



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 30 May 2017 as supplemented on 1 August 2017 (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 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.

2017 third quarter financial statements and regulatory announcements

On 3 November 2017, the Guarantor filed its Interim Condensed Consolidated Financial Statements of Repsol, S.A. and investees composing the Repsol Group for the third quarter and the nine-month period ended 30 September 2017 with the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores – CNMV*). An English-language translation has been filed with the Luxembourg Financial Sector Surveillance Commission (*Commission de Surveillance du Secteur Financier - CSSF*) and, by virtue of this Supplement, is incorporated by reference in, and forms part of, the Base Prospectus.

This Supplement also incorporates by reference certain regulatory announcements published by the Issuer and the Guarantor since 1 August 2017.

Documents incorporated by reference

Both the Issuer and the Guarantor consider advisable to incorporate by reference into the Base Prospectus via this Supplement sections of the Interim Condensed Consolidated Financial Statements of the Guarantor for the third quarter and nine-month period ended 30 September 2017; 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 21 to 24 of the Base Prospectus) by the inclusion of the following documents to the list “**Information incorporated by reference**” (page 21 of the Base Prospectus) as new paragraph (N). 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.

<u>“Information Incorporated by Reference</u>	<u>Page References</u>
(N) The sections listed below of the Interim Condensed Consolidated Financial Statements of Repsol, S.A. and investees comprising the Repsol Group for the third quarter and nine-month period ended 30 September 2017:	
- Consolidated balance sheet at 30 September 2017 and 31 December 2016	2
- Consolidated income statement corresponding to the third quarter of 2017 (Q3 2017) and 2016 (Q3 2016) and the interim periods ending 30 September 2017 and 2016	3
- Consolidated statement of recognised income and expenses corresponding to the third quarter of 2017 (Q3 2017) and 2016 (Q3 2016) and the interim periods ending 30 September 2017 and 2016	4
- Consolidated statement of changes in equity corresponding to the interim periods ending 30 September 2017 and 2016	5
- Consolidated cash flow statement corresponding to the third quarter of 2017 (Q3 2017) and 2016 (Q3 2016) and the interim periods ending 30 September 2017 and 2016	6
- Notes to the financial statements	7-28
- Appendix I – Scope of Consolidation	29
- Appendix II – Regulatory framework	30-31
- Appendix III – Other detailed information	32-34
- Appendix IV – Alternative Performance Measures	35-43

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 the Section “**RISK FACTORS**” to replace the information contained under “Uncertainty in the current economic context” on pages 7 and 8 of the Base Prospectus, in order to provide investors with the information obtained from the latest published financial statements of the Guarantor:

“Uncertainty in the current economic context

In the current context of consolidating global growth, the short-term risks to the economy and the financial stability have been reduced considerably, but new risks have acquired more importance. In particular, the improving outlook for the economy has been overshadowed by the recent intensification of geopolitical tensions, such as the advance of North Korea's nuclear program, the Brexit process and the political conflict in Catalonia.

So far, markets have shown very limited reaction to these geopolitical tensions. But some of these could end up having greater repercussions, especially those regarding Brexit and North Korea. If political tensions in Catalonia are prolonged, they could affect investor confidence, which in turn would result in an increase in the cost of financing and a weakening of growth in Spain. The Trump administration has also the potential to become another destabilizing factor for the markets, both because a possible swings towards trade protectionism and the

deregulation of policies, and for advances in the investigations of the Russia's connections. In Europe, the election results in Germany and especially The Netherlands and France have slowed the anti-EU movement and reduced political risk, but the next approval of the labor reform in this later and the elections in Italy can still generate instability.

Apart from these, important uncertainties remain in the global economy arising from the difficulties in managing several economic transitions that are taking place simultaneously. The most important of these is the need for China to move to a new development model, which cannot proceed in as orderly a fashion as the authorities would like, especially given the country's high levels of indebtedness. Secondly, the normalization of monetary policy in advance economies, which has included unconventional policies for the first time. The third transition is the adjustment of the commodities cycle.

With regard to oil prices, the oversupply of the market, which has depressed prices since the second half of 2014, has reduced considerably and, according to the International Energy Agency (IEA), 2017 would be the first year since 2013 registering an average fall in inventories. For 2018, IEA forecast a supply-demand balance in equilibrium.

The uncertainty relating to this scenario depends on three factors. First, the health of demand; second, compliance with the production cuts; and third, the recovery in US supply. With regard to demand, both the economic trend and outlook and the leading indicators for consumption point to relatively healthy growth, with a low risk of deterioration in the current outlook. The second source of uncertainty regarding the balance forecast by the IEA has to do with compliance with the production cuts. Up to September, the average compliance by the OPEC countries subject to cuts was 86%, much better than the historic average of 75-80%. It is difficult to envisage a scenario in which this compliance deteriorates significantly, mainly because the restriction of production is expected to lead to increased income. If this does not occur, they run the risk of prolonging the delicate economic situation and deepening social unease and political instability. Lastly, the point of greatest uncertainty in the global equilibrium is the recovery in the supply of US unconventional (shale) oil, which has shown unexpected strength in the current price environment, but a leading indicator as active oil rigs has been deteriorating in the last 2-3 month, anticipating production stagnation in the short term."

