SUPPLEMENT DATED 7 MARCH 2017 TO THE BASE PROSPECTUS DATED 26 SEPTEMBER 2016 (AS PREVIOUSLY SUPPLEMENTED ON 28 NOVEMBER 2016).

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 26 September 2016 as supplemented on 28 November 2016 (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 *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 (the ***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 and prior Supplement 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.

Annual Reports 2016 and regulatory announcements

On 23 February 2017, the Guarantor filed its audited Annual Consolidated Financial Statements of Repsol, S.A. and Investees composing the Repsol Group for the twelve-month period ended 31 December 2016 with the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*). An English-language translation of the audited Annual Consolidated Financial Statements for the year ended 31 December 2016, including the notes to such financial statements and the auditor's report, the Consolidated Management Report 2016 and the Annual Report on Corporate Governance of Repsol, S.A. have been filed with the Luxembourg *Commission de Surveillance du Secteur Financier* (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.

Documents incorporated by reference

Both the Issuer and the Guarantor consider advisable to incorporate by reference into the Base Prospectus via this Supplement the (i) audited Annual Consolidated Financial Statements of Repsol, S.A. and Investees composing the Repsol Group for the twelve-month period ended 31 December 2016 and (ii) certain regulatory announcements of the Guarantor; 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 20 to 24 of the Base Prospectus) by the inclusion of the following documents to the list "**Information incorporated by reference**" (page 20 of the Base Prospectus) as new paragraphs (L) and (M). 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 Commission Regulation (EC) 809/2004.

Information Incorporated by Reference	**Page References**

(L) **The audited Consolidated Financial Statements, including the notes to such financial statements, the auditor's report thereon, the Consolidated Management Report and the Annual Report on Corporate Governance of Repsol, S.A. and Investees composing the Repsol Group for the year ended 31 December 2016 (for the avoidance of doubt, the page references mentioned below are those included in the top of each of the pages):**

(a)	*Auditors' report on consolidated financial statements and Management Report*		1-2
(b)	*Consolidated financial statements of Repsol, S.A. and Investees composing the Repsol Group*		3-138
	-	Consolidated balance sheet at 31 December 2016 and 2015	4
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	-	Consolidated statements of recognised income and expenses for the years ended 31 December 2016 and 2015	6
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(c)	*Consolidated Management Report 2016.*		141-238
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(M) Regulatory announcements of the Guarantor:

-	Announcement dated 23 February 2017 related to information on oil and gas exploration and production activities	1-26
-	Announcement dated 23 February 2017 related to Income Statements 4Q and Full year 2016	1-36[1]
-	Announcement dated 23 February 2017 related to the consolidated Report on payments to governments on oil and gas exploration and production activities	1-10
-	Announcement dated 10 January 2017 related to the announcement of the closing of a paid up capital increase of 30,760,751 euros and a payment in cash to its shareholders of 99 million euros (Repsol Flexible Dividend Program)	1

Important Notices

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 "**IMPORTANT NOTICES**" to replace the information contained under subsection "**Alternative Performance Measures**" (pages 5 of the Base Prospectus) with the following information:

"The financial data incorporated by reference in this Base Prospectus, in addition to the conventional financial performance measures established by IFRS, contains certain alternative performance measures (such as adjusted net income, EBITDA etc.) (APMs) that are presented for the purposes of a better understanding of Repsol's financial performance, cash flows and financial position, as these are used by Repsol when making operational or strategic decisions for the Group. The relevant metrics are identified as APMs and accompanied by an explanation of each such metric's components and calculation method in "Appendix I: Alternative Performance Measures" to the "Management Report 2016", which is incorporated by reference in this Base Prospectus.

Such measures should not be considered as a substitute for those required by IFRS."

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 subsection "**Risk factors relating to the Issuer and/or the Guarantor**" (pages 6 to 14, both inclusive, of the Base Prospectus) with the following information in order to provide with the information obtained from the latest published financial statements of the Guarantor:

"Uncertainty in the current economic landscape

Although global economic growth has stabilized and perspectives are better, uncertainty and risk remain elevated. In this regard, geopolitical risk has assumed special significance. The result of the US elections and the vote in favor of the UK's exit from the European Union have brought to the fore a greater polarization in society, and the fact that the status quo of the last 30 years – that is, liberalization of trade and low levels of intervention –

[1] (not including the cover page)

are being called into question. In Europe, important elections are being held in the coming months, in which support for European institutions will be put to the test.

The impact of these events on world growth and, accordingly, the performance of markets is as yet uncertain, but not necessarily adverse, although it may shift the distribution of world growth. If the one- trillion euro fiscal stimulus envisaged in Donald Trump's program takes shape, it would trigger greater growth in the US, but if it is accompanied by protectionist measures, it would weaken the growth of emerging countries.

Further, from a financial perspective, another risk for the world economy is the potential wider divergence in economic policy between the leading central banks. Although the European Central Bank and the Bank of Japan will pursue an expansive monetary policy, if Donald Trump's policies cause an uptick in inflation, the Federal Reserve may have to hike interest rates more quickly than expected, which would strengthen the dollar. A stronger dollar would tighten financial conditions in the emerging countries and endanger the solvency of governments and enterprises with dollar-denominated debt.

Nor can a risk event in China be discounted, as activity has been driven by sharp growth in depth, which is now equal to 250% of GDP and is highly concentrated in the corporate sector.

Following the recent OPEC meeting of November 30, 2016, which decided to set aside two years of a policy of defending market share, and to cut back production in order to backstop prices, the future of the market appears to be more promising. However, there are factors that may add uncertainty to the market; but given the scale of OPEC's output cut of 1.2 million bl/d, and the more than likely adhesion of non-OPEC countries with an additional cut of 0.6 million, the adverse impact will tend to be low. These factors include: i) lower-than-expected demand from emerging countries; ii) a quicker-than expected response to non-convention US shale to the expected price rise; iii) an increase in the output of Libya and Nigeria, OPEC countries that were left out of the cutbacks decided in the November 30 meeting, and iv) a very low level of fulfillment by OPEC countries of their individual commitments to production cutbacks.

