

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the first half of 2016



REPSOL, S.A. and investees comprising the REPSOL Group

*Translation of a report originally issued in Spanish
In the event of a discrepancy, the Spanish language version prevails*

Repsol, S.A. and investees comprising the Repsol Group
Consolidated balance sheet at June 30, 2016 and December 31, 2015

ASSETS	Note	Millions of euros	
	2.3	06/30/2016	12/31/2015
Intangible Assets:		5,042	4,790
a) Goodwill	4.1	3,036	3,099
b) Other intangible assets		2,006	1,691
Property, plant and equipment	4.1	27,259	28,202
Investment property		25	26
Investment accounted for using the equity method	4.2	11,903	11,798
Non-current financial assets	4.4	789	715
Deferred tax assets		4,786	4,743
Other non-current assets		278	179
NON-CURRENT ASSETS		50,082	50,453
Non current assets held for sale	4.3	226	262
Inventories		3,198	2,853
Trade and other receivables:		4,878	5,680
a) Trade receivables		2,517	2,607
b) Other receivables		1,551	2,060
c) Income tax assets		810	1,013
Other current assets		248	271
Other current financial assets	4.4	1,261	1,237
Cash and cash equivalents	4.4	2,225	2,448
CURRENT ASSETS		12,036	12,751
TOTAL ASSETS		62,118	63,204

Notes 1 to 6 are an integral part of this consolidated balance sheet at June 30, 2016.

Repsol, S.A. and investees comprising the Repsol Group
Consolidated balance sheet at June 30, 2016 and December 31, 2015

LIABILITIES AND EQUITY	Note	Millions of euros	
	2.3	06/30/2016	12/31/2015
NET EQUITY			
Issued share capital		1,466	1,442
Share premium		6,428	6,428
Reserves		259	259
Treasury shares and own equity instruments		(308)	(248)
Retained earnings and other reserves		17,756	19,571
Profit attributable to equity holders of the parent		639	(1,392)
Dividends and remunerations	4.6	6	(228)
Other equity instruments		1,005	1,017
EQUITY		27,251	26,849
Items reclassified to the income statement:			
Financial assets available for sale		3	3
Hedge transactions		(228)	(227)
Translation differences		1,572	1,915
OTHER ACCUMULATED COMPREHENSIVE INCOME		1,347	1,691
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AND OTHER HOLDERS OF EQUITY INSTRUMENTS		28,598	28,540
MINORITY INTERESTS		224	228
TOTAL EQUITY	4.6	28,822	28,768
Grants		6	7
Non-current provisions	4.7	6,150	5,827
Non-current financial liabilities:	4.4	10,634	10,581
a) Bank borrowings, bonds and other securities		10,512	10,491
b) Other financial liabilities		122	90
Deferred tax liabilities		1,524	1,602
Other non-current liabilities		1,919	1,942
NON-CURRENT LIABILITIES		20,233	19,959
Liabilities related to non-current assets held for sale	4.3	9	8
Current provisions	4.7	1,243	1,377
Current financial liabilities:	4.4	6,426	7,073
a) Bank borrowings, bonds and other securities		6,383	7,004
b) Other financial liabilities		43	69
Trade payables and other payables:		5,385	6,019
a) Trade payables		1,925	1,799
b) Other payables		3,258	3,975
c) Current income tax liabilities		202	245
CURRENT LIABILITIES		13,063	14,477
TOTAL LIABILITIES AND EQUITY		62,118	63,204

Notes 1 to 6 are an integral part of this consolidated balance sheet at June 30, 2016.

Repsol, S.A. and investees comprising the Repsol Group

Consolidated income statement for the second quarter of 2016 and 2015 and the interim periods ended June 30, 2016 and 2015

	Note	Millions of euros			
		Q2 2016	Q2 2015	06/30/2016	06/30/2015
Sales		8,058	10,749	15,695	20,043
Services rendered and other income		34	40	64	76
Changes in inventories of finished goods and work in progress inventories		241	88	323	59
Income from reversals of provisions and gains on disposal of non-current assets	4.3	277	79	357	227
Other operating income	4.8	113	68	452	694
OPERATING REVENUE		8,723	11,024	16,891	21,099
Supplies		(5,448)	(7,777)	(10,766)	(14,766)
Personnel expenses		(926)	(569)	(1,468)	(1,024)
Other operating expenses	4.8	(1,396)	(1,482)	(2,768)	(3,129)
Depreciation and amortization of non-current assets		(583)	(684)	(1,158)	(1,360)
Provisions recognised and losses on disposal of non-current assets		(34)	(124)	(53)	(137)
OPERATING EXPENSES		(8,387)	(10,636)	(16,213)	(20,416)
OPERATING INCOME		336	388	678	683
Finance income		49	33	93	65
Finance expenses		(183)	(198)	(365)	(332)
Changes in the fair value of financial instruments		(22)	(122)	(35)	980
Net exchange gains/ (losses)		19	95	62	(265)
Impairment and gains/ (losses) on disposal of financial instruments	4.4	(1)	(1)	49	(7)
FINANCIAL RESULT		(138)	(193)	(196)	441
Share of results of companies accounted for using the equity method after taxes	4.2	53	185	212	258
NET INCOME BEFORE TAX		251	380	694	1,382
Income tax	4.9	(32)	(63)	(34)	(299)
NET INCOME FROM THE PERIOD		219	317	660	1,083
Net income attributable to minority interests		(14)	(25)	(21)	(30)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT		205	292	639	1,053
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT					
	4.6.3	Euros	Euros	Euros	Euros
Basic		0.14	0.20	0.44	0.73
Diluted		0.14	0.20	0.44	0.73

Notes 1 to 6 are an integral part of this consolidated income statement at June 30, 2016.

