



REPSOL INTERNATIONAL FINANCE B.V.

(A private company with limited liability incorporated under the laws of The Netherlands and having its statutory seat (statutaire zetel) in The Hague)

EURO 10,000,000,000

Guaranteed Euro Medium Term Note Programme

Guaranteed by

REPSOL, S.A.

(A sociedad anónima organised under the laws of the Kingdom of Spain)

This supplement (the **Supplement**) to the base prospectus dated 25 October 2012 (as previously supplemented on 15 November 2012, the **Base Prospectus**), constitutes a supplement, for the purposes of Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter 1 of Part II of the and *loi relative aux prospectus pour valeurs mobilières du 10 juillet 2005* (the Luxembourg law on prospectuses for securities of 10 July 2005), as amended by the Luxembourg law of 3 July 2012 (the **Luxembourg Act**), to the Base Prospectus and is prepared in connection with the EURO 10,000,000,000 Guaranteed Euro Medium Term Note Programme established by Repsol International Finance B.V. (the **Issuer**) and guaranteed by Repsol, S.A. (the **Guarantor**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with the Base Prospectus issued by the Issuer and the Guarantor.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The information incorporated by reference to the Base Prospectus by virtue of this Supplement has been translated from the original Spanish.

The Dealers, the Trustee and the Arranger have not separately verified the information contained in the Base Prospectus, as supplemented by this Supplement. None of the Dealers or the Arranger or the Trustee makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in the Base Prospectus, as supplemented by this Supplement.

Risk Factors

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in connection with **Section “RISK FACTORS”** to replace the information contained under “**Uncertainty in the economic context**” in pages 16 and 17 of the Base Prospectus; “**International benchmark crude oil prices and demand for crude oil may fluctuate due to factors beyond Repsol’s control**” in page 17 of the Base Prospectus; “**Repsol is subject to extensive environmental regulations and risks**” in page 18 of the Base Prospectus; and “**Liquidity Risk**” in page 21 of the Base Prospectus with the following information in order to provide with the information obtained from the latest published financial statements:

“Uncertainty in the economic context

The slow economic recovery of the industrialized countries is leading to an increase in long-term unemployment in many countries, thus incurring high economic and social costs. Additionally, although the European Union has made significant institutional reforms, among which is the agreement towards European banking union, the doubts about the irreversible status of the euro have not disappeared entirely, although have decreased substantially. Therefore, short-term uncertainties remain high.

In July, an unambiguous defense by the European Central Bank of the irreversibility of the Euro and the announcement of its willingness to buy government bonds of distressed member states, under certain conditions, produced an important turning point in the in the eurozone crisis. At the same time, the successful negotiations to prevent the fiscal cliff in the U.S.A., reduced uncertainty in the markets, allowing a recovery of confidence and an increase of risk appetite.

European banks, given the difficulties to recapitalize in the market, have been forced to reduce its assets and hinder new loans. The lack of credit for the private sector and for new projects is feeding back on the recession cycle affecting the eurozone. These difficulties are not unique to the eurozone, the United Kingdom, United States and Japan must also recover their economic growth in an extremely adverse scenario marked by the need for progress on fiscal consolidation and with a financial system this is undergoing full recapitalization and restructuring.

Persistent pressure on the sustainability of government finances in advanced economies has led to strong tensions in credit markets, and could prompt fiscal reforms or changes in the regulatory framework of the oil and gas industry. Finally, the economic-financial situation could have a negative impact on third parties with whom Repsol does or could do business. Any of the factors described above, whether in isolation or in combination with each other, could have an adverse effect on the financial position, businesses, or results from Repsol operations.”

“Potential fluctuations in international prices of crude and reference products and in demand owing to factors beyond Repsol's control

World oil prices have fluctuated widely over the last ten years and are driven by international supply and demand factors over which Repsol has no control. The world oil market and oil prices are swayed heavily by political developments throughout the world (especially in the Middle East); the evolution of stocks of oil and derivatives, the circumstantial effects of climate changes and meteorological phenomena, such as storms and hurricanes that particularly strike the Gulf of Mexico; the evolution of technology and greater energy efficiency; spikes in demand in countries with strong economic growth, such as China and India; major world conflicts, as well as the political instability and threat of terrorism that periodically affect certain producing areas; and also, the risk that the supply of crude oil may be wielded as a political weapon. In 2012, Brent crude oil prices averaged \$111.67 per barrel, as opposed to an average of \$72.05 per barrel reported over the 2003-2012 period. In that decade, the average annual maximum was \$111.67 per barrel registered in 2012, and the annual average minimum price was \$28.83, in 2003. In 2011, the range of prices for crude oil (Brent) stood between approximately \$94 and \$126 per barrel, while in 2012 was between approximately \$89 and \$128 per barrel. In 2012 the average dollar/euro exchange rate stood at 1.28, compared to an average of 1.39 in 2011.

International oil prices and demand for crude oil may also fluctuate significantly during economic cycles.

International product prices are influenced by the price of oil and the demand for products, therefore, the international prices of crude and products affect the refining margin.

Reductions in oil prices negatively affect Repsol's profitability, the value of its assets and its plans for investment, including projected capital expenditures related to exploration and development activities. Similarly, a significant drop in capital investment could negatively affect Repsol's ability to replace its crude oil reserves. All this could adversely affect the business, financial position and results of operations of the Repsol Group”

“Repsol is subject to extensive environmental and safety regulations and risks

Repsol is subject to extensive environmental and safety laws and regulations in practically all the countries where it operates, which regulate, among other matters affecting the Group's operations, environmental quality standards for products, air emissions and climate change, energy efficiency, water discharges, remediation of soil and groundwater, and the generation, storage, transportation, treatment and final disposal of waste materials and safety.

In particular, and due to concerns over the risk of climate change, a number of countries have adopted, or are looking into adopting, new regulatory requirements to reduce greenhouse gas emissions, such as carbon taxes, increasing efficiency standards, or adopting emissions trading schemes. These requirements could make Repsol's products more expensive as well as shift hydrocarbon demand toward relatively lower-carbon sources, such as renewable energies. In addition, compliance with greenhouse gas regulations may also require Repsol to upgrade its facilities, monitor or sequester emissions or take other actions that may increase the cost of compliance.

