6	200.0
EBITDA	281	275	404	43.6
NET CAPITAL EXPENDITURE	753	818	638	(15.3)
EXPLORATION EXPENSES ^(*)	218	179	18	(91.7)
EFFECTIVE TAX RATE (%)	40	(43)	(112)	(152.0)

International prices	Q1 2015	Q4 2015	Q1 2016	% Change Q1 16/Q1 15
Brent (\$/Bbl)	53.9	43.8	33.9	(37.1)
WTI (\$/Bbl)	48.6	42.2	33.6	(30.8)
Henry Hub (\$/MBtu)	3.0	2.3	2.1	(29.9)
Average exchange rate (\$/€)	1.13	1.10	1.10	(2.7)

Realization prices	Q1 2015	Q4 2015	Q1 2016	% Change Q1 16/Q1 15
CRUDE OIL (\$/Bbl)	44.6	37.8	30.3	(32.2)
GAS (\$/Thousand scf)	2.8	2.5	2.4	(17.2)

Production	Q1 2015	Q4 2015	Q1 2016	% Change Q1 16/Q1 15
LIQUIDS (Thousand bbl/d)	132	246	255	92.8
GAS ^(**) (Million scf/d)	1,249	2,533	2,579	106.5
TOTAL (Thousand boe/d)	355	697	714	101.4

(*) During the first quarter of 2016 the Group has capitalized G&G by an amount of €57 million. (**) 1,000 Mcf/d = 28.32 Mm³/d = 0.178 Mboe/d

Adjusted net income in the quarter was €17 million positive, €207 million higher than the same period in 2015, mainly due to the impact of lower exploration expenses, higher production volumes and a positive impact of taxes, partially offset by lower realized prices.

The principle impacts on the year-on-year performance in the Upstream division are as follows:

- **Higher production** contributed to an increase in operating income of €526 million thanks to the contribution of the acquired assets and the ramp-ups of the Cardón IV project in Venezuela and the Sapinhoá project in Brazil.
- **Exploration expenses**, excluding the exchange rate effect, impact the operating income positively by €196 million, mainly as a result of lower amortization of dry wells.

- **Income tax expense** has impacted the adjusted net income positively by €161 million, mainly due to the positive effect of the appreciation of certain local currencies, principally in Brazil.
- Lower **crude oil and gas realization prices**, net of royalties, had a negative impact on the operating income of €225 million.
- Higher **depreciation and amortization** charges reduced operating income by €201 million mainly due to the increase in production partially offset by lower amortization rate mainly in the U.S. and Trinidad and Tobago following the impairments taken in 2015.
- **Income of equity affiliates and non-controlling interests, exchange rate and others** explains the remaining differences compared to the first quarter of last year.

Upstream **production** reached an average of 714 kboe/d in the first quarter of 2016, 101% higher year-on-year.

During the first quarter of 2016, five wells - three exploratory and two appraisals - were concluded. One of the appraisal wells was deemed successful. Two exploratory wells were unsuccessful while one appraisal and one exploratory well are still under evaluation. The two unsuccessful wells did not impact the results as both wells were carried 100% by our partner.

On 18 April 2016, *Repsol Sinopec Brasil* announced that the Gavea A1 appraisal well (BM-C-33, Campos basin, Brazil) has found a hydrocarbon column of 175 meters, producing during the testing around 16 Mscf/d of gas and 4,000 barrels per day of oil.

Net capital expenditure

Net capital expenditure in Upstream in the first quarter of 2016 amounted to €638 million, a 15% decrease compared to the first quarter of 2015, period in which Talisman was not consolidated.

Excluding divestments, **Development capital expenditure** accounted for 75% of the total investment and was concentrated mainly in Trinidad and Tobago (22%), the U.S. (21%), Brazil (12%), Canada (11%), UK (8%), Algeria (7%) and Venezuela (6%); and **Exploration capital expenditure** represented 22% of the total and was allocated primarily in the U.S. (33%), Brazil (14%), Indonesia (9%), Australia (7%), Algeria (6%), Russia (5%) and Bulgaria (4%).