Repsol, S.A. and investees comprising the Repsol Group
Consolidated statement of recognized income and expenses for the second quarter of 2016 and 2015 and the
interim periods ended June 30, 2016 and 2015

	Millions of euros			
	<u>Q2 2016</u>	<u>Q2 2015</u>	<u>06/30/2016</u>	<u>06/30/2015</u>
CONSOLIDATED NET INCOME FOR THE PERIOD (from the Consolidated Income Statement)	219	317	660	1,083
OTHER COMPREHENSIVE INCOME				
Total items not reclassified to the income statement:				
From actuarial gains and losses	-	6	-	5
Share of other comprehensive income recognized by investees accounted for as interest in joint ventures and associates	(1)	-	(3)	-
Tax effect	-	-	(5)	-
TOTAL	(1)	6	(8)	5
OTHER COMPREHENSIVE INCOME				
Total items reclassified to the income statement:				
Financial assets available for sale	-	3	-	12
Valuation gains/(losses)	-	3	-	6
Amounts transferred to profit or loss	-	-	-	6
Cash-flow hedges	-	178	(15)	(43)
Valuation gains/(losses)	(20)	(355)	(41)	(555)
Amounts transferred to profit or loss	20	8	26	(13)
Amounts transferred to the initial measurement of hedged items	-	525	-	525
Translation differences	502	(538)	(361)	1,172
Valuation gains/(losses)	514	(544)	(346)	1,165
Amounts transferred to profit or loss	(12)	6	(15)	7
Share of other comprehensive income recognized by investees accounted for as interest in joint ventures and associates	98	(121)	57	39
Valuation gains/(losses)	94	(118)	50	42
Amounts transferred to profit or loss	4	(3)	7	(3)
Tax effect	(25)	(1)	(28)	14
TOTAL	575	(479)	(347)	1,194
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	793	(156)	305	2,282
a) Attributable to the parent company	777	(177)	285	2,243
b) Attributable to minority interests	16	21	20	39

Notes 1 to 6 are an integral part of this consolidated statement of recognized income and expenses at June 30, 2016.

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Repsol, S.A. and investees comprising the Repsol Group
Consolidated statement of changes in equity for the periods ended June 30, 2016 and 2015

	Equity attributable to equity holders of the parent							Minority interests	Total Equity
	Capital and reserves				Total net income attributable to the parent		Total equity attributable to the parent and to other holders of equity instruments		
Millions of euros	Issued share capital	Share premium and reserves	Treasury shares and own equity instruments	Total net income attributable to the parent	Other equity instruments	Other comprehensive income			
Closing balance at 12/31/2014	1,375	24,642	(127)	1,612	-	435	27,937	217	28,154
Adjustments	-	225	-	-	-	5	230	-	230
Initial adjusted balance	1,375	24,867	(127)	1,612	-	440	28,167	217	28,384
Total recognized income/ (expense)	-	11	-	(1,392)	-	1,259	(122)	56	(66)
Transactions with shareholders or owners									
Increase/ (decrease) of share	67	(67)	-	-	-	-	-	-	-
Dividend payments	-	-	-	-	-	-	-	-	-
Transactions with treasury shares or own equity instruments (net)	-	3	(121)	-	-	-	(118)	-	(118)
Increases/ (decreases) due to changes in the scope of consolidation	-	49	-	-	-	18	67	(45)	22
Other transactions with partners and owners	-	(471)	-	-	-	-	(471)	-	(471)
Other changes in equity									
Transfers between equity accounts	-	1,612	-	(1,612)	-	-	-	-	-
Perpetual subordinated obligations	-	(22)	-	-	1,017	-	995	-	995
Other changes	-	48	-	-	-	(26)	22	-	22
Closing balance at 12/31/2015	1,442	26,030	(248)	(1,392)	1,017	1,691	28,540	228	28,768
Total recognized income/ (expense)	-	(8)	-	639	-	(346)	285	20	305
Transactions with shareholders or owners									
Increase/ (decrease) of share capital	24	(24)	-	-	-	-	-	-	-
Dividend payments	-	-	-	-	-	-	-	(4)	(4)
Transactions with treasury shares or own equity instruments (net)	-	-	(60)	-	-	-	(60)	-	(60)
Increases/ (decreases) due to changes in the scope of consolidation	-	-	-	-	-	-	-	(21)	(21)
Other transactions with partners and owners	-	(144)	-	-	-	-	(144)	-	(144)
Other changes in equity									
Transfers between equity accounts	-	(1,392)	-	1,392	-	-	-	-	-
Perpetual subordinated obligations	-	(15)	-	-	(12)	-	(27)	-	(27)
Other changes	-	2	-	-	-	2	4	1	5
Closing balance at 06/30/2016	1,466	24,449	(308)	639	1,005	1,347	28,598	224	28,822

Notes 1 a 6 are an integral part of this consolidated statement of changes in equity at June 30, 2016.

