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FULL YEAR 2012 EARNINGS

PRESS RELEASE
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Production rises 11% and the reserve replacement ratio reaches a record 204%

REPSOL POSTS NET INCOME OF 2.060 BILLION EUROS

- **Net income was 2.060 billion euros, 6.1% less than in 2011. At current cost of supply, net income rose 5.4% compared with the previous year, which included YPF for the whole period.**
- **The Upstream unit's operating income grew 56% to 2.208 billion euros, demonstrating the strength and projection of the unit as the company's growth engine.**
- **Production rose 11% during the year, with significant increases in Bolivia, Libya, the United States, Spain and Russia. The reserve replacement ratio reached a record high of 204%.**
- **During 2012, Repsol made one of the world's largest discoveries, in Pão de Açucar in (Brazil), as well as other finds in Peru, Colombia and Algeria.**
- **The company increased its portfolio during the year, adding 68 new blocks in the United States, Angola, Aruba, Australia, Bulgaria, Romania and Namibia.**
- **The Downstream unit posted operating income of 1.013 billion euros. The investments in the Cartagena and Bilbao refineries improved earnings despite lower sales in forecourts.**
- **Repsol's current available liquidity, excluding Gas Natural Fenosa, totals 9 billion euros, tripling the short term debt maturities.**
- **The Board of Directors yesterday agreed to propose to the AGM the continuation of the "Repsol Flexible Dividend" program, and payment of a final dividend from 2012 earnings equivalent to 0.50 euros per share.**

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- **During 2012 Repsol completed the execution of four out of its ten key growth projects from the 2012-2016 Strategic Plan, and in 2013 begun commercial production from the giant Sapinhoá field.**

- **After the year's close, Repsol agreed to sell liquefied natural gas assets to Shell for $6.653 billion.**

- **With the sale of the LNG assets, Repsol has more than met its asset divestment targets in the 2012-2016 Strategic Plan.**

Repsol posted net income of 2.060 billion euros for 2012, a 6.1% decline from the year earlier. At current cost of supply (excluding the change in value of the oil inventories that the company stocks as part of Spain's strategic reserve) Repsol's net income was 2.048 billion euros, 5.4% higher than 2011, when the earnings of YPF were included for the whole period.

The Upstream unit, the company's growth engine, saw an improved performance in all metrics in 2012. Output rose 11% during the year with a record reserve replacement ratio of 204%.

During 2012, Repsol completed the execution of four out of its ten key growth projects from the 2012-2016 Strategic Plan, significantly advancing its production increase goals.

In 2013, Repsol achieved a significant milestone with the start of commercial production from the giant Sapinhoá field in Brazil, one of the largest fields developed in that country to date.

The Downstream unit posted wider refining margins and an optimisation of production following the completion of the improvement and expansion projects of the Cartagena and Bilbao refineries, setting them amongst Europe's most advanced units.

The industrial activity was accompanied by a strategy of financial strengthening as outlined in the company's strategic plan. Last year, the company started the "Repsol Flexible Dividend" program, with an acceptance rate higher than 60% of the company's shareholding. This, together with divestments and active financial management, allowed the company to cut debt through December 31 by 2 billion euros and generate liquidity (excluding Gas Natural Fenosa) which triples short-term debt maturities.

Additionally, following the year's close and in accordance with the strategic goal of asset divestments, Repsol agreed to sell LNG assets to Shell for $6.653 billion, With this divestment, Repsol has more than met its targets in the 2012-2016 Strategic Plan of divesting assets worth between 4 and 4.5 billion euros.

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The LNG sale agreement strengthens the company's balance sheet and allows Repsol to reduce net debt, (excluding Gas Natural Fenosa) to 2.2 billion euros.

Yesterday, the Board of Directors of Repsol approved to submit to its shareholders for approval at the next General Shareholders Meeting the continuation of the "Repsol Flexible Dividend" program and the payment to shareholders of a final dividend for the fiscal year 2012 equivalent to a gross 0.50 euros per share, comprising a dividend in cash of 0.04 euros (gross) per share with dividend rights and the implementation, within the framework of the program, of the third scrip dividend of the company.

The "Repsol Flexible Dividend" Program allows shareholders to elect receiving newly issued paid-up shares of the company without tax withholding or, at their election, receiving an amount in cash through the sale of the free-of-charge allocation rights at the market price or to the company at a guaranteed fix price.