DOWNSTREAM
(Unaudited figures)

Results (€ Million)	Q1 2015	Q4 2015	Q1 2016	% Change Q1 16/Q1 15
ADJUSTED NET INCOME	534	495	556	4.1
Operating income	751	705	718	(4.4)
Income tax	(202)	(189)	(156)	22.8
Income from equity affiliates and non-controlling interests	(15)	(21)	(6)	60.0
MIFO RECURRENT NET INCOME	394	365	399	1.3
Inventory effect	(140)	(130)	(157)	(12.1)
EBITDA	724	689	671	(7.3)
EBITDA CCS	936	891	886	(5.3)
NET CAPITAL EXPENDITURE	133	332	86	(35.3)
EFFECTIVE TAX RATE (%)	27	27	22	(5.0)
Operational data	Q1 2015	Q4 2015	Q1 2016	% Change Q1 16/Q1 15
REFINING MARGIN INDICATOR IN SPAIN (\$/Bbl)	8.7	7.3	6.3 ^(*)	(27.6)
DISTILLATION UTILIZATION Spanish Refining (%)	82.6	89.3	85.8	3.2
CONVERSION UTILIZATION Spanish Refining (%)	98.8	104.3	103.0	4.2
OIL PRODUCT SALES (Thousand tons)	10,731	12,313	11,125	3.7
PETROCHEMICAL PRODUCT SALES (Thousand tons)	741	697	764	3.2
LPG SALES (Thousand tons)	704	571	631	(10.4)
NORTH AMERICA NATURAL GAS SALES (TBtu)	106.9	72.3	115.5	8.0
International prices (\$/Mbtu)	Q1 2015	Q4 2015	Q1 2016	% Change Q1 16/Q1 15
Henry Hub	3.0	2.3	2.1	(29.9)
Algonquin	11.5	3.0	3.3	(71.3)

(*) Managing the refining business during the quarter improved the actual CCS refining margin approximately by 1 USD/Bbl above the indicator.

Adjusted net income in the first quarter of 2016 amounted to €556 million, 4% higher compared to the first quarter of 2015.

The principal impacts, from the Downstream business activities, on the quarterly earnings performance year-on-year are:

- In **Refining**, lower refining margins partially offset by higher utilization rates reducing operating income by €135 million. Refining margin declined in the period due to the narrower middle distillates and narrower light-heavy crudes spreads.
- In **Chemicals**, increased efficiency as a result of operational improvements in the past, higher sales volumes and improved margins, aided by a better international environment, generated a positive effect on operating income of €102 million.

- In the commercial businesses, **Marketing and LPG**, operating income was in line with the first quarter of 2015.
- In **Gas & Power and Trading**, the operating income was €35 million lower than the first quarter of 2015. The adjusted net income in Gas & Power was almost breakeven in the quarter.
- **Results in other activities, equity affiliates and non-controlling interests, exchange rate and taxes** cover the remaining difference.

Net capital expenditure

Capital expenditure in Downstream in the first quarter of 2016 amounted to €132 million. **Net capital expenditure** amounted to €86 million, including €46 million of divestments, mainly from the Piped LPG business. Repsol expects to close the outstanding Piped LPG transactions in 2016.

GAS NATURAL FENOSA

[Unaudited figures]

Results (€ Million)	Q1 2015	Q4 2015	Q1 2016	% Change Q1 16/Q1 15
ADJUSTED NET INCOME	122	123	99	(18.9)

Adjusted net income in the first quarter of 2016 amounted to €99 million, 19% lower year-on-year mainly due to lower profits in the gas commercialization business attributable to the current price environment and the adverse impact of exchange rates in local currencies in Latin American.

CORPORATE AND OTHERS
[Unaudited figures]

Results (€ Million)	Q1 2015	Q4 2015	Q1 2016	% Change Q1 16/Q1 15
ADJUSTED NET INCOME	462	119	(100)	-
Corporate and others operating income	(28)	(31)	(63)	(125.0)
Financial result	655	-	(77)	-
Income tax	(165)	150	40	-
EBITDA	(43)	(41)	(48)	(11.6)
NET CAPITAL EXPENDITURE	47	14	(15)	-
EFFECTIVE TAX RATE (%)	26	(496)	(29)	(55.0)

CORPORATE AND OTHERS

Corporate and others accounted for a net expense of €63 million in the first quarter of 2016, compared to a net expense of €28 million in the same quarter of the previous year due to the inclusion of *Talisman* Corporation costs since 8 May, 2015. This effect has been partially offset by lower costs in the Madrid Corporate Centre in the first quarter of 2016.

FINANCIAL RESULTS
[Unaudited figures]

Results (€ Million)	Q1 2015	Q4 2015	Q1 2016	% Change Q1 16/Q1 15
NET INTERESTS (includes preferred shares)	(68)	(126)	(115)	(69.1)
OTHER CAPTIONS	723	126	38	(94.7)
TOTAL	655	-	(77)	-

Net financial result in the first quarter of 2016 amounted to €-77 million, €732 million lower than the first quarter of 2015 principally due to the positive results obtained in the first quarter of 2015 from the appreciation of the dollar against the euro. The negative effect of the higher net interests in the first quarter of 2016 due to the acquisition of *Talisman* has been offset by the gain obtained from the second repurchase of *Talisman* bonds.