Repsol, S.A. and investees comprising the Repsol Group
Consolidated statement of cash flows for the second quarter of 2016 and 2015 and the interim periods
ended June 30, 2016 and 2015

	Millions of euros			
	Q2 2016	Q2 2015	06/30/2016	06/30/2015
Net income before tax	251	380	694	1,382
Adjustments to net income:	905	780	1,302	607
Depreciation and amortization of non-current assets	583	684	1,158	1,360
Other adjustments to results (net)	322	96	144	(753)
Changes in working capital	(319)	(477)	(520)	(450)
Other cash flows from operating activities:	(138)	(479)	125	(241)
Dividends received	182	9	306	133
Income tax received / (paid)	(115)	(287)	136	(142)
Other proceeds from/ (payments for) operating activities	(205)	(201)	(317)	(232)
Cash flows from operating activities	699	204	1,601	1,298
Payments for investing activities:	(803)	(9,094)	(1,582)	(9,876)
Group companies and associates	(301)	(8,267)	(472)	(8,407)
Property, plant and equipment, intangible assets and investment proper	(489)	(766)	(1,001)	(1,331)
Other financial assets	(13)	(61)	(109)	(138)
Proceeds from divestments:	677	923	841	1,331
Group companies and associates	578	154	665	255
Property, plant and equipment, intangible assets and investment proper	91	10	167	14
Other financial assets	8	759	9	1,062
Other cash flows	(1)	494	(1)	494
Cash flows used in investing activities	(127)	(7,677)	(742)	(8,051)
Proceeds from / (payments for) equity instruments:	(42)	(56)	(49)	1,024
Issues	-	-	-	995
Acquisition	(46)	(79)	(53)	(154)
Disposal	4	23	4	183
Proceeds from / (payments for) financial liabilities:	(646)	706	(274)	2,576
Issues	2,661	3,470	7,120	6,621
Return and depreciation	(3,307)	(2,764)	(7,394)	(4,045)
Payments for dividends and payments on other equity instruments:	-	-	(271)	(245)
Other cash flows from financing activities:	(173)	348	(482)	789
Interest payments	(109)	(142)	(396)	(395)
Other proceeds from/ (payments for) financing activities	(64)	490	(86)	1,184
Cash flows used in financing activities	(861)	998	(1,076)	4,144
Effect of changes in exchange rates	6	(30)	(6)	63
Net increase / (decrease) in cash and cash equivalents	(283)	(6,505)	(223)	(2,546)
Cash and cash equivalents at the beginning of the period	2,508	8,597	2,448	4,638
Cash and cash equivalents at the end of the period	2,225	2,092	2,225	2,092
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	Q2 2016	Q2 2015	06/30/2016	06/30/2015
Cash and banks	1,825	1,550	1,825	1,550
Other financial assets	400	542	400	542
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,225	2,092	2,225	2,092

Notes 1 a 6 are an integral part of this consolidated cash flow statement at June 30, 2016.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE REPSOL GROUP

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(1) GENERAL INFORMATION

1.1 About the Repsol Group

Repsol constitutes an integrated group of oil and gas (hereinafter “Repsol”, “Group Repsol” or “Group”) which commenced its operations in 1987.

The Repsol Group is engaged in all the activities relating to the oil and gas industry, including exploration, development and production of crude oil and natural gas, transportation of oil products, liquefied petroleum gas (LPG) and natural gas, refining, the production of a wide range of oil products and the retailing of oil products, oil derivatives, petrochemicals products, LPG and natural gas, as well as the generation and distribution of electricity.

The Repsol Group prepares its consolidated financial statements including the investments in all of its subsidiaries, associates and joint arrangements. Appendix I of the consolidated financial statements for the financial year 2015 details the main companies comprising the Repsol Group, which were included in the consolidation scope at said date. Appendix I of these interim condensed consolidated financial statements details the main changes in the Group’s composition taken place during the first six months of 2016.

The activities of Repsol S.A. and its investees are subject to a broad range of regulations. Appendix II outlines the main developments affecting the Regulatory Framework during the reporting period.

1.2 About the interim condensed consolidated financial statements

The accompanying interim condensed consolidated financial statements of Repsol, S.A. and its investees, comprising the Repsol Group entities, present fairly the Group’s equity and financial position at June 30, 2016, as well as the results of its operations, the changes in the consolidated equity and the consolidated cash flows for the six-month interim period then ended.

These interim condensed consolidated financial statements have been approved by the Board of Directors of Repsol S.A. at a meeting held on July 27, 2016.

(2) BASIS OF PRESENTATION

2.1 General principles

The accompanying interim financial statements are expressed in millions of euros (except where otherwise indicated) and have been prepared based on the accounting records of the Group entities in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) at June 30, 2016, specifically in accordance with the requirements established in International Accounting Standard (IAS) 34 “*Interim Financial Reporting*”, which establishes the accounting principles applicable to interim financial statements, as stipulated in Article 12 of Spanish Royal Decree 1362/2007, and the specific disclosures required under CNMV Circular 5/2015 of October 28.