Climate change

Repsol is exposed to possible changes in the regulatory framework for greenhouse gas emissions arising from either our industrial operations or the use of our products.

Also, following the Paris Agreement, country's commitments under their respective National Determined Contributions (NDC) will have a significant impact on climate policies. The agreement is undoubtedly another step toward a low-emissions economy in which a more sustainable model of company will be crucial.

Repsol's assets are subject to risks arising from physical changes caused by climate change, and risks deriving from the rising level of the sea, changes in precipitation patterns, changes in extreme temperatures or droughts, or even more frequent occurrence of extreme meteorological phenomena (cyclones, hurricanes, etc.). Repsol is present in areas that are liable to suffering these effects.

Further, a change in consumers' behavior as they seek out less carbon-intensive products could also affect Repsol's competitiveness if it fails to adapt to these changes.

Repsol, and the oil and gas industry, are exposed to adverse trends of opinion that may affect the share price. Initiatives that promote disinvestment in fossil fuel extraction companies to reduce the impact of their products on climate change may affect the shareholding base of the company.

Repsol cannot predict the exact impact that the described risks may have on its activities, the income from its operations or the financial position of the Repsol Group, or its competitiveness.

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 in recent years, and are driven by international supply and demand factors over which Repsol has no control.

The international prices of products are influenced by the price of crude oil and by demand for such products. Also, international prices of crude oil and of products impact the refining margin. International oil prices and demand for crude oil may also fluctuate significantly during economic cycles.

Reductions in oil prices adversely affect Repsol's profitability, the value of its assets and its plans for investment, which may be altered as a result of delays. Similarly, a significant drop in capital investment could negatively affect Repsol's ability to replace its crude oil reserves.

Regulatory and tax framework of Repsol's operations

The oil industry is subject to extensive regulation and intervention by governments in Upstream activities such as the award of exploration and production permits, the imposition of specific drilling and exploration obligations, restrictions on production, price controls, divestments of assets, foreign currency controls, and the nationalization, expropriation or cancellation of contractual rights.

Likewise, in Downstream, oil refining and petrochemical activities, in general, are subject to extensive government regulation and intervention in matters such as safety and environmental controls.

Also, the energy sector, particularly the oil industry, is subject to a unique tax framework. In Upstream activities there are often energy taxes on profit and production, while in Downstream activities, taxes on consumption products are common.

Repsol cannot foresee the exact scope of changes to such laws or their interpretation, or the implementation of certain policies, which could adversely affect its business, results and financial position.

Repsol is subject to extensive environmental and safety legislation and risks

Repsol is subject to a wide variety of environmental and safety legislation and regulations in every country where it operates. These regulations govern, among other matters, Repsol's operations, environmental quality standards for products, air emissions and climate change, energy efficiency, extractive technologies, water discharges, remediation of soil and groundwater and the generation, storage, transport, treatment and final disposal of waste materials and safety thereof.

Lastly, following the acquisition of ROGCI, the company increased its activity in non-convention hydrocarbons. From an environmental standpoint, concern over the environmental impact of exploring for and producing this type of resources could prompt governments and authorities to approve new regulations or impose new requirements on their development. If they do, it could have an adverse impact on the Company.

Repsol cannot predict the exact scope of the changes in environmental and safety regulations, or how they will be interpreted or if certain policies will be implemented. Any regulatory change could cause an adverse impact on the Repsol Group's operations, the income from its operations and financial position.

Operating risks of Repsol's activities

Hydrocarbon exploration and production (Upstream): reliance on the cost-effective acquisition or discovery of, and, thereafter, development of, new oil and gas reserves.

Oil and gas exploration and production activities are subject to particular risks, many of which are beyond the control of Repsol. These activities are exposed to production, equipment and transportation risks, errors or inefficiencies in operations' management and purchasing processes, natural hazards and other uncertainties relating to the physical characteristics of oil and natural gas fields and their dismantling.

Furthermore, exploration projects are complex in terms of their scale and are susceptible to delays in execution and cost overruns with respect to initially-approved budgets. In addition, some of the development projects are located in deep waters, mature areas and other difficult environments, such as the Gulf of Mexico, Alaska, the North Sea, Brazil and the Amazon rainforest, or in complex oilfields that could aggravate these risks further. It should also be noted that any form of transport of oil products always has inherent risks: by road, rail or sea transport, or by pipeline, oil or another hazardous substances could leak; this poses a significant risk due to the potential impact a spill could have on the environment and on people, especially considering the high volume of products that can be carried at any one time. Should these risks materialize, Repsol may suffer major losses, interruptions to its operations and harm to its reputation.

Moreover, Repsol must replace depleted oil and gas reserves with new proven reserves in a cost-effective manner for subsequent production to be economically viable. Repsol's ability to acquire or discover new reserves is, however, subject to a number of risks. For example, drilling may involve negative results, not only with respect to dry wells, but also with respect to wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs are taken into account. In addition, Repsol generally faces intense *competition in bidding for exploratory blocks, in particular those blocks offering the most attractive potential reserves. Such competition may result in Repsol failing to obtain desirable production blocks, or otherwise acquiring them at a higher price, which could render subsequent production economically unviable.*

If Repsol fails to acquire or discover, and, thereafter, develop new oil and gas reserves in a cost-effective manner, or if any of the aforementioned risks materializes, its business, results of operations and financial situation could be significantly and adversely affected.

Industrial businesses and marketing of oil products (Downstream)

Refining, Chemical, Trading, production, and distribution activities related to oil derivative products and LPG are exposed to the risk inherent to their activities, and are related to the products' specific characteristics (flammability and toxicity), their use (including that of clients), emissions resulting from the production process (such as greenhouse gas effects), as well as the materials and waste used (dangerous waste, as well as water and energy management), which might impact health, safety, and the environment. Repsol's industrial assets (refineries, regasification plants, warehouses, ports, ducts, sea vessels, cistern trucks, service stations, etc.) are exposed to accidents such as fire, explosions, leaks of toxic products, as well as large-scale contaminating environmental incidents. Such accidents may cause death and injury to employees, contractors, residents in surrounding areas, as well as damage to the assets and property owned by Repsol as well as third parties.