UPSTREAM: EARNINGS AND PRODUCTION RISE TOGETHER WITH A RECORD RESERVE REPLACEMENT RATIO OF 204%

During 2012, the Upstream unit supported the company's growth with significant improvement in all its metrics. Operating income was 2.208 billion euros, a 56.3% increase from the previous year. The area's earnings now represent more than half the group's total.

This significant improvement was due to the return to normal of activity in Libya, higher earnings from Bolivia (due to the start-up of Margarita-Huacaya) and a stronger dollar against the euro.

Production in 2012 was 332.435 barrels of oil equivalent per day, an increase of 11% from the previous year. During the year, Repsol completed the execution of four of its ten key projects from its strategic plan, adding new production from Bolivia (Margarita-Huacaya), the United States (Mid-Continent), and Spain (Lubina and Montanazo.) The company also added assets in Russia following the incorporation of the AROG joint venture.

Production increases were accompanied by five new discoveries, including Pão de Açucar, in Brazil, one the world's largest in 2012. The Sagari discovery in Peru, which shows great potential and is close to the Kinteroni development, adds to finds in TIHS1 in Algeria, Chipirón T2 and Cano Rondón East in Colombia. With these discoveries, Repsol has exceeded the annual resources incorporation goal included in its 2012-2016 Strategic Plan.

The new discoveries add to the growing portfolio of the group, which in 2012 added 68 new blocks in the United States, Angola, Aruba, Australia, Bulgaria, Romania and Namibia, significantly increasing its geographic footprint.

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The exploratory success of the last few years has allowed the company to achieve a record reserve replacement ratio of 204%, especially significant when the large increase in production is taken into account. Repsol also increased its resources base, guaranteeing a high future reserve replacement ratio.

At the start of 2013, Repsol began commercial production at the giant Sapinhoá field in Brazil, which will reach an output of 120,000 barrels of oil equivalent in the first development phase.

Repsol's crude realization prices increased 5.7%, against a 0.4% rise in Brent, and the company's gas realization prices improved 5.7% compared with a 30% decline in the Henry Hub price.

Operating investments during the year totalled 2.423 billion euros, 34% higher than the previous year. Of the total, 60% was spent on development, mainly in the US, Brazil, Trinidad & Tobago, Venezuela and Bolivia. A further 18% was spent on exploration, mainly in the US, Peru and Brazil.

The LNG business's operating income was 535 million euros in 2012. In accordance with the strategic goal of asset divestments, Repsol on February 26, 2013 agreed to sell LNG assets to Shell for $6.653 billion,

DOWNSTREAM: BETTER EARNINGS DUE TO THE INVESTMENTS IN CARTAGENA AND BILBAO

The Downstream unit's operating income was 1.013 billion euros in 2012, a 14.3% decline. At current cost of supply, operating income improved 34.8% to 1.012 billion euros.

The investments made to improve the Cartagena and Bilbao refineries allowed the company to compensate for lower sales volumes in forecourts and a worsening in the chemicals business. The expansion of the two refineries, which was completed at the end of 2011, resulted in increased production and refining margins which improved 231% to $5.3/barrel.

The last quarter of the year saw the consolidation of the decreasing trend in fuel sales. For the whole year, sales fell by 9.1% in Spanish forecourts. This decrease, together with other variations in businesses, had a negative effect on the unit's earnings of 61 million euros during the year added to a worse performance from the petrochemicals business.

Operating investment in the Downstream unit was 666 million euros, considerably less than the same period of 2011 as a result of the completion of the expansion and conversion projects in the Cartagena and Bilbao refineries.

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GAS NATURAL FENOSA

The operating income of Gas Natural Fenosa was 920 million euros for 2012, in a period marked by higher wholesaler gas sales margins and improved results in Latin America, which partially offset the impact on the earnings of the electricity business in Spain of the Royal Decree-Law 13/2012.

Gas Natural Fenosa's operating investment during the first nine months of 2012 was 432 million euros. Material investment was centred on gas and electricity distribution in Spain and in Latin America.