In accordance with IAS 34, these interim condensed consolidated financial statements are only intended to provide an update on the latest approved annual financial statements, focusing on new activities, events, and circumstances occurring during the first six months of the year; they do not, accordingly, duplicate information already disclosed in the prior-year annual consolidated financial statements. Given that they do not include information required for the preparation of a complete set of financial statements in accordance with IFRS-EU, and for an appropriate understanding of the information provided in these interim condensed financial statements, they should be read in conjunction with the Repsol Group’s consolidated financial statements for the year ended

December 31, 2015, which were ratified at Repsol, S.A.'s Annual General Meeting on May 20, 2016.

2.2 Applicable standards to the financial information

The newly issued accounting standard applicable to the Group from January 1, 2016¹, has not had a significant impact on the accompanying interim condensed consolidated financial statements.

2.3 Accounting policies and comparative information

According to IFRS 6 “*Exploration for and evaluation of mineral resources*”, an entity may develop a specific accounting policy for those assets in the exploration and evaluation phase. To integrate Repsol Oil & Gas Canada Inc (formerly Talisman and hereinafter “ROGCI”) on the Group’s business and based on its prior experience, the Group has reviewed its accounting policies and, in particular, it has considered that the capitalization of the geology and geophysics costs (G&G) during the exploration phase provides a fairer presentation of the activities’ economic reality and global oil and gas exploration investments, thereby making the information provided more valuable for financial statement users.

Appendix III updates the full wording of notes 7(b) and 8(c) of section 2 “*Basis of presentation*” of the 2015 consolidated financial statements, as modified to reflect the above-mentioned change in accounting policy.

As stipulated in IAS 8, this change in accounting policy must be applied with retrospective effect. To this end, the balance sheet at December 31, 2015 and the statement of changes in equity for the year then ended presented for comparison purposes in these financial statements have been restated to include the necessary modifications in respect of the official 2015 Consolidated Financial Statements². The impacts on the Group's balance sheets at January 1 and December 31, 2015 are as follows:

Millions of euros	Investments accounted for using the equity method	Intangible Assets and Property, Plan and Equipment	Deferred Tax liabilities	Reserves and translation differences	Net Income
January 1, 2015	31	285	86	230	-
December 31, 2015	40	33	(6)	244	(165)

Note: These amounts are presented net of the tax gains associated with the activities in Alaska that were previously recognized as revenue for the purpose of consistency with the new G&G cost accounting policy.

Additionally, as required under prevailing accounting standards, the earnings per share figures for the six-month period ended June 30, 2015 have been restated in order to factor into the calculation the average number of shares outstanding in the wake of the capital increases carried out as part of

¹ The accounting standards applicable for the first time from January 1, 2016 are: i) Amendments to IFRS 11 *Acquisitions of interests in joint operations*; ii) Amendments to IAS 16 and IAS 41 *Bearer plants*; iii) Amendments to IAS 16 and IAS 38 *Clarification of acceptable methods of depreciation and amortization*; iv) Annual Improvements to IFRSs, 2012-2014 Cycle; v) Amendments to IAS 1 *Disclosure initiative*; vi) Amendments to IAS 27 *Equity method in separate financial statements*. As for new standards issued for mandatory application in future years, the only noteworthy developments with respect to the information provided in Note 2 of the 2015 consolidated financial statements have been the issuance of Clarifications to IFRS 15 “*Revenue from contracts with customers*” and Modifications to IFRS 2 “*Classification and valuation of transactions with share-based payments*”.

² The consolidated income statement for the six-month period ended June 30, 2015 has not been restated as the impact of the accounting change is not significant.

the shareholder remuneration scheme known as the “*Repsol Flexible Dividend*” Program. This scheme is detailed in Note 4.6 “*Equity*”.

2.4 Changes in estimates and accounting judgments

The preparation of these interim financial statements requires the use of judgments and estimates that affect the measurement of recognized assets and liabilities, the presentation of contingent assets and liabilities at the reporting date and the amounts of income and expense recognized during the reporting period. Actual results may differ significantly from these estimates.

These estimates are made based on the best information available, as described in Note 3 “*Accounting estimates and judgments*” of the consolidated financial statements for the financial year 2015. The methodology used to calculate the estimates made at year-end 2015 has not changed significantly in the first six months of 2016.

2.5 Seasonality

Amongst the Group activities, the liquefied petroleum gas (LPG) and natural gas businesses are those that involve the greatest seasonality due to their dependence on climatological conditions, with increased activity during winter and decreased activity during summer in the northern hemisphere.

2.6 Information by business segment

Definition of segments

The definition of the Repsol Group’s business segments is based on the delimitation of the different activities performed and from which the Group earns revenue or incurs expenses, as well as on the organizational structure approved by the Board of Directors for business management. Using these segments as a reference point, Repsol’s management team (Corporate, E&P and Downstream Executive Committees) analyses the main operating and financial indicators in order to make decisions about segment resource allocation and to assess how the Company is performing. Repsol did not group segments for the presentation of this information.

The operating segments of the Group are:

- *Upstream*, corresponding to exploration and development of crude oil and natural gas reserves;
- *Downstream*, corresponding, mainly, to the following activities: (i) refining and petrochemistry, (ii) trading and transportation of crude oil and oil products, (iii) commercialization of oil products, petrochemical and LPG, (iv) the commercialization, transport and regasification of natural gas and liquefied natural gas (LNG) and;
- *Gas Natural Fenosa*, corresponding to its shareholding in Gas Natural SDG, S.A., whose main activities are the distribution and commercialization of natural gas, and the generation, distribution and commercialization of electricity.