NET INCOME ANALYSIS: NON-RECURRING ITEMS
NON-RECURRING INCOME
[Unaudited figures]

Results (€ Million)	Q1 2015	Q4 2015	Q1 2016	% Change Q1 16/Q1 15
NON-RECURRING INCOME / (LOSSES)	(27)	(2,390)	19	-

Non-recurring items in the first quarter of 2016 resulted in a net gain of €19 million, mainly due to the net gain from the partial close of the sale of the Piped LPG business in the quarter, partly offset by provisions for indemnities.

NET DEBT ANALYSIS: NET DEBT EVOLUTION AND ADJUSTED CASH FLOW STATEMENT
NET DEBT EVOLUTION

This section presents the changes in the Group's adjusted net debt:

(Unaudited figures)

NET DEBT EVOLUTION (€ Million)	Q1 2016
NET DEBT AT THE START OF THE PERIOD	11,934
EBITDA CCS	(1,242)
CHANGE IN WORKING CAPITAL	572
INCOME TAX RECEIVED /PAID	(269)
NET CAPITAL EXPENDITURE ⁽¹⁾	709
DIVIDENDS PAID AND OTHER EQUITY INSTRUMENTS PAYOUTS	271
OWN SHARES TRANSACTIONS	7
FOREIGN EXCHANGE RATE EFFECT	(128)
COMPANIES' ACQUISITION / SALE EFFECT	-
EQUITY INSTRUMENTS	-
INTEREST AND OTHER MOVEMENTS ⁽²⁾	124
NET DEBT AT THE END OF THE PERIOD	11,978
	2016
CAPITAL EMPLOYED CONTINUED OPERATIONS (€ Million)	40,337
NET DEBT / CAPITAL EMPLOYED (%)	29.7
NET DEBT (x) / EBITDA CCS	2.41

(1) As of March 31, 2016, there were net financial investments amounting to €33 million.

(2) Mainly includes interest expense on borrowings, dividends received and provisions used.

The Group's **net debt** at the end of the first quarter of 2016 stood at €11.978 billion, in line with the end of the fourth quarter of 2015, despite the challenging commodity price environment.

Cash flow from operations of approximately €1 billion, in the first quarter 2016, broadly covered net investments and dividend payments during the period.

The Group's **liquidity** at the end of the first quarter of 2016 stood above €8.9 billion (including undrawn credit lines), and covered 2.3 times gross debt maturities in the short term.

ADJUSTED CASH FLOW STATEMENT

This section presents the Group's Adjusted Cash Flow Statement:

[Unaudited figures]

	JANUARY - MARCH	
	2015	2016
I. CASH FLOWS FROM OPERATING ACTIVITIES (*)		
EBITDA CCS	1,174	1,242
Changes in working capital	(149)	(572)
Dividends received	119	123
Income taxes received/ (paid)	111	269
Other proceeds from/ (payments for) operating activities	(31)	(119)
OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES	199	273
	1,224	943
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES (*)		
	(939)	(742)
FREE CASH FLOW (I. + II.)	285	201
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES (*)		
Issuance of own capital instruments	995	-
Proceeds from/(payments for) equity instruments	85	(7)
Proceeds from/ (payments for) issue of financial liabilities	1,835	356
Payments for dividends and payments on other equity instruments	(245)	(271)
Interest payments	(216)	(287)
Other proceeds from/(payments for) financing activities	1,088	25
	3,542	(184)
Effect of changes in exchange rates from continued operations	139	(21)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS	3,966	(4)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,027	2,769
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8,993	2,765

(*) Cash flows from continued operations

RELEVANT EVENTS

The most significant company-related events since the fourth quarter 2015 earnings release were as follows:

In **Upstream**, on 14 April 2016, Repsol announced that the offshore well Perla 9, located in the Perla field in Cardón IV block in Venezuela, came into production. Production at mega gas field Perla, one of the major offshore gas fields in Latin America, started in July 2015. Cardón IV block is shared by Repsol and ENI 50% each.

On 18 April 2016, *Repsol Sinopec Brasil* announced that the Gavea appraisal A1 well, drilled in the ultra-deep water of BM-C-33 concession (Campos basin, Brazil), found a hydrocarbon column of 175 meters. *Repsol Sinopec Brasil* has a 35% in BM-C-33 concession in partnership with *Statoil* (35%) and *Petrobras* (30%). The well reached a total depth of 6,230 meters and was successfully tested, producing around 16 Mscf/d of gas and 4,000 barrels per day of oil. This is the fourth appraisal well of the Evaluation Plan approved by the ANP (*Agência Nacional do Petróleo*) in November 2013 for this concession that comprises Seat, Gavea and Pão de Açúcar discoveries. The consortium had also drilled and tested Seat-2, PdA-A1 and PdA-A2 appraisal wells. The potential resources for the three discoveries are still under evaluation.

