



ARGENTINA AND REPSOL REACH A COMPENSATION AGREEMENT OVER THE EXPROPRIATION OF YPF

The agreement approved today by Repsol's Board of Directors must be ratified by the Annual General Shareholders' Meeting and by the Argentinean Parliament

The agreement reached between the Republic of Argentina and Repsol ("Convenio de Solución Amigable y Avenimiento de Expropiación") recognises the company's right to receive US\$5 billion as compensation for the expropriation of 51% of the shares of YPF and stipulates guarantees for effective payment as well as the termination of all judicial and arbitration proceedings and the reciprocal waiver of future claims.

The agreement does not enter into force until a number of conditions precedent are met, including its approval by Repsol's Annual General Meeting followed by approval of a law especially sanctioned by the Parliament of the Republic of Argentina.

Makeup of Public Debt

The agreement stipulates that the Government of Argentina will transfer to Repsol dollar-denominated public debt, as follows:

- 1) A fixed package with a nominal value of \$5 billion, made up of:
 - Bonar X: US\$500 million.
 - Discount 33: US\$1.250 billion.
 - Bonar 2024: US\$3.250 billion.

- 2) A complementary package, with a maximum nominal value of \$1 billion, made up of:
 - Boden 2015: US\$400 million.
 - Bonar X: US\$300 million.
 - Bonar 2024: US\$300 million.

The transferal of the complementary package will be adjusted so that the market value of all the Argentinean bonds delivered to Repsol is no less than \$4.670 billion and up to a maximum nominal value of \$6 billion. The market value will be calculated through quotations from international financial institutions. The complementary bonds will be delivered to Repsol by earliest maturity first up to the limits indicated in each bond.



The closing of the transaction will be completed with the delivery of the bonds in Repsol's favor with full guarantees in their deposit through an international financial clearing institution. Repsol is free to sell these bonds. If the sale proceeds were to exceed US\$5 billion (excluding costs and interest), the excess would revert to the Republic of Argentina.

Guarantees

The Republic of Argentina's debt will be transferred to Repsol "pro solvendo," that is that the debt due to Repsol will not be considered to be extinguished until full payment, be it through the sale of bonds or through ordinary payment through the bonds' maturity.

As an additional guarantee, the Republic of Argentina recognises that if the debt were restructured or there were a failure to pay, Repsol has the right to accelerate debt payment and seek payment of the outstanding amount up to \$5 billion through UNCITRAL (United Nations Commission on International Trade Law.)

The compensation agreement is protected by the Bilateral Treaty between Spain and Argentina for the Protection of Investments (Acuerdo de Promoción y Protección de Inversiones entre España y Argentina.)

Agreement with YPF

Simultaneously with the execution of the agreement, Repsol will enter into an agreement with YPF and YPF Gas by which – mainly - all parties will agree to desist from all legal action initiated by them as well as certain waivers and indemnities.



ANNEX 1

INITIAL PACKAGE

Bond	Nominal (US\$)	ISIN	Coupon	Maturity
Bonar X	500,000,000	ARARGE03F441	7.00%	17/04/2017
Bonar 2024	3,250,000,000	To be confirmed	8.75%	10 years from the issue date. Yearly payment at 16.66% of the face value between years 5 and 9 and 16.7% in year 10.
Discount 33 ^(*)	1,250,000,000	ARARGE03E113	8.28%	31/12/2033. From June 2024 paid in 20 half-yearly payments. Each of the 20 payments includes the proportional part of the capitalized interest accrued until the first payment (7.01%)
Total initial package	5,000,000,000			

ADDITIONAL CONTINGENT PACKAGE

Bond	Nominal (US\$)	ISIN	Coupon	Maturity
Boden 2015	Up to 400,000,000	ARARGE03F144	7.00%	03/10/2015
Bonar X	Up to 300,000,000	ARARGE03F441	7.00%	Described in initial package
Bonar 2024	Up to 300,000,000	To be confirmed	8.75%	Described in initial package
	Up to 1,000,000,000			

(*) This bond includes capitalized interest worth \$500 million.