Downstream activities take place in a highly competitive environment. Refining and commercialization margins may be affected by a number of factors, such as low demand arising from a deterioration of the economic situation in the countries where it operates, the high price of crude oil and other raw materials, trends in production-related energy costs and other commodities, excess refining capacity in Europe, and the growing competition from refineries in areas such as Russia, the Middle East, East Asia, and the US, where production costs are lower. Commercial businesses compete with international hydrocarbons industry operators as well as with other non-oil operators (supermarket chains as well as other commercial operators) to acquire or open service stations. Repsol service stations mainly compete based on price, service, and the availability of non-oil products.

If any of the above risks materialize, the Repsol's business, results of operations and financial position could be significantly and adversely affected.

Location of reserves

Part of Repsol's oil and gas reserves are located in countries that are or could be economically or politically unstable.

Reserves in these areas as well as related production operations may be exposed to risks, including increases in taxes and royalties, the establishment of limits on production and export volumes, the compulsory renegotiation or cancellation of contracts, the nationalization or denationalization of assets, changes in local government regimes and policies, changes in business customs and practices, payment delays, currency exchange restrictions and losses and impairment of operations due to the attacks of armed groups. In addition, political changes may lead to changes in the business environment. Economic downturns, political instability or civil disturbances may disrupt the supply chain or limit sales in the markets affected by such events and affect the safety of employees and contractors.

If any of the above risks materializes, the Group's business, results of operations and financial situation could be significantly and adversely affected.

Estimations of oil and gas reserves

To estimate proved and unproved reserves and oil and gas resources, Repsol uses the criteria established by the SPE/WPC/AAPG/SPEE Petroleum Resources Management System, commonly referred to by its acronym SPE-PRMS (SPE standing for Society of Petroleum Engineers).

The accuracy of these estimates depends on a number of different factors, including: development activities and operations, including drilling, production testing and studies. After the date of the estimate, the results of activities may entail substantial upward or downward corrections based on the quality of available geological, technical and economic data used – including changes in hydrocarbon prices – and their interpretation and evaluation. Moreover, the production performance of reservoirs and recovery rates depend significantly on available technologies as well as Repsol's ability to implement them.

Therefore, measurements of reserves are not precise and are subject to revision. The estimate of proven and unproven reserves of oil and gas will also be subject to correction due to errors in the application of published standards and changes in such standards. Any downward revision in estimated quantities of proven reserves could adversely impact company results, and would lead to increased depreciation, depletion and amortization charges and/or impairment charges, thus reducing earnings or shareholders' equity.

Projects and operations in joint ventures and partnerships

Many of the Repsol Group's projects and operations are conducted through joint ventures and partnerships. 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, any of Repsol's partners or another member in a joint venture or associated company may fail to comply with its financial obligations, or they may commit another breach that could affect a project's viability.

Acquisitions, investments and disposals

As part of Repsol's strategy, the company may engage in acquisitions, investments and disposals of ownership interests. There can be no assurance that Repsol will identify suitable acquisition opportunities, obtain the financing necessary to complete and support such acquisitions or investments, acquire businesses on satisfactory terms, or that any acquired business will prove to be profitable. In addition, acquisitions and investments involve a number of risks, including possible adverse effects on Repsol's operating income, risks associated with unanticipated events or liabilities relating to the acquired assets or businesses which may not have been disclosed during due diligence investigations, difficulties in the assimilation of the acquired operations, technologies, systems, services and products, and risks arising from provisions in contracts that are triggered by a change of control of an acquired company.

Any failure to successfully integrate such acquisitions could have a material adverse effect upon Repsol's business, results of operations or financial position. Any disposal of an ownership interest may also adversely affect Repsol's financial position, if such disposal results in a loss.

On May 8, 2015, Repsol completed the acquisition of Talisman, a Canadian group devoted to oil and gas exploration and production activities. As in any business combination, Repsol's ability to reap the strategic benefits expected from the acquisition will depend on its ability to integrate equipment, processes and procedures and maintain existing relationships with its customers and partners.

If any of these risks were to materialize following the takeover of ROGCI, they could have an adverse impact on the Repsol Group's operations, financial performance or financial position.

Repsol's current insurance coverage may not be sufficient for all operational risks

Repsol holds insurance coverage against certain risks inherent to the oil and gas industry, in line with industry practice. Insurance coverage is subject to deductibles and limits that, in certain cases, may be significantly lower than its losses and/or liabilities. In addition, Repsol's insurance policies contain exclusions that could leave the Group with limited coverage in certain circumstances, or indemnities may not be totally or partially collectible in case of insolvency of the insurers. Furthermore, Repsol may not be able to maintain adequate insurance at rates or on terms considered reasonable or acceptable, or be able to obtain insurance against certain risks that could materialize in the future. If the company experiences an incident against which it is not insured, or the costs of which materially exceed its coverage, it could have a material adverse effect on its business, financial position and results of operations.

Repsol's natural gas operations are subject to particular operational and market risks

Natural gas prices tend to vary between the different regions in which Repsol operates as a result of significantly different supply, demand and regulatory conditions, and such prices may be lower than current prices in other regions of the world. In addition, excess supply conditions that exist in some regions cannot be utilized in other regions due to a lack of infrastructure and difficulties in transporting natural gas.

In addition, Repsol has entered into long-term contracts to purchase and supply natural gas in various parts of the world. These contracts have different price formulas, which could result in higher purchase prices than the price at which such gas could be sold in increasingly liberalized markets. Furthermore, gas availability could be subject to the risk of counterparty breach of contractual obligations. Thus, it might be necessary to look for other *sources of natural gas in the event of non-delivery from any of these sources, which could require payment of higher prices than those envisaged under the breached contracts.*

Repsol also has long-term contracts to sell and deliver gas to customers, which present a different type of risk to the Group as they are pegged to existing proven reserves in these countries. Should such reserves in these countries prove insufficient, Repsol might not be able to satisfy its obligations under these contracts, some of which include penalty clauses for breach of contract.