These laws and regulations have had and will continue to have an impact on Repsol's business, financial situation and results of operations."

"Liquidity risk.

Liquidity risk is associated with the Group's ability to finance its obligations at reasonable market prices, as well as being able to carry out its business plans with stable financing sources. Repsol keeps, in line with its prudent financial policy, resources available to cover 76% of its entire gross debt (or 63% of such debt including preference shares). If Gas Natural Fenosa is excluded, Repsol has resources sufficient to cover 93% of its entire gross debt (and 71% of such debt including preference shares)."

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in connection with **Section "Risk Factors – 1. Risk Factors relating to the Issuer and/or the Guarantor – OPERATIONAL – RELATED RISKS"**, pages 15-20 of the Base Prospectus, to add at the end of this section a new risk factor under the name of **"Projects and operations developed through joint ventures and partnerships"** with the following text:

"Projects and operations developed through joint ventures and partnerships.

Many of the Repsol Group's projects and operations are conducted through joint ventures and partnerships. In those cases where Repsol does not act as the operator, its ability to control and influence the performance and management of the operations, and to identify and manage risks is limited. Additionally, there is a possibility that one of Repsol's partners or another member in a joint venture or associated company fails to comply with its financial obligations or incurs in another breach that could affect the viability of a project."

Legal and Arbitration Proceedings

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, to replace the information contained in **Section "LEGAL AND ARBITRATION PROCEEDINGS"** (page 67 to 73 of the Base Prospectus) with the following information:

"Proceedings initiated as a consequence of the expropriation of the Repsol Group's shares in YPF S.A. and YPF Gas S.A.

On April 16, 2012, Argentina's President announced to the country the expropriation of 51% YPF S.A.'s Class D shares of the main Argentinean oil company, which were held, by the Spanish Repsol Group. Days later, the expropriation was extended to 60% of Repsol Group's stake in the Argentinean company YPF Gas S.A., a butane and propane gas distributor. This participation represents 51% YPF Gas S.A.'s share capital. In addition, on April 16, the Argentinean government ordered takeover the officers and members of the management committee, were forcibly expelled and company management was seized (Decreets 530 and 557). Meanwhile, within 21 days, an exceptional law was passed regarding the expropriation of YPF and YPF Gas shares held by the Repsol Group. Expropriation Law N° 26.741). Law 26.741 apart from declaring the public interest of such shares and therefore subject to expropriation, and also set forth the temporary seizure by the National Executive Power of, all the intrinsic rights associated with the portion of Repsol's shares subject to expropriation. Neither court decision was previously rendered, nor prior compensation or consignment for the value of the affected shares were offered.

Despite declaring that "the self-supply, exploration, exploitation industrialization, transportation, and commercialization of hydrocarbon are of national public interest", the aforementioned "temporary" seizure and subsequent expropriation only affects YPF S.A. and YPF Gas S.A. No other Argentine oil companies are affected.; Besides, the Repsol Group is the only negatively-affected, and no other shareholder.

Under the Agreement for the Reciprocal Promotion and Protection of Investments signed between Spain and Argentina in 1991, the Argentinean government committed to protect investments made by investors from the other country, Spain (article III.- Section 1): not to disrupt the management, maintenance or use of such investments

throughout unjustified or discriminatory measures, and to grant fair and equitable treatment of investments made by Spanish investors (article IV.- Section 1). Additionally, Argentina committed not to act in a discriminatory manner when nationalizing or expropriating Spanish investments and compensate expropriated investors with an adequate consideration in convertible currency without any unjustified delay (article V). In addition, Argentina undertook the obligation to grant Spanish investors most favorable treatment it had granted to any foreign investors (article IV.- Sections 1 and 2).

On the other hand, article 17 of the Argentine Constitution establishes that “property is inviolable, and no inhabitant of the State can be deprived of it except by virtue of a sentence grounded in law. Expropriation for purposes of public interest must be qualified by law and compensated prior to the expropriation. [...] No armed body may make requisitions, or demand assistance of any kind”. Furthermore, article 20 states that: “Foreigners enjoy in the territory of the Nation all the civil rights of a citizen; they may engage in their industry, trade or profession, own, purchase or transfer real estate property [...]”.

Moreover, at the time of YPF S.A.'s privatization, and for the purpose of attracting foreign investors, in 1993 the Argentine government amended YPF S.A.'s bylaws. The aim of this amendment grant investors with a 100% tender offer if the government or any other interested party should intend to gain control of YPF S.A. or acquire 15% or more of YPF share capital. share price under the tender offer should be calculated in accordance with a determined formula established in Articles 7 and 28 of the YPF by-laws and published in the YPF prospectus filed with the U.S. Securities and Exchange Commission (SEC). Until this happens, according to YPF S.A.'s by-laws Argentinean government's interest in YPF cannot be counted for purposes of reaching a quorum in YPF S.A.'s shareholder meetings thus no voting or economic rights will accrue to the Argentinean government either.

The Repsol Group considers that the above-mentioned expropriations processes are illegitimate and will initiate all pertinent legal actions to defend its rights and interests as well as to obtain full compensation for the severe damages suffered.

The most relevant legal steps taken are as follows:

1.- Dispute under the Agreement for the Reciprocal Promotion and Protection of Investments.

On May 10, 2012, Repsol, S.A. and Repsol Butano, S.A. addressed Argentina's President the formal dispute notification regarding the expropriation of Repsol's controlling participation in YPF S.A. and YPF Gas S.A. and other related acts. This notification opened a negotiation period for reaching an out-of-court settlement according to the Agreement on the Reciprocal Promotion and Protection of Investments between the Kingdom of Spain and the Republic of Argentina. Since then, Repsol, S.A. and Repsol Butano, S.A. have insisted in their petition for having amicable conversations; however, the Argentine government has declined to meet with Repsol Group representatives on several occasions, alleging different formal excuses.