Finally, *Corporation and adjustments* includes activities not attributable to the aforementioned businesses, and specifically, corporate expenses and financial result, as well as intersegment adjustments of consolidation.

Presentation of segment results

Repsol presents the results for each segment including those corresponding to joint ventures¹ and other managed companies operated as such², in accordance with the percentage of interest held by the Group, considering its operational and economic metrics in the same manner and with the same detail as for fully consolidated companies. Thus, the Group considers that the nature of its businesses and the way in which results are analyzed for decision-making purposes is adequately reflected.

In addition, the Group, considering its business reality and in order to make its disclosures more comparable with those in the sector, utilizes as a measure of segment profit the so-called Adjusted Net Income, which corresponds to net income from continuing operations at current cost of supply or CCS after taxes and minority interests and not including certain items of income and expense (“*Special Items*”). Net finance cost is allocated to the *Corporation* segment's Adjusted Net Income/Loss.

Although this measure of profit (CCS), widely used in the industry to report the earnings generated in *Downstream* businesses which necessarily work with significant volumes of inventories that are subject to constant price fluctuations, is not accepted in European accounting standards, it does facilitate comparison with the earnings of sector peers and enables analysis of the underlying business performance by stripping out the impact of price fluctuations on reported inventory levels. Using the CCS method, the cost of volumes sold during the reporting period is calculated using the costs of procurement and production incurred during that same period. As a result, Adjusted Net Income does not include the so-called Inventory Effect. This Inventory Effect is presented separately, net of tax and minority interests, and corresponds to the difference between income at CCS and that arrived at using the Weighted Average Cost approach, which is the method used by the Company to determine its earnings in accordance with European accounting regulations.

Furthermore, Adjusted Net Income does not include the so-called Special Items, i.e., certain material items whose separate presentation is considered appropriate in order to facilitate analysis of the ordinary business performance. It includes gains/losses on disposals, personnel restructuring charges, asset impairment losses and provisions for contingencies and charges. Special Items are presented separately, net of the tax effect and minority interests.

However, Adjusted Net Income of the Gas Natural Fenosa segment includes the company's net income in accordance with the equity method³.

For each of the metrics identified by segments in Appendix IV (adjusted net income, inventory effect, non-recurring income...), the corresponding items and figures are indicated to facilitate reconciliation with the corresponding metrics prepared in accordance with IFRS-EU.

¹ See heading 4.2 “*Investments accounted for using the equity method*” of the accompanying interim condensed consolidated financial statements and Appendix I of the Consolidated Financial Statements for the financial year 2015, which identify the Group's main joint ventures.

² It corresponds to Petrocarabobo, S.A., (Venezuela), an associated entity of the Group.

³ The remaining figures (revenue, capital employed, exploration investments...) only include cash flows generated in the Repsol Group as a shareholder of Gas Natural SDG, S.A. (dividends...).

(3) SEGMENT RESULTS ¹

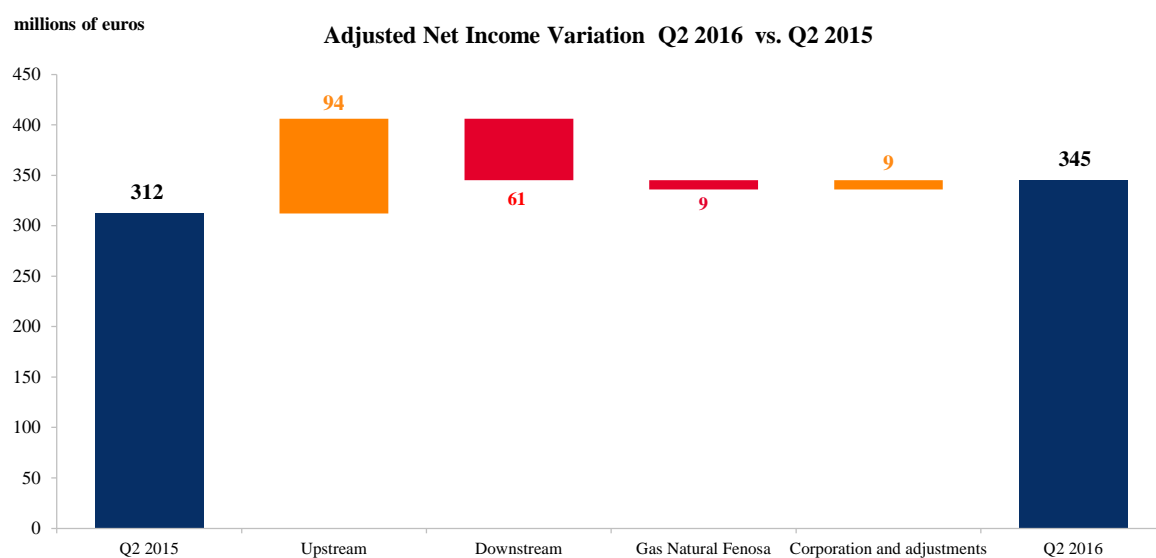
3.1 Results for the period by segments

	Millions of euros			
	Q2 2016	Q2 2015	06/30/2016	06/30/2015
Upstream	46	(48)	63	(238)
Downstream	378	439	934	973
Gas Natural Fenosa	96	105	195	227
Corporation and adjustments	(175)	(184)	(275)	278
AJUSTED NET INCOME	345	312	917	1,240
Inventory effect	159	83	2	(57)
Special Items	(299)	(103)	(280)	(130)
NET INCOME	205	292	639	1,053

Below is an **explanation of Repsol's second-quarter 2016 results**, including a year-on-year comparison. For an explanation of the first-quarter 2016 results, see the interim condensed consolidated financial statements for the first quarter of 2016; for an explanation of the first-half 2016 results, see the Interim Management Report for the first half of 2016.