Share capital and major shareholders – Guarantor

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 "**Share capital and major shareholders**", to replace the information on pages 42 and 43 with the following information:

"As at 15 November 2017, the Guarantor's share capital is comprised of 1,527,396,053 shares at a nominal value of €1, fully subscribed and paid, and admitted to listing on the automated quotation system (mercado continuo) of the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and on the Buenos Aires Stock Exchange. The Guarantor also has a programme of ADS, currently traded on the OTCQX market in the United States.

In accordance with the latest information available to Repsol, at 15 November 2017, the Guarantor's major shareholders beneficially owned the following percentages of its ordinary shares:

"Shareholder	Percentage ownership (direct)	Percentage ownership (indirect)	Total number of shares	Total percentage ownership
	%	%		%
CaixaBank, S.A.....	9.6	0.00	147,246,412	9.6
Sacyr, S.A. ⁽¹⁾	0.00	8.0	122,704,410	8.0
Temasek Holdings (Private) Limited ⁽²⁾	0.00	4.3	64,924,263	4.3
Blackrock, Inc. ⁽³⁾	0.00	3.0	43,797,508	3.0

(1) Sacyr, S.A. holds its interest through Sacyr Securities, S.A.U, Sacyr Investments S.A.U. and Sacyr Investments II, S.A.U.

(2) Temasek Holdings (Private) Limited holds its investment through its subsidiary, Chembra Investment PTE, Ltd.

(3) Blackrock, Inc. holds its shareholding through several funds and accounts managed by fund managers under its control. The information pertaining to Blackrock, Inc. is based on the declaration presented by the latter to the CNMV on January 15, 2016 regarding its shareholding as of that date.

Business Overview – Shareholder remuneration

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 add a new last paragraph in the subsection **“Shareholder remuneration”** (page 43 of the Base Prospectus) with the following information:

“On 2 November 2017, the Guarantor announced the expected timetable of the paid-up capital increase that was approved in the framework of the “Repsol Flexible Dividend” program by the 2017 Annual Shareholders’ Meeting held on 19 May 2017, with respect to item seven of the agenda, to be implemented in December 2017 and January 2018, coinciding with the dates on which the traditional interim dividend of the year was typically paid to shareholders.”

Business Overview – 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”** as regards the **“Galley” pipeline lawsuit** and **“The Passaic River and Newark Bay lawsuit”** (pages 44 and 45 of the Base Prospectus) and as regards the **“Administrative and legal proceedings with tax implications” in Brazil, Canada, Spain and Timor-Leste** (pages 47 and 48 of the Base Prospectus) with the following information in order to provide investors with the information obtained from the latest published financial statements of the Guarantor:

“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.

As at the date of this Base Prospectus, 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 8 August 2016 and the arbitration court has been constituted. The arbitration is taking place in London. In June 2017, the arbitration court, at the proposal of the parties, approved the division of the procedure into two phases (liability and quantum, as applicable) and the holding of a preliminary hearing for matters to be addressed in the first phase in February 2018. With the allegations phase concluded, the proceeding is currently in the preparatory phase of the oral hearing, including discovery and the evidence phase.”

The Passaic River / Newark Bay lawsuit

The events underlying this lawsuit relate to the sale by Maxus Energy Corporation (Maxus) of its former chemicals subsidiary Diamond Shamrock Chemical Company (Chemicals) to Occidental Chemical Corporation (OCC). Maxus agreed to indemnify OCC for certain contingencies relating to the business and activities of Chemicals prior to 4 September 1986, including certain environmental liabilities relating to certain chemical plants and waste disposal sites used by Chemicals prior to 4 September 1986. In 1995, YPF acquired Maxus 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. (parent company of the Repsol Group, today called Repsol, S.A.), YPF, YPF Holdings Inc. (YPFH), CLH Holdings (CLHH), Tierra Solutions, Inc. (Tierra), Maxus and OCC for the alleged contamination caused by the former Chemicals plant located on Lister Avenue in Newark, which allegedly contaminated the Passaic River, Newark Bay and other bodies of water and properties in the vicinity (the Passaic River and Newark Bay lawsuit). In August 2010, the lawsuit was extended to YPF International S.A. (YPFI), and Maxus International Energy Company (MIEC).

On 26 September 2012 OCC filed a “Second Amended Cross Claim” (the Cross Claim) against Repsol, YPF, Maxus, Tierra and CLHH (together, the Defendants).

Between June 2013 and August 2014, the Defendants signed a series of settlement agreements, without acknowledging liability, with the State of New Jersey under which the latter withdrew its cases against the former in exchange for certain payments.

The judge ruled on certain Motions to Dismiss presented by the Defendants in respect of the Cross Claim on 29 January 2015, dismissing, in full or in part, without scope for re-admission, 10 of the 12 claims presented by OCC.