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"As a result of the expropriation process of YPF S.A. and YPF Gas, S.A. shares (formerly known as Repsol YPF Gas, S.A.) held by the Repsol Group, the financial information for the January-December 2011 period, unless stated otherwise, has been restated for comparison purposes in accordance with applicable accounting standards. The accounting standards applied for recording the effects of the expropriation process are described in Note 3 (Changes in the Group's structure) in the interim consolidated financial statements at 30 June 2012, filed with the Spanish Securities Exchange Commission (Comisión Nacional del Mercado de Valores) on 26 July 2012."

REPSOL CONTINUED OPERATIONS RESULTS
(Million Euros)
Unaudited figures – Excluding YPF

	January – December		Change
	2011	2012	%
Net income	1,657	1,890	14.1
Operating income	3,549	4,286	20.8
Recurrent net income	1,579	1,966	24.5
Recurrent operating income	3,397	4,322	27.2

REPSOL SUMMARISED INCOME STATEMENT
(Million Euros)
(Unaudited figures) (IFRS)

	January – December		Change
	2011	2012	%
EBITDA	**5,494**	**6,956**	**26.6**
Operating revenue	52,637	59,593	13.2
Operating income	3,549	4,286	20.8
Financial expenses	(862)	(857)	0.6
Share in income from companies carried by the equity method-Net of tax	72	117	62.5
Income before income tax	2,759	3,546	28.5
Income tax	(991)	(1,581)	(59.5)
Income for the period from continued operations	1,768	1,965	11.1
Income attributable to minority interests from continued operations	(111)	(75)	32.4
NET INCOME FROM CONTINUED OPERATIONS	**1,657**	**1,890**	**14.1**
Net income from interrupted operations (*)	536	170	(68.3)
NET INCOME	**2,193**	**2,060**	**(6.1)**

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(*) Includes income net of tax and from external partners contributed by YPF S.A., YPF Gas S.A. and their participated companies in each period and the loans made to Petersen as well as the effects of the expropriation of the shares in YPF S.A. and YPF Gas S.A.

BREAKDOWN OF REPSOL OPERATING PROFIT, BY BUSINESSES

(Million Euros)

(Unaudited figures) (IFRS)

	January - December		Change
	2011	2012	%
Upstream	1,413	2,208	56.3
LNG	386	535	38.6
Downstream	1,182	1,013	(14.3)
Gas Natural Fenosa	887	920	3.7
Corporate & adjustments	(319)	(390)	(22.3)
TOTAL	**3,549**	**4,286**	**20.8**

OPERATING HIGHLIGHTS

(Unaudited figures)

	January – December		Change
	2011	2012	%
Oil and gas production (Thousand boepd)	299	332	11.3
Crude processed (million tons)	31.5	36.9	17.2
Sales of oil products (Thousand tons)	37,805	42,744	13.1
Sales of petrochemical products (Thousand tons)	2,659	2,308	(13.2)
LPG sales (ex YPF Gas) (Thousand tons)	2,698	2,537	(6.0)

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REPSOL COMPARATIVE BALANCE SHEET

(Million Euros)

(Unaudited figures) (IFRS)

	DECEMBER 2011	DECEMBER 2012
NON-CURRENT ASSETS		
Goodwill	4,645	2,678
Other intangible assets	3,138	2,836
Property, plant & equipment	36,759	28,227
Investment property	24	25
Equity-accounted financial investments	699	737
Non-current assets classified as held for sale subject to expropriation	-	5,392
Non-current financial assets	2,450	1,313
Deferred tax assets	2,569	3,310
Other non-current financial assets	344	242
CURRENT ASSETS		
Non-current assets classified as held for sale	258	340
Inventories	7,278	5,501
Trade and other receivables	9,222	7,781
Other current assets	220	221
Other current financial assets	674	415
Cash and cash equivalents	2,677	5,903
TOTAL ASSETS	**70,957**	**64,921**
TOTAL EQUITY		
Attributable to equity holders of the parent	23,538	26,702
Attributable to minority interests	3,505	770
NON-CURRENT LIABILITIES		
Subsidies	118	61
Non-current provisions	3,826	2,258
Non-current financial debt	15,345	15,300
Deferred tax liabilities	3,839	3,063
Other non-current liabilities	3,682	3,457
CURRENT LIABILITIES		
Liabilities associated with non-current assets held for sale	32	27
Current provisions	452	291
Current financial debt	4,985	3,790
Trade and other payables	11,635	9,202
TOTAL LIABILITIES	**70,957**	**64,921**

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