On December 3, 2012, once 6 months period had elapsed since the controversy regarding the expropriation of YPF S.A. and YPF Gas S.A.'s shares, was notified to the Argentine government, Repsol, S.A., and Repsol Butano, S.A. filed with the International Center for Settlement of Investment Disputes (ICSID), the request for against the Argentinean Republic grounded on the violation of the Reciprocal Promotion and Protection of Investments between the Kingdom of Spain and the Republic of Argentina signed on October 3, 1991.

The above request for arbitration summarizes fact and legal issues to be taken into consideration. On December 18, 2012, the ICSID registered the request for arbitration. The constitution of the Arbitration Tribunal is still pending. Once it has been constituted, parties shall submit their written memos with complete allegations on the matter. Those written memos will specify the compensation and damages that Repsol, S.A. and Repsol Butano, S.A. will claim to the Argentine government; notwithstanding that the parties may cease this proceeding at any time by reaching an agreement.

Repsol considers it has solid legal arguments to claim to restitution of the expropriated shares, as well as a right to receive adequate compensation for the damages caused by the Argentine government as a result of the expropriation of YPF S.A. and YPF Gas S.A.

2.- Lawsuit claiming the unconstitutionality of the intervention in YPF and YPF Gas by the Argentinean government and the “temporary seizure” of rights over 51% of Shares of YPF S.A. and YPF Gas S.A. held by Repsol.

On June 1, 2012, Repsol filed two lawsuits (regarding YPF S.A. and YPF Gas S.A.) before the Argentinean courts requesting declaration of unconstitutionality: (i) of articles 13 and 14 of Law n° 26,741 (“Expropriation

Law”) and any other regulation, resolution, act, investigation and/or action issued and/or performed under these regulations as being in clear violation of articles 14, 16, 17, 18 and 28 of the Argentinean Constitution; (ii) of PEN Decree N° 530/2012, PEN Decree 532/2012, and PEN Decree 732/2012 (taken together, the “Decrees”), and any other regulation, resolution, act, investigation and/or action issued and/or performed under the Decrees as standing in violation of articles 1, 14, 16, 17, 18, 28, 75, 99 and 109 of the Argentinean Constitution. Certain injunctive relief that was also requested was dismissed. This matter should be ruled by the Federal Contentious Administrative jurisdiction. With respect to the injunctive relief requested in connection with YPF Gas S.A., the Court of Appeals dismissed the appeal filed by the Repsol Group against first instance dismissal of the requested injunctive relief. The Repsol Group requested the remission of the lawsuit which was finally notified to the Presidential General National Secretary. The next step would be the reply to the lawsuit by Argentinean government before the April 4, 2013 deadline.

The Repsol Group considers it has solid arguments for the Argentine courts to rule the takeover and temporary seizure of YPF is unconstitutional.

3.- “Class Action Complaint” filed before the District of New York Southern regarding the Argentinean government’s failure to comply with its obligation to launch a tender offer for YPF shares before taking control of YPF.

On May 15, 2012, Repsol and Texas Yale Capital Corp. filed a class action complaint in the Southern District of New York (in defense of interests of holders of Class D YPF shares, excluding those shares subject to expropriation by the Argentine government). The purpose of the lawsuit is: (i) to establish the obligation of the Argentine government to launch a tender offer for Class D shares on the terms defined in YPF’s by-laws, (ii) to declare that the shares seized without a tender offer are void of voting and economic rights; (iii) to order the Argentinean government to refrain from exercising voting or economic rights over the shares seized until it launches a tender offer; and (iv) that the Argentinean government indemnify the damages caused by its failure to comply with its obligation to launch a tender offer (the damages claimed have not been quantified yet in the proceedings).

This lawsuit against the Argentine government is currently at the serving of process to the Argentine Government.

Repsol considers that it has solid arguments for the recognition of its corresponding rights to the YPF shares that have not been expropriated.

4.- Lawsuit filed with the Southern District Court of New York for the failure of YPF to present form 13D as obliged by the Securities and Exchange Commission (SEC) due to intervention by the Argentinean Government.

On May 12, 2012, Repsol filed a lawsuit with the New York Southern District Court of New York requesting that the Argentinean government shall be requested to comply with its reporting requirements in conformity with section 13(d) of the U.S. Securities Exchange Act. This section requires that whoever acquires direct or indirect control over more than 5% of a share class in a company listed in the USA, report certain information (through a 13D form) including the number of shares controlled; the source and amount of funds to be used for the acquisition of these shares; information on any contracts, agreements, or understandings with any third party regarding the shares of the company in question; and the business and governance plans the controlling entity has with respect to this company.

This lawsuit was served to the Argentine Government. Currently, it is being discussed whether the case has enough legal grounds in order to determine if US courts have jurisdiction to rule over this case (“Motion to Dismiss”).

Repsol considers that it has solid legal arguments for its claim to be recognized.

Other legal and arbitration proceedings

At December 31, 2012, Repsol’s consolidated balance sheet included litigation provisions for a total amount of €57 million (excluding tax risk provisions described in Note 25 “Tax Situation” under “Other tax related disclosures” to the 2012 consolidated financial statements).

Companies in Repsol Group may be a party in certain legal or arbitration proceedings in the ordinary course of its business. The following is an overview of the most relevant proceedings updated to the closing date of these consolidated financial statements.

As a result of the YPF group expropriation, the proceedings cited below do not include any legal proceedings in the United States of America and Argentina in which only YPF S.A. or YPF subsidiaries were named as defendants.

Argentina

Claims brought by former YPF employees (Share Ownership Plan)

A former employee of YPF (prior to its privatization, in 1992) who was excluded from the National YPF Employee Share Ownership Plan (PPP for its acronym in Spanish) set up by the Argentine government, filed a claim in Bell Ville (Province of Cordoba, Argentina) against YPF S.A. and Repsol to seek recognition of his status as a shareholder of YPF S.A. In addition, the so called "Federation of Former Employees of YPF" joined the lawsuit acting on behalf of other former employees excluded from the PPP. Repsol acquired its ownership interest in the capital of YPF S.A. in 1999.