The second-quarter 2016 results, compared to the same period in the previous year, occur in an environment marked by low crude and gas prices, (despite gradual price recovery during the period), lower international refining margins and high volatility of the markets. Against this backdrop, the Company has continued with its operating efficiency enhancement, cost and investment reduction and active portfolio management projects under the scope of its 2016-2020 Strategic Plan.

Adjusted Net Income amounted to €345 million in 2Q16, 11% higher than the same period last year. Lower results in the *Downstream* segment, primarily due to lower Refining margins, and at *Gas Natural Fenosa*, due to lower results in the gas trading activity, were more than compensated by better results in the *Upstream* segment which, despite the difficult price environment, continue with the positive trend experienced in the first quarter due to production increase and cost reduction.



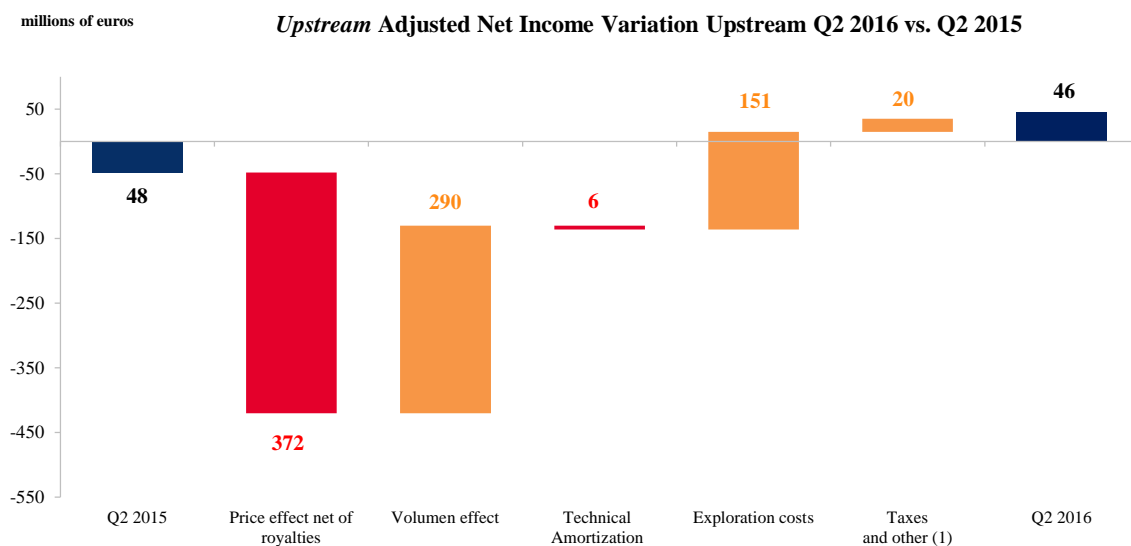
¹ All information disclosed throughout this Note, and unless otherwise expressly indicated, it was prepared according to the Group's reporting model.

In the *Upstream* segment, crude oil and gas realization prices decreased by 28% and 29%, respectively, as a result of lower international prices. Despite this challenging environment, Adjusted Net Income in the *Upstream* segment amounted to €46 million, marking significant growth year-on-year. In comparing the results of 2016 and 2015, it must be noted that, as a consequence of ROGCI's acquisition, its businesses have been consolidated since May 8, 2015.

Production increased by 33% to an average of 696.8 kboe/d during the quarter, mainly driven by the contribution of ROGCI's assets, Cardón IV (Venezuela), Norway, Peru and Brazil, offsetting the drop in production in Trinidad & Tobago, due to stoppages and field maintenance work. Moreover, regarding the exploration activity, the conclusion of three exploratory drills and three appraisal drills during the reporting period stands out. Three of the drills yielded positive results, two yielded negative results and the other one is still under evaluation.