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

The presiding judge decided on 5 April 2016 to fully uphold all of the recommendations issued by the special master, thereby dismissing in full Occidental Chemical Corporation’s (OCC) suit against Repsol. This decision can be appealed. On 16 June 2016, the special master agreed to hear 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 30 January 2017, OCC filed an appeal against the recommendation of the special master. On 17 June 2016, Maxus filed for bankruptcy protection before the United States Bankruptcy Court for the District of Delaware, also seeking release from its main litigation liability, a petition the Court must rule on. On 19 October 2017, the judge decided to fully uphold the recommendations of the special master and, thus, uphold the motion for summary judgment presented by Repsol against OCC for \$65 million. The decision can be appealed. At the date of approval of the Interim Condensed Consolidated Financial Statements of the Guarantor for the third quarter and nine-month period ended 30 September 2017, the main proceeding remains under suspension.”

Administrative and legal proceedings with tax implications

“Brazil

Petrobras, as operator of block BM-S-9, in which Repsol has a 25% ownership interest, has been served an infraction notice by the Sao Paulo tax authorities 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 favour of the tax payer. The State of Sao Paulo has lodged an appeal.

Secondly, Petrobras, as operator of the Albacora Leste, BM-S-7 and BMS-9 consortia 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 3 October 2016, the administrative first-instance tribunal dismissed the application filed by Petrobras, which has lodged an appeal.

In addition, Repsol Sinopec Brasil received an adverse tax assessment in the second federal administrative instance 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, in which Repsol Sinopec Brasil is the operator.. The Company continues to believe that its actions are compliant with the law and in line with widespread sector practice; accordingly, it has filed a new appeal in administrative proceedings.”

“Canada

The Canada Revenue Agency, or CRA, had disallowed the application of tax incentives related to the assets of the Canoport project. The Company appealed the tax assessments (2005-2008) and Canada’s Tax Court ruled in favour of Repsol on 27 January 2015. However, this decision was appealed before the Federal Court of Appeal and in September 2017, the Federal Court of Appeal handed down a ruling favourable to Repsol in the aforementioned litigation with CRA.

Furthermore, the CRA regularly inspects the ROGCI Group companies resident in Canada. Since 2015, there is ongoing verification and investigation regarding the years 2006-2010 and the Company received a notice of reassessment resulting in adjustments to the 2006 tax return under several items. The Company does not expect this claim to have a significant impact on the Group and has submitted the corresponding appeal as it believes that some items were adjusted incorrectly.”

“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 were appealed by the Company. With regard to litigation relating to penalties arising from inspection of income tax from 1998 to 2001 and from 2002 to 2005 in Spain, they have been annulled by the courts in almost all cases.

Secondly, the Central Economic-Administrative Court issued a decision that partially upholds the Company's appeal on certain tax matters related to the inspection of the years 2006-2009 and cancels the corresponding settlements... 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 advisers, 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.. In this respect, the Company will file an appeal with respect to items that were not upheld, as the Company believes that its conduct has been lawful.

In relation to the sentence issued by the European Union Court of Justice on 27 February 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 August 2017, the State Agency for Tax Administration (AEAT for its initials in Spanish) finished the tax inspection of the Tax Group 6/80, of which Repsol, S.A. is the head, for the years 2010-2013. The procedures concluded without the imposition of any sanctions, and for the most part with the signing of acceptance certificates or agreements on income tax, VAT, income tax withholdings and non-resident income tax, resulting in no significant liabilities for the Group. However, an appeal will be filed against administrative decisions on two income tax items (the deductibility of tax agency late payment interest and calculation of business losses occurring abroad), as the Company believes that its conduct has been lawful.

Finally, in August 2017, the AEAT has initiated the actions of verification of the Tax Group 6/80 for the years 2014 and 2015.”

“Timor-Leste

The authorities of Timor-Leste, that had initially questioned the deduction by Repsol Oil & Gas Australia (JPDA 06-105) Pty Limited of certain expenses for income tax purposes have recently withdrawn their claims in connection with this.”

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, and in connection with Section “**GENERAL INFORMATION**” to replace the information contained in paragraph 2 (page 101 of the Base Prospectus) with the following:

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

To the best of the knowledge of the Guarantor, there has been no material adverse change in its prospects since 31 December 2016 (being the date of the last published audited financial statements), nor has there been any significant change in the financial or trading position of the Group since 30 September 2017.”

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 102 of the Base Prospectus to take into account the publication and incorporation by reference into the Base Prospectus of the Interim Condensed Consolidated Financial Statements of Repsol and investees comprising the Repsol Group for the third quarter and nine-month period ended 30 September 2017:

“(xii) the interim condensed consolidated financial statements of Repsol and investees comprising the Repsol Group for the third quarter and nine-month period ended 30 September 2017”

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 <https://www.repsol.energy/en/shareholders-and-investors/fixed-income-and-credit-ratings/rif/index.cshtml>.