The above risks may adversely affect Repsol's business, results and financial position.

Cyclical nature of petrochemical activity

The petrochemicals industry is subject to wide fluctuations in supply and demand, reflecting the cyclical nature of the chemicals market on a regional and global scale. These fluctuations affect the prices and profitability of petrochemicals companies, including Repsol. Repsol's petrochemicals business is also subject to extensive governmental regulation and intervention in such matters as safety and environmental controls. Any fluctuations and changes in regulations may have an adverse effect on the Repsol's business, financial position and results of operations.

Repsol Group's strategy requires efficiency and innovation in a highly competitive market

The oil, gas and petrochemical industry operates in the context of a highly competitive energy sector. This competition influences the conditions for accessing markets or following new business leads, the costs of licenses and the pricing and marketing of products.

The implementation of the Group's strategy requires a significant ability to anticipate and adapt to the market and continuous investment in technological advances and innovation.

The Repsol Group is subject to the effects of administrative, judicial and arbitration proceedings

The Repsol Group is subject to the effects of administrative, judicial and arbitration proceedings arising in the ordinary course of business, in relation to which it is unable to predict the scope, subject-matter or outcome. Any present or future litigation involves a high degree of uncertainty and, therefore, the resolution of these disputes could affect the business, results or financial position of the Repsol Group.

Repsol's operations may be affected by international sanctions programmes.

The European Union, its Member States, the United Nations, and the U.S. Government, as well as various other countries, impose financial, economic and trade sanctions or embargoes with respect to certain countries or organisations in support of its respective foreign policy and security goals. These financial, economic and trade sanctions or embargoes generate restrictions with respect to activities or transactions with countries, governments, entities, individuals, products, services or technologies that are the target of the corresponding sanctions.

While Repsol has not been sanctioned and does not engage in, and does not expect to engage in, any actions that would cause it to breach any sanctions regime applicable to it, there can be no assurance that as a consequence of the adoption of new sanctions programmes or an extension of previous sanction programmes coming in to force, Repsol's operations will not be affected in the future, which could have an adverse effect on its financial position, businesses, or results of operations.

Information technology and its reliability and robustness are a key factor in maintaining our operations

The reliability and security of the Group's information technology (IT) systems are critical to maintaining the availability of its business processes and the confidentiality and integrity of the data owned by the company and by third parties. Given that cyber-attacks are constantly increasing, the Repsol Group cannot guarantee that it will not suffer economic or/and material losses in the future as a result of such attacks.

Misconduct or violations of applicable legislation by our employees can damage the reputation of the Repsol Group

Repsol's new Ethics and Conduct Code, which is mandatory for all Repsol directors, executives and employees, regardless of the type of contracting governing their professional or employment relationship, establishes the overall framework for understanding and putting into practice the conduct and expectations the *company places in each employee in their daily work, in line with the principles of loyalty to the company, good faith, integrity and respect for the law and the ethical values defined by the Group.*

The company's diverse compliance and control models include controls designed to detect and mitigate significant incidents of non-compliance. Management misconduct or breach of any applicable legislation could cause harm to the company's reputation, in addition to incurring sanctions and legal liability.

Repsol is exposed to negative opinion trends which could have an adverse impact on its image and reputation, thereby affecting its business opportunities

The company carries on its operations in multiple environments with diverse stakeholders, which are mainly local communities in the areas influence of its operations, as well as local and national civil, political, labor, and consumer organizations, among others.

Should the interests of the above groups be contrary to the Company's activities, and attempts to reach agreements prove unsuccessful, Repsol may be affected by the publication of biased or manipulated information that generates opinion contrary to the company's activities.

This could result in an adverse impact on the social or media acceptance of Repsol's activities, leading to erosion of the Company's image as well as loss business opportunities in the area or country in question, with potential adverse effects on its business, financial position, and the result of its operations.

FINANCIAL RISKS

Liquidity risk

Liquidity risk is associated to the ability of the Group to finance its obligations at reasonable market prices, as well as to carry out its business plans with stable financing sources.

In the case that Repsol were unable to meet its needs for liquidity in the future or had to incur increased costs to meet them, this could have an adverse effect on its business, financial position and results of operations.

Credit risk

Credit risk is defined as the possibility of a third party not complying with his contractual obligations, thus creating losses for the Group.

The Group's credit risk exposure mainly relates to trade accounts payable, which are measured and controlled by individual client or third party. To this end, the Group has its own systems, in line with best practices, for constantly monitoring the creditworthiness of all its debtors and for determining the risk limits of third parties.

As a general rule, the Group considers a bank guarantee issued by financial entities to be the most suitable instrument of protection from credit risk. In some cases, the Group has taken out credit insurance policies to partially transfer to third parties the credit risk related to the trade of some of its businesses.

The Group also has exposure to counterparty risk arising from non-trade contractual operations that may lead to defaults. In these cases, the Group also analyzes the solvency of counterparties with which it maintains or could maintain non-trade contractual relations. Any breach of payment obligations by Repsol's customers and counterparties, in the agreed time frame and form, could have an adverse effect on Repsol's business, results or financial position.

Credit rating risk

Credit rating agencies regularly rate the Group, and their ratings are based on external factors, such as the conditions that affect the oil & gas sector, the general state of the economy and the performance of the financial markets.

Credit ratings affect the cost and other conditions under which the Repsol Group is able to obtain finance. Any downgrade in Repsol S.A.'s credit rating could restrict or limit the access of the Group to financial markets, increase the cost of any new finance, and have a negative effect on its liquidity.

Market risks

Repsol's results of operations and shareholders' equity are exposed to market risks due to fluctuations in (i) the exchange rates of the currencies in which the Group operates, (ii) interest rates, and (iii) commodity prices. In addition, Repsol is also subject to credit rating risk.