In **Downstream**, on 25 February 2016, Repsol sold its offshore wind power business in the United Kingdom for €238 million to China's *SDIC Power* and it included the sale of the *Inch Cape* project (100%) and the Repsol's share in the *Beatrice* project (25%). The sale is expected to be completed during the first half of 2016.

On 20 April 2016, Repsol announced the agreement with the Chilean company *Abastible* to sell its LPG businesses in Peru and Ecuador for approximately 335 million dollars, subject to the usual adjustments for this type of transaction, as part of the company's goal to sell non-strategic assets. Both transactions are expected to close in upcoming months, once the necessary administrative authorizations are granted. The richness and diversity of Repsol's asset portfolio, especially following the integration of *Talisman*, has allowed the company to find more portfolio management opportunities, including in the sale of assets considered non-strategic.

In **Corporation**, on 17 March 2016, Repsol approved a series of changes to its management team in order to continue advancing in light of the challenges and opportunities relating to the integration of *Talisman* and the challenges affecting the sector. This evolution includes the departure of 41 members of management, including the Executive Managing Directors Cristina Sanz Mendiola and Pedro Fernández Frial.

Throughout March 2016, and after their review, the three Rating Agencies, *Standard & Poor's*, *Moody's* and *Fitch*, confirmed and maintained Repsol's long term debt ratings at BBB-, Baa2 and BBB respectively. It is worth mentioning that *S&P* restored the "intermediate" equity content of Repsol's 2 Billion Euro hybrid bonds in accordance with a deed of undertaking, whereby Repsol waived the right to early redeem the Securities in certain circumstances.

On 30 March 2016, the Board of Directors of Repsol resolved to convene the Annual Shareholders' Meeting which will be held at the *Palacio Municipal de Congresos, Avenida de la Capital de España-*

Madrid, *Campo de las Naciones*, Madrid on May 19, 2016 at 12:00 noon on first call, and at the same time and place on May 20, 2016, on second call.

In the fifth and sixth points of the agenda, the Board of Directors submits for approval the proposals of execution of two capital increases in an amount determinable pursuant to the terms of the resolution of the Annual Shareholders' Meeting, by issuing new common shares having a par value of one (1) Euro each, of the same class and series as those currently in circulation, charged to voluntary reserves, offering the shareholders the possibility of selling the free-of-charge allocation rights to the Company itself or on the market.

On 31 March, Repsol announced that it tendered approximately US\$601 million the outstanding Repsol Oil Gas Canada Inc. (formerly *Talisman Energy Inc.*) bonds, reducing its financing cost. The aggregate principal amount tendered as of today stands at US\$2.3 billion, with a saving in interest payments of approximately €400 million throughout the Strategic Plan 2016-2020 period. The notional amount of Repsol Oil and Gas Canada Inc. bonds outstanding after the two tender offer transactions stands at US\$1.5 billion.

On 11 April 2016, Repsol's "Trading Statement" was published. This document provides provisional information for the first quarter of 2016, including data on the economic environment as well as company performance during the period.

Madrid, 5 May, 2016

A conference call has been scheduled for research analysts and institutional investors for today, 5 May, 2016 at 13.00 (CET) to report on the Repsol Group's first 2016 results. Shareholders and other interested parties can follow the call live through Repsol's corporate website (www.repsol.com). A full recording of the event will also be available to shareholders and investors and any other interested party at www.repsol.com for a period of no less than one month from the date of the live broadcast.

**APPENDIX I – FINANCIAL METRICS AND
OPERATING INDICATORS BY SEGMENT**

FIRST QUARTER 2016

ADJUSTED NET INCOME BY BUSINESS SEGMENTS
[Unaudited figures]

€ Million	Q1 2015							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	(136)	-	(56)	2	(190)	-	(28)	(218)
Downstream	751	-	(202)	(15)	534	(140)	(5)	389
Gas Natural Fenosa	-	-	-	122	122	-	-	122
Corporation & Others	(28)	655	(165)	-	462	-	6	468
TOTAL	587	655	(423)	109	928	(140)	(27)	761
Income from discontinued operations							-	-
NET INCOME							(27)	761

€ Million	Q4 2015							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	(488)	-	207	5	(276)	-	(2,442)	(2,718)
Downstream	705	-	(189)	(21)	495	(130)	(28)	337
Gas Natural Fenosa	-	-	-	123	123	-	-	123
Corporation & Others	(31)	-	150	-	119	-	80	199
TOTAL	186	-	168	107	461	(130)	(2,390)	(2,059)
Income from discontinued operations							-	-
NET INCOME							(2,390)	(2,059)

€ Million	Q1 2016							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	(95)	-	106	6	17	-	(38)	(21)
Downstream	718	-	(156)	(6)	556	(157)	48	447
Gas Natural Fenosa	-	-	-	99	99	-	-	99
Corporation & Others	(63)	(77)	40	-	(100)	-	9	(91)
TOTAL	560	(77)	(10)	99	572	(157)	19	434
Income from discontinued operations							-	-
NET INCOME							19	434