The Bell Ville Federal Court of First Instance initially granted a preliminary injunction (the Preliminary Injunction) as requested by the plaintiff, ordering that any sale of shares of YPF or any other transaction involving the sale, assignment or transfer of shares of YPF carried out either by Repsol or by YPF, shall be suspended, unless the plaintiff and other beneficiaries of the PPP (organised in the Federation of Former Employees of YPF) were involved or participated in such transactions. YPF and Repsol filed an appeal against this decision in the Cordoba Federal Court. The Federal Court of First Instance allowed the appeal and suspended the effects of the Preliminary Injunction. Simultaneously, in March 2011, the Buenos Aires Contentious Administrative Federal Judge reduced the Preliminary Injunction to only 10% of the ownership participation interest held by Repsol in the capital of YPF. In other words, Repsol is allowed to freely dispose of its shares in YPF provided that Repsol continues directly or indirectly owning at least 10% of the share capital of YPF. According to the jurisprudence of the Federal Supreme Court of Argentina (upholding numerous decisions of the relevant Courts of Appeals), neither both companies are likely to be held liable for claims of this nature related with the PPP. In accordance with Law 25,471, the National Government of Argentina assumed sole responsibility for the matter and for any compensation that may be payable to former employees of YPF who were excluded from the PPP, under the procedure established therein. On July 21, 2011, the judge of the First Instance upheld the claim of lack of jurisdiction made by YPF and Repsol and ordered to transfer the case to the Federal Courts in the autonomous city of Buenos Aires. This decision was confirmed by the Court of Appeals on December 15, 2011. The aforementioned Court overruled the decision handed down by the judge in the Court of First Instance of Bell Ville, limiting it to only 10% of the shares owned by Repsol, S.A. which their ownership is claimed by the plaintiffs. The ruling is final. In April 2012, the dossier was based with the National for Federal Contentious Administrative No. 12 which resolved on May 30, 2012 to transfer the Karcz case to the National Court of First Instance No. 9 with Jurisdiction in Federal Civil and commercial matters. The plaintiff appealed this decision which was upheld on August 23, 2012. On February 5, 2013, the Federal Court of Appeals on Contentious Administrative Matters found the Federal Civil and Commercial No.9 jurisdiction to be competent and the case to be transferred to it. On the other hand, on August 23, 2012, a writ was filed in this dossier requesting the inhibition of the Judge presiding over the Labor Court of First Instance of Rio Grande in the suit filed by López, Osvaldo Federico et al. against Repsol, S.A. in the terms of the preliminary injunction defined below (Dossier No. 4444). The National Court for Federal Contentious Administrative decided not to rule these matters until the jurisdiction matters were resolved.

Preliminary injunction filed by López, Osvaldo Federico and others against Repsol, S.A. (Dossier n° 4444)

Through at the information included in a "relevant event" published by YPF S.A. on April 26, 2012, Repsol became aware of the existence of a injunctive relief of "no innovation" ("medida cautelar de no innovar" in Argentine legal terminology) issued on April 20, 2012 and served to YPF S.A., currently going before the Labor Court of First Instance of Rio Grande, Tierra de Fuego Province; such injunction order a suspension of the exercise of the voting and economic rights envisaged in YPF S.A.'s bylaws with respect to the 45,215,888 ADSs each representing one common Class D share of YPF S.A. sold by Repsol in March 2011, until the nullity alleged is solved. On May 30, 2012, Repsol appeared before the court to file a motion to reverse the injunction with an alternatively appeal against it included.

Subsequently, through the information included in a "relevant event" published by YPF on June 1, 2012, Repsol became aware of a ruling handed down on May 14, 2012 modifying the injunction and replacing it with the unavailability of any funds that Repsol may receive as payment for the expropriation of its shares, which will be determined for these purposes by the National Appraisal Tribunal. Such ruling indicates that the previous injunction has ceased to be effective, which means that the holders of those shares can freely exercise their intrinsic rights. On June 18, 2012, Repsol file a motion to reverse the modification of the injunction referred above with an alternatively appeal against it included.

On August 31, 2012, the judge rejected Repsol's motion to reverse with an alternative appeal against resolutions dated on April 20, 2012 and May 14, 2012; Repsol also lodged an appeal against that decision, which was also dismissed. Repsol filed a motion to reverse the injunction. It has been ordered the transfer of the proceedings to the Court of Appeals.

On the other hand, Repsol received notification of the lawsuit filed in relation to López, Osvaldo Federico et al. against Repsol, S.A. (Dossier 4440) on June 25, 2012, and replied to it on August 28, 2012. On September 20, 2012, the judge overruled, among others, Repsol's arguments of lack of jurisdiction and incapacity to act; Repsol filed an appeal against this decision which was dismissed. The Federal Court of Appeals is now evaluating Repsol's appeal.

Claim filed against Repsol and YPF by the Union of Consumers and Users

The plaintiff claims the reimbursement of all the amounts the consumers of bottled LPG were allegedly charged in excess from 1993-2001, corresponding to a surcharge for such product. The claim is based on the fine imposed on YPF S.A. during the period 1993 - 1997, by the Secretariat of Industry and Commerce through its resolution of March 19, 1999. It should be noted that Repsol has never participated in the LPG market in Argentina and that the fine for abusing a dominant position was imposed on YPF S.A. and, moreover, it has been alleged that the action is barred by the applicable statute of limitations. The evidence phase has commenced and is currently in process. The claim amounts to 91 million Argentine Pesos (€17 million) for the 1993-1997 period. The updated amount would increase to 365 million Argentine Pesos (€66 million), to which the amount corresponding to the 1997-2001 period should be added, as well as accrued interest and expenses.

United States of America

Passaic River and Newark Bay cleanup lawsuit

This section discusses certain environmental contingencies as well as the sale by Maxus Energy Corporation ("Maxus") of its former petrochemicals subsidiary, Diamond Shamrock Chemical Company ("Chemicals") to a subsidiary of Occidental Petroleum Corporation ("Occidental"). Maxus agreed to indemnify Chemicals and Occidental for certain liabilities relating to the business and activities of Chemicals prior to September 4, 1986 (the Closing Date), including certain environmental liabilities relating to certain chemical plants and waste disposal sites used by Chemicals prior to the Closing Date. In 1995, YPF S.A. acquired Maxus and in 1999, Repsol acquired YPF S.A.