(i) Exchange rate fluctuation risk. Fluctuations in exchange rates may adversely affect the results of transactions and the value of Repsol's equity. In general, this exposure to fluctuations in currency exchange rates stems from the fact that the Group has assets, liabilities and cash flows denominated in a currency other than the functional currency of the Repsol Group. Cash flows generated by oil, natural gas and refined product sales are generally denominated in U.S. dollars. Repsol is also exposed to exchange risk in relation to the value of its financial assets and investments, predominantly those denominated in U.S. dollars.

In addition, cash flows from transactions carried out in the countries where Repsol conducts its activities are exposed to fluctuations in currency exchange rates of the respective local currencies against the major currencies in which the raw materials used as reference for the fixing of prices in the local currency are traded. Repsol's financial statements are expressed in euros and, consequently, the assets and liabilities of subsidiary investee companies with a different functional currency are translated into euros.

In order to mitigate this risk, and when considered appropriate, Repsol performs investing and financing transactions, using the currency for which risk exposures have been identified. Repsol can also carry out hedging transactions by means of financial derivative instruments for currencies that have a liquid market, with reasonable transaction costs.

(ii) Interest rate risk. The market value of the Group's net financing and net interest expenses could be affected as a consequence of interest rate fluctuations which could affect the interest income and interest cost of financial assets and liabilities tied to floating interest rates, as well as the fair value of financial assets and liabilities tied to a fixed interest rate.

Although, when considered appropriate, Repsol may decide to hedge the interest rate risk by means of derivative financial instruments for which there is a liquid market, these hedging mechanisms are limited and, therefore, could be insufficient. Consequently, changes in interest rates could have an adverse effect on the Repsol Group's business, results and financial position.

(iii) Commodity price risk. In the normal course of operations and trading activities, the earnings of the Repsol Group are exposed to volatility in the price of oil, natural gas, and related derivative products (see the risk factors titled "Fluctuations in international prices of crude oil and reference products and in demand, due to factors beyond Repsol's control" and "Repsol's natural gas operations are subject to particular operational and market risks" above). Therefore, changes in prices of crude oil, natural gas and their derivatives could have an adverse effect on the Repsol Group's business, results and financial position.

Note 16 "Financial risk and capital management" and Note 17 "Derivative transactions" in the audited consolidated financial statements of Repsol, S.A. as of and for the financial year ended 31 December 2016, which are incorporated by reference into this Base Prospectus, include additional details on these financial risks to which the Repsol Group is exposed."

Information on the Issuer – Recent Developments

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 relation to **Section "INFORMATION ON THE ISSUER"** under the heading "**Recent Developments**", on page 33 of the Base Prospectus, to add the following information:

"*On February 16, 2017, a bond issued by the Issuer in February 2007 and further expanded in August and October 2009 in the total amount of €886 million, carrying a fixed annual coupon of 4.75%, matured.*

On 22 December 2016, the Issuer declared a dividend in the amount of U.S.$1,254 million, due and payable on the same date."

Information on the Guarantor - Business segments and organisational structure

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 relation to **Section "INFORMATION ON THE GUARANTOR AND THE GROUP"** under the heading "**Business segments and organisational structure**", to update the information on page 35 and 36:

"Repsol currently operates the following business segments:

- *Upstream, responsible for oil and gas exploration and development of crude oil and natural gas reserves; and*
- *Downstream, mainly responsible for (i) refining and petrochemistry, (ii) trading and transportation of crude and oil products, (iii) commercialisation of oil products, petrochemical products and liquefied petroleum gases (LPG), and (iv) commercialisation, transportation and regasification of natural gas and liquefied natural gas (LNG)*

Below is a list of the significant investee companies of the Group as at 31 December 2016, including the country of incorporation, main activities and the direct or indirect ownership interest of the Guarantor in such investee companies.

Name	*Country*	*Activity*	*% Control owned*[(1)]
Repsol, S.A.	*Spain*	*Portfolio company*	*N/A*
Repsol Exploración, S.A.	*Spain*	*Exploration and production of oil and gas*	*100.00%*
Repsol Petróleo, S.A.	*Spain*	*Refining*	*99.97%*
Repsol Comercial de Productos Petrolíferos, S.A.	*Spain*	*Marketing of oil products*	*96.67%*
Repsol Butano, S.A.	*Spain*	*Marketing of LPG*	*100.00%*
Repsol Química, S.A.	*Spain*	*Production and sale of petrochemicals*	*100.00%*
Repsol Oil & Gas Canada Inc [(2)]	*Canada*	*Exploration and production of oil and gas*	*100.00%*
Gas Natural SDG, S.A.	*Spain*	*Distribution of gas and electricity*	*20.05%*
Repsol International Finance B.V.	*Netherlands*	*Financing and portfolio company*	*100.00%*
Petróleos del Norte, S.A. (Petronor)	*Spain*	*Refining*	*85.98%*
Repsol E&P Bolivia, S.A.	*Bolivia*	*Exploration and production of oil and gas*	*100.00%*
Repsol Trading, S.A.	*Spain*	*Trading of oil products*	*100.00%*
Repsol Sinopec Brasil, S.A.	*Brazil*	*Exploration and production of oil and gas*	*60.01%*
Refinería de la Pampilla S.A.A[(2)]	*Perú*	*Refining and marketing of oil products*	*82.38%*

[(1)] *There is no difference between the percentage of share capital owned and voting rights in the Guarantor.*
[(2)] *Indirect ownership interest."*

Information on the Guarantor – Business Overview

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 "INFORMATION ON THE GUARANTOR AND THE GROUP"** to delete the information contained under subsection "**Business Overview"** on heading "Gas Natural Fenosa" (pages 40 and 41 of the Base Prospectus).

Information on the Guarantor - 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, and in connection with **Section "INFORMATION ON THE GUARANTOR AND THE GROUP"** to replace the information contained under subsection "**Legal and Arbitration Proceedings"** (pages 43 to 50 of the Base Prospectus) with the following information in order to provide with the information obtained from the latest published financial statements of the Guarantor:

"The Repsol Group companies are party to judicial and arbitration proceedings arising in the ordinary course of their business activities. The most significant of these and their status at the date of this Base Prospectus are summarized below.