OPERATING RESULT BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS
[Unaudited figures]

€ Million	QUARTERLY DATA		
	Q1 15	Q4 15	Q1 16
UPSTREAM	(136)	(488)	(95)
Europe, Africa & Brazil	0	(123)	(21)
Latin America & Caribbean	87	(61)	40
North America	(21)	(66)	(103)
Asia & Russia	4	(1)	5
Exploration & Others	(206)	(237)	(16)
DOWNSTREAM	751	705	718
Europe	678	613	690
Rest of the World	73	92	28
CORPORATE AND OTHERS	(28)	(31)	(63)
TOTAL	587	186	560

ADJUSTED NET INCOME BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS
[Unaudited figures]

€ Million	QUARTERLY DATA		
	Q1 15	Q4 15	Q1 16
UPSTREAM	(190)	(276)	17
Europe, Africa & Brazil	(69)	(24)	24
Latin America & Caribbean	27	(52)	65
North America	(13)	(39)	(68)
Asia & Russia	4	(15)	6
Exploration & Others	(139)	(146)	(10)
DOWNSTREAM	534	495	556
Europe	490	452	528
Rest of the World	44	43	28
GAS NATURAL FENOSA	122	123	99
CORPORATE AND OTHERS	462	119	(100)
TOTAL	928	461	572

EBITDA BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS
[Unaudited figures]

€ Million	QUARTERLY DATA		
	Q1 15	Q4 15	Q1 16
UPSTREAM ⁽¹⁾	281	275	404
Europe, Africa & Brazil	59	34	65
Latin America & Caribbean	174	128	172
North America	98	125	77
Asia & Russia	13	139	106
Exploration & Others	(63)	(151)	(16)
DOWNSTREAM ⁽²⁾	724	689	671
Europe	653	613	640
Rest of the World	71	76	31
CORPORATE AND OTHERS	(43)	(41)	(48)
TOTAL	962	923	1,027
(2) EBITDA CCS M€			
DOWNSTREAM	936	891	886
TOTAL	1,174	1,125	1,242

(1) Contribution of Talisman's assets was €172 million in Q4 2015 and €177 million in Q1 2016.

NET CAPITAL EXPENDITURES BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS
[Unaudited figures]

€ Million	QUARTERLY DATA		
	Q1 15	Q4 15	Q1 16
UPSTREAM	753	818	638
Europe, Africa & Brazil (1)	76	415	113
Latin America & Caribbean	283	327	189
North America (1)	104	(212)	169
Asia & Russia	3	30	22
Exploration and Others	287	258	145
DOWNSTREAM	133	332	86
Europe	110	255	52
Rest of the World	23	77	34
CORPORATE AND OTHERS	47	14	(15)
TOTAL	933	1,164	709

(1) This caption includes the effect on the transaction of Eagle Ford and Gudrun with Statoil in Q4 2015.

CAPITAL EMPLOYED BY BUSINESS SEGMENTS
(Unaudited figures)

€ Million	CUMULATIVE DATA	
	Q4 15	Q1 16
Upstream	23,418	23,053
Downstream	9,758	9,692
Gas Natural Fenosa	4,769	4,809
Corporate and others	2,894	2,783
TOTAL	40,839	40,337
		2016
ROACE (%)		4.5
ROACE at CCS (%)		6.0

OPERATING INDICATORS

FIRST QUARTER 2016

UPSTREAM OPERATING INDICATORS

	Unit	Q1 2015	Q2 2015	Q3 2015	4Q 2015	January - December 2015	Q1 2016	% Change Q1 16/Q1 15
HYDROCARBON PRODUCTION	kboe/d	355	525	653	697	559	714	101.4
Liquids production	kboe/d	132	203	244	246	207	255	92.8
Europe, Africa & Brazil	kboe/d	33	61	81	80	64	94	185.1
Latin America & Caribbean	kboe/d	61	66	67	71	66	69	12.3
North America	kboe/d	27	49	62	62	50	58	110.6
Asia & Russia	kboe/d	11	27	34	34	26	35	221.1
Natural gas production	kboe/d	222	322	409	451	352	459	106.5
Europe, Africa & Brazil	kboe/d	10	12	15	13	12	22	121.2
Latin America & Caribbean	kboe/d	196	186	198	231	203	233	18.9
North America	kboe/d	9	80	130	136	89	130	1,382.4
Asia & Russia	kboe/d	7	44	66	71	47	74	895.8
Natural gas production	(Million scf/d)	1,249	1,811	2,298	2,533	1,977	2,579	106.5