In December 2005, the Department of Environmental Protection (the DEP) and the New Jersey Spill Compensation Fund sued Repsol YPF S.A. (now denominated Repsol, S.A.), YPF S.A., YPF Holdings Inc., CLH Holdings Inc., Tierra Solutions Inc., Maxus Energy Corporation, as well as Occidental Chemical Corporation. In August 2010, the lawsuit was extended to YPF International S.A. and Maxus International Energy Company. This is a claim for damages in connection with the contamination allegedly emanating from the former facility of Diamond Shamrock Chemical Company and allegedly contaminating the Passaic River, Newark Bay, and other nearby water bodies and properties (the Passaic River/Newark Bay litigation).

In February 2009, Maxus and Tierra included another 300 companies in the suit (including certain municipalities) as third parties since they could be potentially liable.

The DEP has not quantified the damage, but:

a) argued that the limit of 50 million dollars (37 million euros) in damages under New Jersey law would not apply to the case;

b) claims it had incurred approximately \$113 million (€85 million) in costs in the past in clean-up and removal work and that it is looking for additional damages of between \$10 million and \$20 million (between €7 million and €15 million) to finance a study to assess damages to the natural resources (the Natural Resources Damages Assessment); and

c) indicates to Maxus and Tierra that it is working on financial models outlining costs and other financial impacts, unknown at the time of the claims.

In October 2010, some of the defendants presented several motions to sever and stay, which would have had the effect of allowing the New Jersey DEP to take their case against the direct defendants. However, these motions were dismissed. Furthermore, other third parties presented motions to dismiss to be excluded from the proceedings. However, these motions were also dismissed in January 2011.

In May 2011, the court issued Case Management Order XVII (CMO XVII), which set forth the trial plans (the Trial Plans), dividing them in different trial tracks.

In accordance with the expected Trial Plan, the State and Occidental filed the corresponding motions (“motions for summary judgment”). On these motions, the court ruled as follows: (i) Occidental is the legal successor of any liabilities incurred by the corporations previously known as Diamond Alkali Corporation, Diamond Shamrock Corporation and Chemicals; (ii) the court denied the State’s motion, without prejudice, insofar as it sought a ruling that factual findings made in the Aetna litigation should be binding in this case on Occidental and Maxus based on the doctrine of collateral estoppel; (iii) the court ruled that Tierra has Spill Act liability to the state based merely on its current ownership of the Lister Avenue site; and (iv) the court ruled that Maxus has an obligation under the 1986 stock purchase agreement to indemnify Occidental for any Spill Act liability arising from contaminants discharged from the Lister Avenue site.

Subsequently, and in accordance with the Trial Plan, the state and Occidental presented new motions for summary judgment against Maxus. On May 21, 2012, the court ruled the following on these motions: (i) Maxus could not respond as successor to Old Diamond Shamrock. In its findings, the court determined Occidental as the true successor; however, it is open to a subsequent analysis of succession, if the existence of punitive damages is determined later in the process; (ii) the terms of the indemnity agreement between Maxus and Occidental cannot be reinterpreted, and therefore, as the State of New Jersey is not a party in such agreement, it may not claim indemnity directly from Maxus; and (iii) Maxus may be considered Tierra’s alter ego. In order to reach this conclusion, the court pointed out that for all effects and purposes, Tierra is a corporate shell designed to avoid historical responsibility. Accordingly, since Maxus is considered Tierra’s alter ego, the court determined Maxus as equally responsible as Tierra under the Spill Act.

The judge modified the procedural calendar, to set a trial date during February, 2014.

Based on the available information at the date of these consolidated financial statements, and considering the estimated time remaining for conclusion of the lawsuit and the results of investigations and/or proof obtained, it is not possible to reasonably estimate the amount of the eventual liabilities arising from the lawsuit.

Brazil

The Group is party to administrative claims instigated by the Brazilian authorities concerning certain formalities in connection with the importation and circulation of industrial equipment for the exploration and production of hydrocarbons in fields that are not operated by the Group. The amount of such claims that could be allocated to the Repsol Group on account of its investments in non-operating consortia would total €146 million.

Ecuador

Complaint filed by Ecuador TLC (Petrobras)

Ecuador TLC, S.A. (Petrobras) (“Ecuador TLC”) filed a claim against Repsol Ecuador S.A. (Ecuador Branch), Murphy Ecuador Ltd. - Amodaimi (“Murphy”) and Canam Offshore Ltd. (“Canam”) with the International Center for Settlement of Investment Disputes (ICSID) regarding the Transportation Agreement between the plaintiff company and Murphy Ecuador Limited and Canam Offshore Ltd and other related claims. On November 16, 2012, the Arbitration Court handed down a procedural order declaring that the lawsuit filed by Ecuador TLC against Repsol Ecuador, as well as Repsol Ecuador’s corresponding counterclaim against Ecuador TLC did not fall under its jurisdiction; thus, Repsol Ecuador is no longer involved in this arbitration proceeding.”

Business description – Recent Development

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, to replace the information contained in Section “**BUSINESS DESCRIPTION – 8. Recent developments**” in page 65 of the Base Prospectus with the following information:

“- On December 27, 2012 Law 16/2012 was passed, enacting several fiscal measures designed to further the consolidation of public finances and to shore up economic activity. One of the measures passed provides the Group’s Spanish companies with the choice of revaluating their balance sheets. The Spanish Audit and Accounting Institute (ICAC), in a resolution issued on January 31, 2013, has ruled that the balance sheet revaluation, if made, must be recognized in the Group’s Spanish companies’ individual financial statements for the financial year 2013. The tax impact would also be recognized in 2013. Repsol is currently evaluating what impact such a restatement would have on the Group’s consolidated financial statements. As a result, the accompanying 2012 consolidated financial statements do not include any effect whatsoever deriving from this potential restatement.