United Kingdom

Addax arbitration (in relation to the purchase of Talisman Energy (UK) Limited)

On July 13, 2015, Addax Petroleum UK Limited ("Addax") and Sinopec International Petroleum Exploration and Production Corporation ("Sinopec") filed a "Notice of Arbitration" against Talisman Energy Inc. (now known as "ROGCI") and Talisman Colombia Holdco Limited ("TCHL") in connection with the purchase of 49% shares of TSEUK (now known as "RSRUK"). ROGCI and TCHL filed their response to the Notice of Arbitration on October 1, 2015. On May 25, 2016, Addax and Sinopec filed the Statement of Claim, in which they seek, in the event that their claims were confirmed in their entirety, repayment of their initial investment in RSRUK, which was executed in 2012 through the purchase of 49% of RSRUK from TCHL, a wholly-owned subsidiary of ROGCI, together with any additional investment, past or future, in such company, and further for any loss of opportunity, and which they estimate in a total approximate amount of $5,500 million. The Arbitral Tribunal has decided, among other procedural matters, the bifurcation of the proceedings: the hearing on liability issues will take place from January 29 to February 20, 2018, and, if necessary, the hearing on the assessment of any damages will take place later at an as yet unspecified date – we estimate this would be early 2019. The Company maintains its opinion that the claims included in the Statement of Claim are without merit.

"Galley" pipeline lawsuit

In August 2012, a portion of the Galley pipeline, in which Repsol Sinopec Resources UK Limited ("RSRUK", formerly known as Talisman Sinopec Energy UK Limited,"TSEUK"), has a 67.41% interest, suffered an upheaval buckle.

In September 2012, RSRUK filed a claim seeking coverage of the damages and losses sustained as a result of the incident from the insurance company Oleum Insurance Company ("Oleum"), a wholly-owned subsidiary of ROGCI, which in turn owns 51% of RSRUK. In July 2014, RSRUK presented Oleum with a $351 million claim for property damage and business disruption.

To date, the documentation delivered by RSRUK in support of its claim has proven insufficient to conclude on the existence of coverage under the policy.

RSRUK filed a request for arbitration on August 8, 2016, and the arbitration court has been constituted. The arbitration hearing will take place in London and the law governing the merits of the case will be the law of the State of New York.

United States of America

The Passaic River / Newark Bay lawsuit

The events underlying this litigation related to the sale by Maxus Energy Corporation ("Maxus") of its former chemicals subsidiary, Diamond Shamrock Chemical Company 97 ("Chemicals") to Occidental Chemical Corporation ("OCC"). Maxus agreed to indemnify Occidental for certain environmental contingencies relating to the business and activities of Chemicals prior to September 4, 1986. After that (1995), Maxus was acquired by YPF S.A. ("YPF") and subsequently (in 1999) Repsol S.A. acquired YPF.

In December 2005, the New Jersey Department of Environmental Protection ("DEP") and the New Jersey Spill Compensation Fund (together, the "State of New Jersey") sued Repsol YPF S.A. (today called Repsol, S.A., hereinafter, "Repsol"), YPF, YPF Holdings Inc. ("YPFH"), CLH Holdings ("CLHH"), Tierra Solutions, Inc. ("Tierra"), Maxus and OCC for the alleged contamination caused by the former Chemicals old plant which allegedly contaminated the Passaic River, Newark Bay and other bodies of water and properties in the vicinity (the Passaic River and Newark Bay litigation). In August 2010, the scope of the suit was expanded to include YPF International, S.A. ("YPFI"), and Maxus International Energy Company ("MIEC").

On September 26, 2012 OCC lodged a Second Amended Cross Claim (the "Cross Claim") against Repsol, YPF, Maxus, Tierra and CLHH (all of which together "the Defendants").

Between June 2013 and August 2014, the Defendants signed different agreements with the State of New Jersey, in which they do not acknowledge liability and through certain payments in exchange for the withdrawal by the State of New Jersey of its proceedings against them.

On January 29, 2015 the judge ruled on certain Motions to Dismiss submitted by the Defendants against Cross Claim, dismissing, in full or in part, without scope for re-admission, 10 of the 12 claims presented by OCC. On July 1, 2015 the judge fixed a new procedural calendar and indicated the hearing for June, 2016.

On November 27, 2015 the parties formulated various Motions for Summary Judgment, and on January 14, 2016 the Special Master issued her recommendations on these Motions, allowing the ones submitted by Repsol in relation to its characterization as alter ego to Maxus and rejecting OCC's against Repsol's claim vis-a-vis OCC in respect of the $65 million paid pursuant to the agreement with the State of New Jersey.

The Presiding Judge decided on April 5, 2016 to uphold all of the recommendations issued by the Special Master, thereby dismissing in full OCC's suit against Repsol. His decision can be appealed. On June 16, 2016, the Special Master allowed the Motion for Summary Judgment presented by Repsol with regard to its claim against OCC for the $65 million paid as part of the settlement reached with the State of New Jersey. On January 30, 2017, OCC appealed the Special Master's recommendation. On June 17, 2016, Maxus filed for bankruptcy protection before the United States Bankruptcy Court for the District of Delaware, also seeking a stay of the main litigation, a petition the Court must rule on.

Spain

Litigation relating to the application of Order ITC/2608/2009 of September 28

In February 2017 notice was received of four judgments of the Supreme Court affirming the decisions of the lower courts and an earlier holding of the Supreme Court's own, recognizing Repsol Butano, S.A.'s entitlement to an indemnity for the detriment caused by the formula determining the maximum retail prices for regulated bottled LPG, set out in Order ITC/2608/2009 of September 28, which was struck down by the Supreme Court itself in its judgment of June 19, 2012, increased by statutory late payment interest (see Note 21.3 of Consolidated financial statements of Repsol, S.A. and Investees composing the Repsol Group for the fiscal year ended on 31 December 2016, incorporated by reference to this Base Prospectus).