DOWNSTREAM OPERATING INDICATORS

	Unit	Q1 2015	Q2 2015	Q3 2015	4Q 2015	Jan - Dec 2015	Q1 2016	% Variation Q1 16/Q1 15
PROCESSED CRUDE OIL	Mtoe	10	11	12	11	43	10	4.4
Europe	Mtoe	9	10	11	10	40	10	4.7
Rest of the world	Mtoe	1	1	1	1	3	1	0.8
SALES OF OIL PRODUCTS	kt	10,731	11,990	12,571	12,313	47,605	11,125	3.7
Europe Sales	kt	9,667	10,821	11,354	11,177	43,019	9,927	2.7
Own network	kt	5,079	5,235	5,529	5,281	21,124	4,854	(4.4)
Light products	kt	4,176	4,280	4,480	4,390	17,326	4,021	(3.7)
Other Products	kt	903	955	1,049	891	3,798	833	(7.8)
Other Sales to Domestic Market	kt	1,924	1,874	2,014	1,959	7,771	1,920	(0.2)
Light products	kt	1,852	1,814	1,946	1,896	7,508	1,873	1.1
Other Products	kt	72	60	68	63	263	47	(34.7)
Exports	kt	2,664	3,712	3,811	3,937	14,124	3,153	18.4
Light products	kt	1,219	1,512	1,721	1,843	6,295	1,370	12.4
Other Products	kt	1,445	2,200	2,090	2,094	7,829	1,783	23.4
Rest of the world sales	kt	1,064	1,169	1,217	1,136	4,586	1,198	12.6
Own network	kt	469	535	520	549	2,073	570	21.5
Light products	kt	446	477	482	512	1,917	518	16.1
Other Products	kt	23	58	38	37	156	52	126.1
Other Sales to Domestic Market	kt	276	305	312	328	1,221	312	13.0
Light products	kt	241	265	269	274	1,049	252	4.6
Other Products	kt	35	40	43	54	172	60	71.4
Exports	kt	319	329	385	259	1,292	316	(0.9)
Light products	kt	165	108	132	63	468	128	(22.4)
Other Products	kt	154	221	253	196	824	188	22.1
CHEMICALS								
Sales of petrochemical products	kt	741	683	701	697	2,822	764	3.2
Europe	kt	615	599	600	582	2,396	641	4.1
Base	kt	196	219	225	198	838	238	21.3
Derivative	kt	419	381	375	384	1,559	402	(3.9)
Rest of the world	kt	125	84	102	114	426	124	(1.3)
Base	kt	34	23	21	32	110	35	2.6
Derivative	kt	92	61	81	82	316	89	(2.7)
LPG								
LPG sales	kt	704	526	459	571	2,260	631	(10.4)
Europe	kt	453	273	217	342	1,285	427	(5.8)
Rest of the world	kt	251	254	242	229	975	204	(18.7)

Other sales to the domestic market: includes sales to operators and bunker

Exports: expressed from the country of origin

**APPENDIX II – CONSOLIDATED FINANCIAL
STATEMENTS**

FIRST QUARTER 2016

STATEMENT OF FINANCIAL POSITION
[€ millions]
Prepared according to International Financial Reporting Standards (IFRS-EU)

	DECEMBER	MARCH
	2015 (*)	2016
NON-CURRENT ASSETS		
Goodwill	3,099	2,919
Other intangible assets	1,666	1,607
Property, plant and equipment	28,439	27,387
Investment property	26	26
Investments accounted for using the equity method	11,798	11,676
Non-current financial assets :		
Non-current financial instruments	633	638
Others	82	81
Deferred tax assets	4,689	4,687
Other non-current assets	179	221
CURRENT ASSETS		
Non-current assets held for sale	262	586
Inventories	2,853	2,760
Trade and other receivables	5,680	4,782
Other current assets	271	264
Other current financial assets	1,237	1,205
Cash and cash equivalents	2,448	2,508
TOTAL ASSETS	63,362	61,347
TOTAL EQUITY		
Attributable to equity holders of the parent	28,677	28,151
Attributable to minority interests	228	208
NON-CURRENT LIABILITIES		
Grants	7	7
Non-current provisions	5,827	5,704
Non-current financial debt	10,581	11,001
Deferred tax liabilities	1,623	1,520
Other non-current liabilities		
Non-current debt for finance leases	1,540	1,468
Other	402	405
CURRENT LIABILITIES		
Liabilities related to non-current assets held for sale	8	104
Current provisions	1,377	1,276
Current financial liabilities	7,073	6,554
Trade payables and other payables:		
Current debt for finance leases	206	196
Other payables	5,813	4,753
TOTAL LIABILITIES	63,362	61,347

(*) According to IAS 8, it includes the necessary modifications with respect to the consolidated financial statements for the year ended December 31, 2015 in relation to the capitalization of geological and geophysical costs.