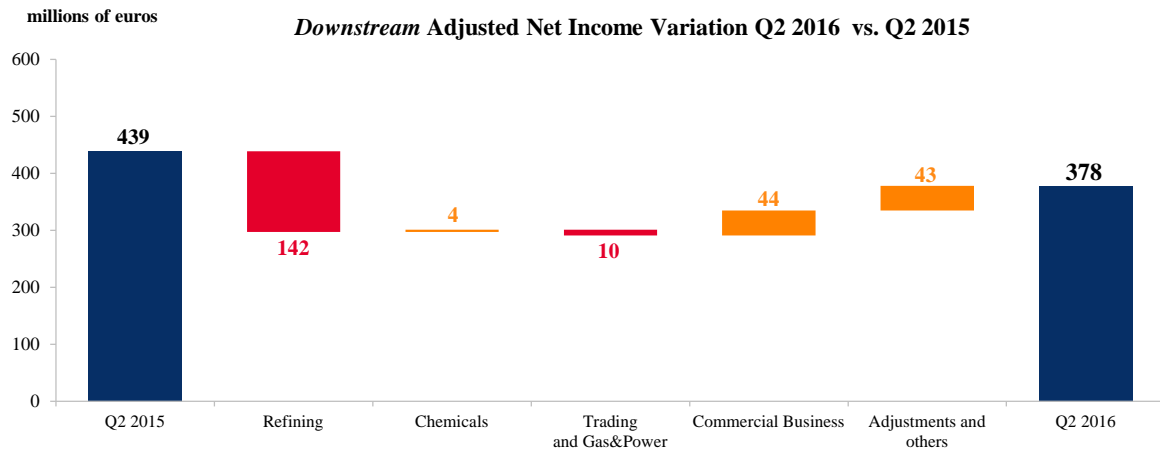
In terms of the income of the period, the negative impact on revenue of the low oil and gas prices was more than offset by a significant reduction in costs during the period. It is worth highlighting the reduction in operating expenses driven by enhanced operating efficiency, lower amortization charges due to the impairment losses recognized on certain assets in 2015, the drop in exploration costs as a result of fewer unsuccessful drills and the capitalization of G&G costs in 2016 (see Note 2.3), and, lastly, lower tax expense, due to the effect of currency appreciation in Brazil and Colombia.

EBITDA in the *Upstream* segment amounted to €529 million. Net capital expenditure of the period (€43 million), which already includes ROGCI's assets and capitalization of G&G costs, was 93% lower in respect to 2015, when ROGCI's impact of the investment was included.



(1) Mainly includes tax expenses and other operative expenses.

In the **Downstream** segment, adjusted net income in the second quarter of 2016 amounted €378 million, 14% lower year-on-year.



This performance is primarily attributable to:

- In Refining, the adverse impact of the drop in margins (due to middle distillate and gasoline spread weakness and narrower differentials in heavy crude grades) and lower distilling volumes (due to programmed stoppages at the Cartagena and Tarragona refineries) was partially mitigated by lower energy costs and lower taxes in Spain.
- In Chemicals, higher sales volumes and margins.
- In Trading, the improvement in Gas&Power results does not compensate for the adverse trend in the results of other operations.
- In the Commercial businesses (Marketing, LPG, Lubricants, etc.), which generally improved with respect to the prior year, higher income from LPG due to the recognition of indemnities arising from the application of the maximum retail prices for regulated LPG containers formula stands out.

EBITDA CCS in the *Downstream* segment amounted to €691 million (compared to €807 million in the second quarter of 2015), while net investments amounted to €344 million, including €541 million corresponding to the sale of the offshore windfarm business in the UK, the LPG business in Peru and the piped gas assets in Spain.

Second-quarter adjusted net income at **Gas Natural Fenosa** amounted to €96 million, compared to €105 million in the second quarter of 2015. This decrease is mainly driven by lower results from gas trading activities due to the *commodities* price environment, partially compensated by higher results in electrical commercialization in Spain for the low prices of the pool.

Corporation and adjustments: this segment reported an adjusted net loss of €175 million, marking a slight improvement with respect to the second quarter of 2015. This result is mainly explained by better financial results from lower interest costs, the results from exchange rate hedges and lower tax expense.

The positive **inventory effect** (€159 million) is attributable to the increase in crude oil and product prices during the quarter.

Second-quarter **Special Items** (after tax) amounted to €299 million and correspond mainly to: i) Divestments¹: gains on the sale of the UK offshore windfarm business (€100 million), the LPG business in Peru (€81 million) and the piped gas assets in Spain (€19 million); ii) workforce Restructuring charges²: headcount reduction costs, mainly at the corporate headquarters in Spain, including the adjustments made to the management team (€316 million); and iii) Provisions and other, mainly related to the impact of the devaluation in Venezuela and provisions for onerous contracts for the use of drilling platforms and provisions for risks (€164 million).

<i>Millions of euros</i>	Upstream		Downstream		Corporation		TOTAL	
	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015
Divestments	(10)	-	201	27	-	(15)	191	12
Workforce restructuring charges	(37)	(4)	(129)	(1)	(150)	(11)	(316)	(16)
Impairment	(9)	(66)	-	(4)	-	-	(9)	(70)
Provisions and other	(116)	(7)	(12)	12	(37)	(34)	(165)	(29)
TOTAL	(172)	(77)	60	34	(187)	(60)	(299)	(103)

As a result of the foregoing, **Net Income** amounted to €205 million, compared to €292 million in the same period of 2015.

Net financial debt at the end of the quarter amounted to €1,709 million, which implies a reduction from the March close. This favourable trend is attributable to the businesses capacity to generate free cash flow during the period (cash flow from operations less capital expenditure), even under the unfavourable international price and margin backdrop.