Administrative and legal proceedings with tax implications

Repsol does business globally, operating as a vertically-integrated oil and gas company, which translates into growing complexity with respect to tax management in the current international context.

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the inspection period in each tax jurisdiction has prescribed.

The years for which the Group companies have their tax returns open to inspection in respect of the main applicable taxes are as follows:

Country	***Years open to inspection***
Algeria	*2012 – 2016*
Australia	*2012 – 2016*
Bolivia	*2011 – 2016*
Canada	*2007 – 2016*
Colombia	*2009 – 2015*
Ecuador	*2013 – 2016*
Spain	*2010 – 2016*
United States	*2011 – 2016*
Indonesia	*2011 – 2016*
Lybia	*2009 – 2016*
Malaysia	*2012 – 2016*
The Netherlands	*2011 – 2016*
Papua New Guinea	*2013 – 2016*
Peru	*2012 – 2016*
Portugal	*2013 – 2016*
Singapore	*2012 – 2016*

Timor - Leste	*2011 – 2016*
Trinidad and Tobago	*2012 – 2016*
Venezuela	*2012 – 2016*

Whenever discrepancies arise between Repsol and the tax authorities with respect to the tax treatment applicable to certain operations, the Group acts with the authorities in a transparent and cooperative manner in order to resolve the resulting controversy, using the legal avenues available to it with a view to reaching non-litigious solutions.

However, in this fiscal year, as in prior years, there are administrative and legal proceedings with tax implications that might be adverse to the Group's interest and that have given rise to litigious situations that could result in contingent tax liabilities. Repsol believes that it has acted lawfully in handling the foregoing matters and that its defense arguments are underpinned by reasonable interpretations of prevailing legislation, to which end it has lodged appeals as necessary to defend the interests of the Group and its shareholders.

It is difficult to predict when these tax proceedings will be resolved due to the extensive appeals process. Based on the advice received from in-house and external tax experts, the company believes that the tax liabilities that may ultimately derive from these proceedings will not have a significant impact on the financial statements. In the Group's experience, the result of lawsuits claiming sizeable amounts have either tended to result in immaterial settlements or the courts have found in favor of the Group.

The Group's general criterion is to recognize provisions for tax-related proceedings that it deems it is likely to lose and does not recognize provisions when the risk of losing the case is considered possible or remote. The amounts to be provisioned are calculated on the basis of the best estimate of the amount needed to settle the lawsuit in question, underpinned, among others, by a case-by case analysis of the facts, the legal opinions of its in-house and external advisors and prior experience in these matters.

The main tax-related lawsuits affecting the Group at 31 December 2016 are as follows:

Bolivia

Repsol E&P Bolivia, S.A. and YPFB Andina, S.A. are pursuing several lawsuits against administrative resolutions denying the possibility of deducting royalties and hydrocarbon interests for corporate income tax calculation purposes, prior to the nationalization of the oil sector.

The first lawsuits brought by Repsol E&P Bolivia S.A. and YPFB Andina, S.A. were resolved against Repsol´s interest by the Supreme Court, whose judgement was later confirmed by the Constitutional Court.

The Company is involved in other litigation concerning the same matters, considering that its position is expressly endorsed by Law 4115 of September 26, 2009.

Brazil

Petrobras, as operator of block BM-S-9, in which Repsol has a 25% ownership interest, has been served by the Sao Paulo tax authorities of an infraction notice in relation to purported breaches of formal requirements related to the onshore-offshore movement of materials and equipment from/to the offshore drilling platform. The criterion adopted by Petrobras is in line with widespread industry practice. A court of first instance ruled in favor of the taxpayer. The State of Sao Paulo has lodged an appeal.

Secondly, Petrobras, as operator of the Albacora Leste, BM-S-7 and BMS-9 consortia, has received infraction notices with respect to several taxes for the period 2008 to 2012 in relation to payments to foreign companies for the chartering of exploration platforms and related services used at the above-listed blocks. On October 3, 2016, the administrative first-instance tribunal dismissed the application filed by Petrobras, which has lodged an appeal.

In addition, Repsol Sinopec Brasil received notices of infringement with respect to withholdings (2009 and 2011) in relation to payments to foreign companies for the chartering of exploration vessels and related services used at blocks BM S-48 and BM-C33, which Repsol Sinopec Brasil operates. The Company believes that its behavior is in line with widespread sector practice as well as compliant with the law. This case is currently being heard at an administrative federal tribunal of second instance.

Canada

The Canada Revenue Agency, or CRA, has disallowed the application of tax incentives related to the assets of the Canaport project. The Company has appealed the tax assessments (2005-2008). Canada's Tax Court ruled in favor of Repsol on January 27, 2015. However, this decision was appealed before the Federal Court of Appeal.

Furthermore, the CRA regularly inspects the Talisman Group companies resident in Canada. Since 2015, there are ongoing verification and investigation activities regarding the years 2006-2010.

Ecuador

The Ecuador internal revenue service (SRI) has disallowed the deduction from income tax (2003 to 2010) of payments for the transportation of crude oil to Ecuador company Oleoducto de Crudos Pesados, S.A. under a "Ship or pay" arrangement. The National Court of Justice has dismissed the appeals regarding 2003 and 2005 on procedural grounds, without addressing the merits of the case.

For the period 2004 to 2010, the SRI has also queried the criteria used to set the benchmark price applicable to sales of the output of Block 16, in which Repsol Ecuador, S.A. holds a 35% interest. The National Court of Justice has dismissed the appeal regarding 2005 on procedural grounds, without addressing the merits of the case.

Oleoducto de Crudos Pesados, S.A. (OCP), a 29.66% investee of Repsol Ecuador, S.A., is disputing with the government of Ecuador the tax treatment of subordinated debt issued to finance its operations. The National Court handed down a favorable ruling for this company, which the government appealed before the Constitutional Court. The Constitutional Court has set aside the National Court ruling and ordered a new ruling. The government also dismissed the National Court members who ruled in favor of the company. Later, the National Court has issued rulings in favor of the interests of SRI in respect of the 2003 to 2006 fiscal years. OCP's appeals to the Constitutional Court were dismissed. The government of Ecuador has been notified that an international arbitration action may be lodged.