INCOME STATEMENT
[€ millions]
Prepared according to International Financial Reporting Standards (IFRS-EU)

	QUARTERLY DATA		
	Q1 15	Q4 15	Q1 16
Operating income	295	(2,938)	342
Financial result	634	208	(58)
Income from equity affiliates	73	(329)	159
Net income before tax	1,002	(3,059)	443
Income tax	(236)	1,003	(2)
Net income from continuing operations	766	(2,056)	441
Net income from non-controlling interest	(5)	(3)	(7)
NET INCOME FROM CONTINUING OPERATIONS	761	(2,059)	434
Net income for the year from discontinuing operations	-	-	-
NET INCOME	761	(2,059)	434
Earning per share attributable to the parent company			
Euros/share (*)	0.53	(1.44)	0.30
USD/ADR	0.57	(1.57)	0.34
Average number of shares (**)	1,436,487,948	1,423,732,240	1,423,672,351
Exchange rates USD/EUR at the end of each quarter	1.08	1.09	1.14

(*) To calculate EPS the interest expense from the perpetual obligations (€7 million after taxes as of December 2015 and March 2016) has been adjusted .

(**) A capital increase for the shareholder's remuneration scheme known as "Repsol dividendo flexible" was carried out in January 2015 and January 2016 accordingly, thus share capital is currently represented by 1,441,783,307 shares. The average weighted number of outstanding shares for the presented periods was recalculated in comparison with the previous periods to include the impact of this capital increase in accordance with IAS 33 "Earnings per share". The average number of shares held by the company during each period was also taken into account.

CASH FLOW STATEMENT

[€ millions]

Prepared according to International Financial Reporting Standards (IFRS-EU)

	JANUARY - MARCH	
	2015	2016
I. CASH FLOWS FROM OPERATING ACTIVITIES (*)		
Net income before taxes	1,002	443
Adjustments to net income		
Depreciation and amortisation of non current assets	676	575
Other adjustments to results (net)	(849)	(178)
EBITDA	829	840
Changes in working capital	27	(201)
Dividends received	124	124
Income taxes received/ (paid)	145	251
Other proceeds from/ (payments for) operating activities	(31)	(112)
OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES	238	263
	1,094	902
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES (*)		
Payments for investment activities		
Companies of the Group, equity affiliates and business units	(140)	(171)
Fixed assets, intangible assets and real estate investments	(565)	(512)
Other financial assets	(77)	(96)
Payments for investment activities	(782)	(779)
Proceeds from divestments	408	164
	(374)	(615)
FREE CASH FLOW (I. + II.)	720	287
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES (*)		
Issuance of own capital instruments	995	-
Proceeds from/(payments for) equity instruments	85	(7)
Proceeds from issue of financial liabilities	3,151	4,459
Payments for financial liabilities	(1,281)	(4,087)
Payments for dividends and payments on other equity instruments	(245)	(271)
Interest payments	(253)	(287)
Other proceeds from/(payments for) financing activities	694	(22)
	3,146	(215)
Effect of changes in exchange rates from continued operations	93	(12)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS	3,959	60
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,638	2,448
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8,597	2,508

(*) Cash flows from continued operations

**APPENDIX III – RECONCILIATION OF NON-
IFRS METRICS TO IFRS DISCLOSURES**

FIRST QUARTER 2016

RECONCILIATION OF ADJUSTED NET INCOME AND THE CORRESPONDING CONSOLIDATED FINANCIAL STATEMENT HEADINGS

[Unaudited figures]

Q1 2015						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Non-recurring items	Inventory Effect	Total adjustments	
Operating income	587	(3)	(77)	(212)	(292)	295
Financial result	655	(44)	23	-	(21)	634
Income from equity affiliates	126	(53)	-	-	(53)	73
Net income before tax	1,368	(100)	(54)	(212)	(366)	1,002
Income tax	(423)	100	27	60	187	(236)
Net income from continued operations	945	-	(27)	(152)	(179)	766
Income attributed to minority interests	(17)	-	-	12	12	(5)
NET INCOME FROM CONTINUED OPERATIONS	928	-	(27)	(140)	(167)	761
Income from discontinued operations	-	-	-	-	-	-
NET INCOME	928	-	(27)	(140)	(167)	761

Q4 2015						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Non-recurring items	Inventory Effect	Total adjustments	
Operating income	186	523	(3,445)	(202)	(3,124)	(2,938)
Financial result	-	57	151	-	208	208
Income from equity affiliates	129	(458)	-	-	(458)	(329)
Net income before tax	315	122	(3,294)	(202)	(3,374)	(3,059)
Income tax	168	(122)	903	54	835	1,003
Net income from continued operations	483	-	(2,391)	(148)	(2,539)	(2,056)
Income attributed to minority interests	(22)	-	1	18	19	(3)
NET INCOME FROM CONTINUED OPERATIONS	461	-	(2,390)	(130)	(2,520)	(2,059)
Income from discontinued operations	-	-	-	-	-	-
NET INCOME	461	-	(2,390)	(130)	(2,520)	(2,059)