- On January 9, 2013, Gas Natural Fenosa issued a 10-year bonds of €600 million (€180 million stated at the Group's ownership interest in Gas Natural Fenosa). The bonds carry an annual coupon of 3.875% and were issued at 99.139% of par. The bonds were issued under the Euro Medium Term Notes (EMTN) program, which had been renewed in November 2012. In addition, on January 14, 2013, Gas Natural Fenosa placed a 250 million Swiss franc bond issue in the Swiss market (75 million Swiss francs stated at the Group's ownership interest in Gas Natural Fenosa). The bonds carry an annual coupon of 2.125% and mature in February 2019.

- On January 24, 2013, Repsol Exploración Karabashky B.V. sold Eurotek to AR Oil and Gaz, B.V. (AROG) for \$315 million; this investment had been classified as a non-current asset held for sale ever since it was acquired in December 2011 (Note 12). This sale is the last milestone of an agreement signed in December 2011 by Repsol and Alliance Oil concerning the incorporation of AROG, by virtue of which the Group acquired 49% of AROG in 2012 (Note 31).

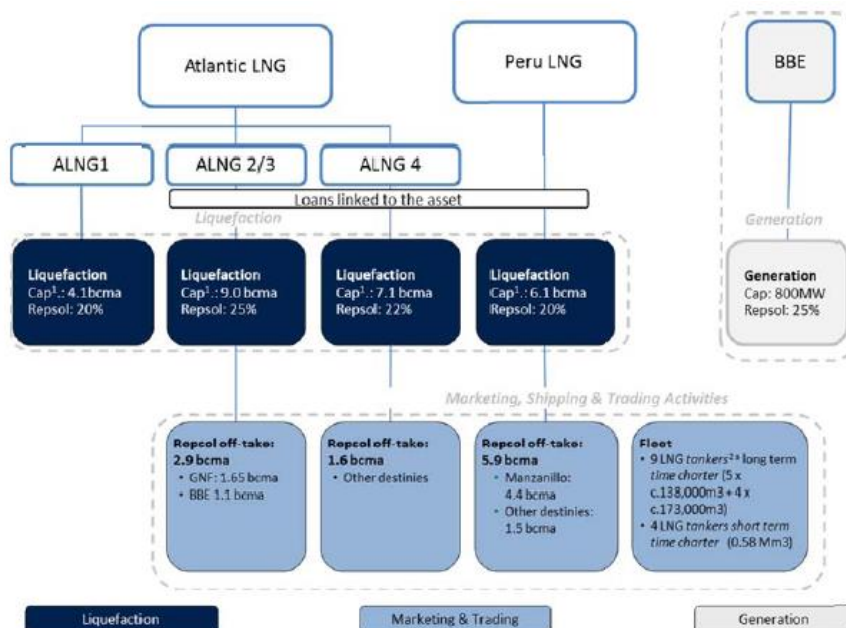
- With effect from February 9, 2013, Venezuela set new rates of exchange for the bolivar against the US dollar. The exchange rate prevailing until that date, of 4.30 bolivars per US dollar, has been modified to 6.30 bolivars per U.S. dollar. The impact on the Group's net income in 2013 has been initially estimated at \$158 million. Management is in the process of assessing the scope of the currency rules and their impact on Repsol's businesses in Venezuela. Nevertheless, since these businesses' functional currency is the U.S. dollar, the new exchange rates are expected to have a positive impact on operating cash flows.

- On February 23, 2013, was published Legislative-Royal Decree 4/2013 on measures to support entrepreneurs and stimulate growth and job creation which gathers a series of measures affecting the oil and gas retail and wholesale markets in an attempt to increase effective competition in the sector. The following measures stand out: (i) stepping-up of the logistics and storage facility oversight regime; (ii) establishment of measures designed to foster and simplify the installation of new petrol stations in commercial and industrial centres and areas; (iii) a ban on restrictive clauses that establish, recommend or affect, directly or indirectly, retail fuel prices; (iv) a reduction in the terms of the contracts referred to in the legislation as exclusive supply agreements to one year, extendable to three years at the behest of the distributor; (v) establishment of a term of one year for adapting the affected contracts to reflect the foregoing modifications; (vi) imposition of a transitory limit on growth in the number of oil product retail outlets with respect to the main operators in each province (those with a market share in a given province of over 30% in terms of the number of outlets); and (vii) the downward revision of the biofuel mix targets. Management is in the process of assessing the scope of this new legislation and its impact on the Repsol Group's business operations in the future.

- On 26 February 2013, Repsol has signed an agreement with Shell to sell its liquid natural gas (LNG) assets and businesses.

The LNG's Repsol business includes the (i) Repsol Group's shareholding in the liquefaction plants in Trinidad and Tobago (Atlantic LNG) and Peru (Peru LNG), the LNG transport assets (methane tankers), the combined cycle generation assets in Spain of Bahía de Bizkaia Electricidad (BBE); (ii) the LNG and natural gas trading and supply operations; (iii) regasification and marketing and trading businesses in North America; and (iv) the project in Angola.

The transaction with Shell includes the businesses outlined above in (i) and (ii) as follows:



Note: Transport and upstream assets are not included in the transaction perimeter. 1MMtpa=1.37 bcm

(1) Nameplate capacity of the plant.

(2) 7 chartered by Repsol and 2 chartered by Repsol and GNF.

(3) Gas supply contracts.

The transaction does not include either regasification marketing and trading businesses in North America (Canaport's regasification plant and transport and supply operations) or the project in Angola.

Repsol and Shell have additionally signed an LNG supply agreement by the latter to the Canaport regasification terminal of approximately 1 million tonnes over a 10 year period.

The transfer of the assets is conditional upon receipt of all the required permits and delivery of the agreed-upon terms. Repsol will continue to operate the assets being sold until the deal closes.

During the period of time between the sign of the agreement and the final close, Repsol will retain in its balance sheet, the assets and liabilities related to the businesses being transferred, and additionally, will recognize the results of those businesses in the income statement.