Spain

In 2013 the main litigations deriving from the inspections of income tax returns from 1998 to 2001 and from 2002 to 2005 concluded. The corresponding decisions and rulings had the effect of cancelling 90% of the tax liability initially assessed by the tax authorities and that had been appealed by the Company. With regard to the penalties linked to those inspections, they have all been cancelled by the Courts.

Secondly, the assessments and penalties deriving from the inspections corresponding to the 2006-2009 corporate income tax and withholdings are still open to final administrative decision. The matters under discussion, which are mainly related to transfer pricing, foreign portfolio loss recognition, and investment incentives, imply a change in the tax authority´s criteria with respect to earlier inspections. Repsol, in keeping with the reports provided by its internal and external tax advisors, believes that it has acted lawfully in these matters and, accordingly, does not expect them to result in liabilities that could have a significant impact on the Group's results. The Group will appeal the assessments handed down by the tax authorities as necessary in order to uphold and defend the Group's legitimate interests.

In relation to the sentence issued by the European Union Court of Justice on February 27, 2014, declaring the Tax on the Retail Sale of Certain Hydrocarbons (IVMDH for its acronym in Spanish) levied from 2002 to 2012, contrary to EU law, Repsol has initiated several proceedings against the Spanish tax authorities in order to uphold the interests of its customers and their right to seek the refund of the amounts incorrectly collected in this respect.

In 2016, the Spanish tax authorities continued an inspection of the Group's income tax, value added tax and other taxes and withholdings corresponding to fiscal years 2010 to 2013. Consensual tax assessments have been signed in respect of withholdings.

Indonesia

The Indonesian Tax Authorities have been questioning various aspects of the taxation of permanent establishments that the Group holds in the country. These proceedings are pending appeals in administrative tribunals or resolution in the courts.

Malaysia

Repsol Oil & Gas Malaysia Ltd. and Repsol Oil & Gas Malaysia (PM3) Ltd., the Group's operating subsidiaries in Malaysia, have received notifications from the Inland Revenue Board (IRB) in respect of the years 2007, 2008 and 2011 questioning, primarily, the deductibility of certain costs. These proceedings are being heard at an administrative instance before court hearing.

Timor - Leste

The authorities of Timor-Leste have questioned the deduction by Repsol Oil & Gas Australia (JPDA 06- 105) Pty Limited of certain expenses for income tax purposes. This issue is at a stage of debate with the authorities; no final administrative decision has been issued, nor is any court proceedings in progress.

Trinidad and Tobago

In 2015, BP Trinidad & Tobago LLC, a company in which the Repsol Group has a 30% interest along with BP, signed an agreement with the local authorities (Board of Inland Revenue), resolving most of the matters under dispute in relation to several taxes and for the years 2003-2009: "Petroleum Profit Tax" (income tax), "Supplemental Petroleum Tax" (production tax), non-resident personal income tax withholdings and the issues recurring in the years not subject to inspection (2010-2014).

Subsequently, the Administration has issued a new tax assessment requiring additional payments in relation to the 2007-2009 exercises (which were included in the above agreement and therefore were considered reviewed and already closed). BP Trinidad & Tobago LLC filed the appropriate administrative appeal and in 2016 the Administrative Tribunal allowed it, accepting the argument that such periods were already closed.

General information

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 delete paragraph (2) in the **Section** "**GENERAL INFORMATION**" on page 102 of the Base Prospectus replace it with the following text to take into account the publication and incorporation by reference into the Base Prospectus of the Annual Consolidated Financial Statements of Repsol, S.A. and investees composing the Repsol Group for the year ended 31 December 2015:

"To the best of the knowledge of the Issuer, there has been no material adverse change in its prospects since 31 December 2015 (being the date of the last published audited financial statements) and save for the declaration and payment by the Issuer on 28 January 2016 of a dividend to its sole shareholder (the Guarantor) in the amount of U.S.$834 million and on 22 December 2016 in the amount of U.S.$1,254 million (see section "Information on the Issuer—Recent Developments" on page 33 of this Base Prospectus) nor has there been any significant change in the financial or trading position of the Issuer and its consolidated subsidiaries since 31 December 2015.

To the best of the knowledge of the Guarantor, there has been no material adverse change in its prospects nor has there been any significant change in the financial or trading position of the Group since 31 December 2016 (being the date of the last published audited financial statements)."

Furthermore, 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 insert the following as paragraph (5)(xii) in the **Section** "**GENERAL INFORMATION**" on page 103 of the Base Prospectus to take into account the publication and incorporation by reference into the Base Prospectus of the Annual Consolidated Financial Statements of Repsol, S.A. and investees composing the Repsol Group for the year ended 31 December 2016:

"the Annual Report 2016 of Repsol, including the audited Consolidated financial statements for the financial year ended 31 December 2016, which were prepared in accordance with EU-IFRS, together with the notes to such financial statements and the audit report thereon."

Finally, 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 delete paragraph (6)(i) in the **Section** "**GENERAL INFORMATION**" on page 103 of the Base Prospectus and replace it with the following text to take into account the publication and incorporation by reference into the Base Prospectus of the Annual

Consolidated Financial Statements of Repsol, S.A. and investees composing the Repsol Group for the year ended 31 December 2016:

"(i) the consolidated financial statements of the Guarantor and its subsidiaries for the years ended 31 December 2016, 2015 and 2014 have been audited by Deloitte, S.L. (members of the Registro Oficial de Auditores de Cuentas), Independent Auditors of the Group. The address of Deloitte, S.L. is Plaza Pablo Ruiz de Picasso, 1, Torre Picasso, 28020 Madrid, Spain."

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Programme 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.

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 virtue of this Supplement and (b) any other statement, pre-dating this Supplement, in, or incorporated by reference into, the Base Prospectus, the statements in (a) above shall prevail.

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 Koninginnegracht 19, 2514 AB 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.