Q1 2016						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Non-recurring items	Inventory Effect	Total adjustments	
Operating income	560	(25)	22	(215)	(218)	342
Financial result	(77)	(3)	22	-	19	(58)
Income from equity affiliates	111	48	-	-	48	159
Net income before tax	594	20	44	(215)	(151)	443
Income tax	(10)	(20)	(25)	53	8	(2)
Net income from continued operations	584	-	19	(162)	(143)	441
Income attributed to minority interests	(12)	-	-	5	5	(7)
NET INCOME FROM CONTINUED OPERATIONS	572	-	19	(157)	(138)	434
Income from discontinued operations	-	-	-	-	-	-
NET INCOME	572	-	19	(157)	(138)	434

RECONCILIATION OF OTHER ECONOMIC DATA AND THE CONSOLIDATED FINANCIAL STATEMENTS
[Unaudited figures]

	DECEMBER 2015			MARCH 2016		
	Adjusted Net Debt	Reclassification of JV (1)	IFRS-EU	Adjusted Net Debt	Reclassification of JV (1)	IFRS-EU
NON-CURRENT ASSETS						
Non-current financial instruments	121	512	633	93	545	638
CURRENT ASSETS						
Other current financial assets	118	1,119	1,237	62	1,143	1,205
Cash and cash equivalents	2,771	(323)	2,448	2,765	(257)	2,508
NON-CURRENT LIABILITIES						
Non-current financial debt	(10,716)	135	(10,581)	(11,130)	129	(11,001)
CURRENT LIABILITIES						
Current financial liabilities	(4,320)	(2,753)	(7,073)	(3,879)	(2,675)	(6,554)
CAPTIONS NOT INCLUDED IN THE BALANCE SHEET						
Net mark-to-market valuation of financial derivatives (excluding exchange rate) (2)	92	-	92	111	-	111
NET DEBT	(11,934)		(13,244)	(11,978)		(13,093)

(1) Mainly corresponding to the financial contribution by Repsol Sinopec Brazil which is detailed in the following captions:

2015: "Cash and cash equivalents" amounting to €11 million; "Current financial liabilities" for intragroup loans amounting to €2,819 million, reduced in €300 million in loans with third parties.

2016: "Cash and cash equivalents" amounting to €17 million and "Current financial liabilities" for intragroup loans amounting to €2,699 million, reduced in €329 million due to loans with third parties.

(2) This caption does not consider net market value of financial derivatives other than exchange rate ones

	January - March							
	2015				2016			
	Adjusted	Reclassification of JV & Others	Inventory Effect	IFRS-EU	Adjusted	Reclassification of JV & Others	Inventory Effect	IFRS-EU
I. CASH FLOWS FROM OPERATING ACTIVITIES (1)								
EBITDA CCS	1,174	(133)	(212)	617	1,242	(187)	(215)	840
Changes in working capital	(149)	(36)	212	239	(572)	156	215	(201)
Dividends received (2)	119	5	-	124	123	1	-	124
Income taxes received/ (paid)	111	34	-	145	269	(18)	-	251
Other proceeds from/ (payments for) operating activities (2)	(31)	-	-	(31)	(119)	7	-	(112)
	1,224	(130)	-	1,094	943	(41)	-	902
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES (1)								
	(939)	565	-	(374)	(742)	127	-	(615)
FREE CASH FLOW (I. + II.)	285	435	-	720	201	86	-	287
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES (1)								
Issuance of own capital instruments	995	-	-	995	-	-	-	-
Proceeds from/ (payments for) equity instruments	85	-	-	85	(7)	-	-	(7)
Proceeds from/ (payments for) issue of financial liabilities	1,835	35	-	1,870	356	16	-	372
Payments for dividends and payments on other equity instruments	(245)	-	-	(245)	(271)	-	-	(271)
Interest payments	(216)	(37)	-	(253)	(287)	-	-	(287)
Other proceeds from/ (payments for) financing activities	1,088	(394)	-	694	25	(47)	-	(22)
	3,542	(396)	-	3,146	(184)	(31)	-	(215)
Effect of changes in exchange rates from continued operations	139	(46)	-	93	(21)	9	-	(12)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,966	(7)	-	3,959	(4)	64	-	60
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,027	(389)	-	4,638	2,769	(321)	-	2,448
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8,993	(396)	-	8,597	2,765	(257)	-	2,508

(1) Cash flows from continued operations

(2) These concepts are included in the Net Debt evolution chart within the caption "Interests and other movements"

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