The following tables include a breakdown of the consolidated assets, liabilities and income statement corresponding to fiscal year ended December 31, 2012, which reflects the contribution of the companies included in the scope of the transaction, in the consolidated financial statements in said fiscal year:

CONSOLIDATED BALANCE SHEETS (according to IFRS)	31/12/2012		31/12/2012	
	Consolidated Repsol Group stated		Assets of LNG's businesses ⁽¹⁾	
	(in million €)		(in million €)	
	Audited figures	Unaudited figures	Unaudited figures	Contribution (%) Unaudited figures
ASSETS				
Non-current assets	44,760	2,211	4.94	
Current assets	20,161	768	3.81	
Total Assets	64,921	2,979	4.59	
LIABILITIES				
Non-current liabilities.....	24,139	1,347	5.58	
Current liabilities.....	13,310	774	5.82	
Total liabilities	37,449	2,121	5.66	

(1) Businesses of LNG included in the scope of the selling transaction to Shell.

CONSOLIDATED BALANCE SHEETS (according to IFRS)	31/12/2012		31/12/2012	
	Consolidated Repsol Group stated		Assets of LNG's businesses ⁽²⁾	
	(in million €)	(in million €)	(in million €)	Contribution (%)
	Audited figures	Unaudited figures	Unaudited figures	Unaudited figures
EBITDA ⁽¹⁾	6,956	716		1.29
Operating revenue	59,593	2,471		4.15
Operating expenses	55,307	1,851		3.35
Operating income	4,286	620		14.47
Financial result	(857)	(43)		5.02
Profit before tax	3,546	646		18.22
Net income attributable to the parent company	2,060	477		23.16

(1) EBITDA represents operating profit adjusted for items that do not result in cash inflows or outflows from operations (depreciation and amortization, allowances and provisions released, gains / (losses) on asset sales and other items EBITDA can also be calculated via the Cash Flow Statement as the sum of "Profit before tax" and "Adjustments to results".

(2) Businesses of LNG included in the scope of the selling transaction to Shell.

The agreement values these assets at \$6,653 million. It is estimated that once the requirements are fulfilled, and therefore the assets are transferred, a pre-tax gain of approximately \$3,500 million will arise.

As a result of the transfer of these businesses, Repsol will adjust the carrying amounts of the LNG assets and businesses in North America that do not fall within the scope of the transaction. Applying criteria of the utmost financial prudence, the pre-tax impairment provision would total approximately \$1,800 million.

- On March 4, 2013, Temasek purchased the treasury shares of Repsol representing a 5.04% of the share capital, amounting for 1.036 billion euro payment to Repsol."

Major shareholders of Repsol

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in connection with Section "BUSINESS DESCRIPTION – 6. Major shareholders and related party transactions" in page 64 of the Base Prospectus to replace the information contained in paragraph "Major shareholders of Repsol" in order to reflect the current structure of the share capital of Repsol after the paid up capital increase of January 2013 and the purchase by Temasek of Repsol's treasury shares of March 2013:

"Major shareholders of Repsol

In accordance with the latest information available to Repsol, Repsol's major shareholders beneficially owned the following percentages of ordinary shares of Repsol, S.A.

Shareholder	Percentage ownership (direct)	Percentage ownership (indirect)	Total number of shares	Total percentage ownership
	%	%		%
CaixaBank, S.A. ⁽¹⁾	12.20	0.00	156,509,448	12.20
Sacyr Vallehermoso, S.A. ⁽²⁾	0.00	9.53	122,208,433	9.53
Petróleos Mexicanos ⁽³⁾	0.00	9.37	120,167,553	9.37
Temasek Holdings (Private) Ltd. ⁽⁴⁾	0.00	6.30	80,700,000	6.30

- (1) *CaixaBank, S.A. (previously named Criteria CaixaCorp, S.A.) is a member of the "la Caixa" group.*
- (2) *Indirect ownership held through Sacyr Vallehermoso Participaciones Mobiliarias, S.A., a wholly-owned subsidiary.*
- (3) *Petróleos Mexicanos (Pemex) holds its stake through Pemex Internacional España, S.A., PMI Holdings, B.V. and through several financial instruments with certain financial entities which enable Pemex to exercise the economic and political rights.*
- (4) *Temasek Holdings (Private) Limited ("Temasek") holds its stake through Chembra Investment PTE, Ltd., a wholly-owned subsidiary. Temasek purchased on March 4, 2013 treasury shares of Repsol representing a 5.04% of the share capital."*

Spanish taxation

Although the Base Prospectus already includes in the summary description of the Spanish taxation regime, references to certain government initiatives which could potentially amend the information contained therein, both the Issuer and the Guarantor consider advisable pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, to partially update the Section "**TAXATION - The Kingdom of Spain - Net Wealth Tax**" of Page 78 of the Base Prospectus, in order to avoid any possible misunderstanding and to reflect the impact that the new features contained in Law 16/2012, of 27 December have generated on the Net Wealth Tax taxation scheme. According to the provisions of said Law, the reentry into force of the 100% relief of this tax has been postponed to 1 January 2014. The Section should read as follows:

"Net Wealth Tax

This tax is only applicable to Individuals (i.e. corporations and entities, either resident or non-resident, are not affected by this particular tax but by legislation of Corporate Income Tax or Non Resident Income Tax)

Non- Residents

Net Wealth Tax may be levied in Spain on non-resident individuals only on those assets and rights that are located or that may be exercised or fulfilled within the Spanish territory. For the years 2011, 2012 and 2013, Central Government has repealed the 100% relief of this tax.

As the Notes are issued by a non-resident entity and are not payable in Spain, no tax liability would arise for those non-resident individual investors without a permanent establishment in Spain.

Residents

Net Wealth Tax may be levied in Spain on resident individuals, on a worldwide basis. Though for the years 2011, 2012 and 2013 the Spanish Central Government has repealed the 100% relief of this tax, the actual collection of this tax depends on the regulations of each Autonomous Community. Thus, investors should consult their tax advisers according to the particulars of their situation."

Annual Reports 2012 and regulatory announcements

On 28 February 2013, the Guarantor presented its audited consolidated annual report as of and for the year ended 31 December 2012 (the *Guarantor's Annual Report 2012*) to the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*). An English-language translation of the Guarantor's Annual Report 2012 and the related audit report have been filed with the Luxembourg Financial Sector Surveillance Commission (*Commission de Surveillance du Secteur Financier* or *CSSF*) and, by virtue of this Supplement, are incorporated by reference in, and form part of, the Base Prospectus. This Supplement also incorporates by reference certain regulatory announcements released by the Guarantor since the date of the Base Prospectus.

On 22 March 2013, the Board of directors of the Issuer approved its audited non-consolidated annual report as of and for the year ended 31 December 2012 (the *Issuer's Annual Report 2012*). The Issuer's Annual Report 2012 and the related audit report have been filed with the CSSF and, by virtue of this Supplement, are incorporated by reference in, and form part of, the Base Prospectus.

To the extent there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement, and (b) any other statement, pre-dating this Supplement, in, or incorporated by reference in, the Base Prospectus, the statements in (a) above shall prevail.

Documents incorporated by reference

Both the Issuer and the Guarantor consider advisable to incorporate by reference in the Base Prospectus via this Supplement (i) the Guarantor's Annual Report 2012, (ii) certain regulatory announcements of the Guarantor, and (iii) the Issuer's Annual Report 2012; and therefore, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, to amend the Section "DOCUMENTS INCORPORATED BY REFERENCE" (pages 3-7 of the Base Prospectus) by the inclusion of the following documents to the list "Information incorporated by reference" (page 3 of the Base Prospectus). The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Prospectus Regulation.

Information Incorporated by Reference	Page References
(L) Guarantor's Annual Report 2012	
(a) Auditors' report on consolidated annual financial statements	2-3
(b) Consolidated financial statements of Repsol, S.A. and Investees comprising the Repsol S.A. Group for the financial year 2012:	4-194
- Consolidated balance sheets at 31 December 2012 and 2011	5-6
- Consolidated income statements for the years ended 31 December 2012 and 2011	7
- Consolidated statements of recognised income and expenses for the years ended 31 December 2012 and 2011	8
- Consolidated statements of changes in equity for the years ended 31 December 2012 and 2011	9
- Consolidated cash flow statements for the years ended 31 December 2012 and 2011	10
- Notes to the 2012 consolidated financial statements.....	11-181
- Appendix I – Investees comprising the Repsol Group for the year ended December 31, 2012.....	182-184
- Appendix Ib – Changes in the scope of consolidation for the year ended December 31, 2012	186
- Appendix Ib – Changes in the scope of consolidation for the year ended December 31, 2011	187
- Appendix II – Assets and Jointly controlled operations for the year ended December 31, 2012.....	189-190
- Appendix II – Assets and Jointly controlled operations for the year ended December 31, 2011.....	191-192
- Appendix III – Investments and/or positions held by members of the Board of Directors and related people in companies with the same, similar or complementary activity than Repsol, S.A.....	193-194
(c) Consolidated Management Report 2012:	195-336
- General and Economic-Financial Information	197-229
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(d) Annual Report on Corporate Governance:	337-449
- Ownership Structure.....	338-344
- Management Structure of the Company	344-382
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- Risk Control Systems	388-394
- General Meeting	394-402
- Extent of Compliance with the Corporate Governance Recommendations	402-416
- Other Information of Interest	416-423
- Annex to Repsol, S.A. 2012 Corporate Governance Annual Report.....	425-446
- Auditor's Report on the System of the Internal Control over Financial Reporting	447-449

(M) Regulatory announcements of the Guarantor

- Announcement dated 26 February 2013, regarding the sale of LNG assets (presentation)	1-13
- Announcement dated 26 February 2013, regarding the sale of LNG assets (press release)	14-17
- Announcement dated 28 February 2013, regarding the fourth quarter earnings preview	18-46
- Announcement dated 28 February 2013, regarding the 2012 earnings	47-55
- Announcement dated 28 February 2013, regarding the fourth quarter and full year 2012 earnings (presentation).....	56-82
- Announcement dated 4 March 2013, regarding the purchase by Temasek of Repsol's treasury shares amounting to 5%	83-84
- Announcement dated 6 March 2013, regarding information on oil and gas exploration activities of Repsol Group	85-96
- Announcement dated 6 March 2013, regarding the resignation of Mr. Juan Abelló Gallo as member of the Board of Directors of Repsol	97
- Announcement dated 8 March 2013, regarding the denial of the existence of negotiations with the Argentinean Government	98

(N) Issuer's Annual Report 2012

(i) Management Report 2012.....	2-4
(ii) Balance sheet at 31 December 2012.....	5-6
(iii) Income statement for the year ended 31 December 2012.....	7
(iv) Notes to Financial Statements at 31 December 2012	8-15
(v) Additional information.....	16
(v) Auditors' Report.....	17-18

As long as any of the Notes are outstanding, this Supplement and each document incorporated by reference into the Base Prospectus via this Supplement will be available for inspection, free of charge, at the offices of the Issuer at Koningskade 30, 2596 AA The Hague, The Netherlands during normal business hours and on the website of the Luxembourg Stock Exchange at www.bourse.lu. In addition, copies of the documents incorporated by reference referred to above can be obtained from the website of the Issuer at http://www.repsol.com/es_en/corporacion/accionistas-inversores/informacion-financiera/financiacion/repsol-international-finance/programa-emision-continua.aspx

The paragraph 2 in the "General Information" section on page 124 of the Base Prospectus shall be deleted and replaced with the following text to take into account the publication and incorporation by reference of the Annual report 2012 of the Issuer and the Guarantor:

“To the best of the knowledge of the Issuer, there has been no material adverse change in its prospects since 31 December 2012 (being the date of the last published audited financial statements) nor there has been any significant change in the financial or trading position of the Group since 31 December 2012.

To the best of the knowledge of the Guarantor, there has been no material adverse change in its prospects since 31 December 2012 (being the date of the last published audited financial statements) nor there has been any significant change in the financial or trading position of the Group since 31 December 2012.”

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has been noted or, to the best of the knowledge of the Issuer and the Guarantor, has arisen, as the case may be, since the publication of the Base Prospectus.