3.2 Information by geographical area

The geographic distribution of the main figures in each of the detailed periods is as follows:

<i>Millions of euros</i>	Second quarter of 2016 and 2015					
	Operating revenue ⁽¹⁾		Adjusted Net Income ⁽²⁾		Net operating investments ⁽¹⁾⁽²⁾	
	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015
Upstream	1,225	1,315	46	(48)	643	8,896
Europe, Africa and Brazil	329	310	34	14	182	117
Latam and Caribbean	430	509	107	60	215	267
North America	241	283	(46)	(6)	25	149
Asia and Russia	225	213	13	25	85	33
Exploration and Other	-	-	(62)	(141)	136	8,330
Downstream	7,528	10,220	378	439	(344)	149
Europe	7,122	9,535	412	461	(189)	94
Rest of the world	817	1,260	(34)	(22)	(155)	55
Adjustments	(411)	(575)	-	-	-	-
Gas Natural Fenosa			96	105	-	-
Corporation and other adjustments	(257)	(243)	(175)	(184)	30	24
TOTAL	8,496	11,292	345	312	329	9,069

¹ For more details see Note 4.3.

² For more details see Note 4.7.

<i>Millions of euros</i>	First half of 2016 and 2015							
	Operating revenue ⁽¹⁾		Adjusted Net Income ⁽¹⁾		Net operating investments ₍₁₎₍₂₎		Capital employed ⁽¹⁾⁽³⁾	
	06/30/2016	06/30/2015	06/30/2016	06/30/2015	06/30/2016	06/30/2015	06/30/2016	12/31/2015
Upstream	2,309	2,077	63	(238)	1,281	9,649	23,804	23,286
Europe, Africa and Brazil	586	456	58	(55)	295	193	-	-
Latam and Caribbean	804	977	172	87	404	550	-	-
North America	466	395	(114)	(19)	194	253	-	-
Asia and Russia	453	249	19	29	107	36	-	-
Exploration and Other	-	-	(72)	(280)	281	8,617	-	-
Downstream	14,638	19,410	934	973	(258)	283	9,380	9,758
Europe	13,486	17,788	940	951	(137)	205	-	-
Rest of the world	1,941	2,686	(6)	22	(121)	78	-	-
Adjustment	(789)	(1,064)	-	-	-	-	-	-
Gas Natural Fenosa	-	-	195	227	-	-	4,849	4,769
Corporation and other adjustments	(402)	(492)	(275)	278	15	69	2,498	2,895
TOTAL	16,545	20,995	917	1,240	1,038	10,001	40,531	40,708

(1) For the reconciliation of these figures with the IFRS-EU disclosures, see Appendix IV.

(2) Includes investments accrued during the period net of divestments but does not include investments in “*Other financial assets*”.

(3) Includes capital employed corresponding to joint ventures, non-current, non-financial assets, working capital and other non-financial liability headings.

(4) OTHER INFORMATION

This section outlines the most significant changes affecting the consolidated balance sheet and income statement headings in period.

4.1 Assets

On May 8, 2015, Repsol through its Canadian subsidiary Repsol Energy Resources Canada Inc., acquired ROGCI¹. The total amount paid out for the acquisition amounted to €8,005² million.

The difference between ROGCI’s acquisition price and the fair value of the assets acquired and liabilities assumed and recognized, including the deferred taxes arising as a result of the difference between the fair value of the assets acquired and their tax basis, was recognized within “*Goodwill*” following the criteria outlined in Note 4 of the 2015 consolidated financial statements.

The amounts recognized in respect of this business combination are definitive, once the 12-month period following the acquisition date provided for in IFRS 3 “*Business Combinations*” has elapsed. There have been no material changes with respect to the amounts recognized at December 31, 2015. The breakdown of the carrying amount of the net assets acquired and the resulting goodwill is as follows:

¹ Talisman Energy Inc. changed its registered name to Repsol Oil & Gas Canada Inc. on January 1, 2016 (see Note 32 of the 2015 consolidated financial statements).

² Includes the effect of exchange rate hedging transactions on the acquisition price (see Note 17.1 of the 2015 consolidated financial statements).

Millions of euros	Fair value	Book value of the acquired company
Intangible assets	493	501
Property, plant and equipment	13,459	9,840
Investment accounted for using the equity method	452	505
Deferred tax assets	2,344	2,022
Other non-current assets	106	106
Other current assets	746	767
Cash and cash equivalents	491	458
Total Assets	18,091	14,199
Non-current provisions	(4,700)	(1,816)
Non-current financial liabilities	(3,613)	(3,391)
Deferred tax liabilities	(1,879)	(768)
Other non-current liabilities	(108)	(108)
Current provisions	(661)	(564)
Current financial liabilities	(985)	(985)
Other current liabilities	(693)	(693)
Total Liabilities	(12,639)	(8,325)
NET ASSETS ACQUIRED	5,452	5,874
ACQUISITION COST	8,005	
GOODWILL	2,553	

Investments and commitments

The main investments made by the Group are detailed in section 3.2 "Information by geographical area".

The main investment commitment acquired with respect to those detailed on the 2015 consolidated financial statements has arisen as a result of the extension of the production-sharing contract ("PSC") on productive block PM3 CAA in Malaysia until December 31, 2027. The Group has assumed new capital commitments due to the minimum works to be made under the scope of the PSC in the amount of \$180 million (€62 million) and the payment, in instalments until 2020, as a result of the extension of the contract in the amount of \$60 million (€4 million).

4.2 Investments accounted for using the equity method

Repsol accounts using the equity method all investments and results in joint ventures and associated companies in which it participates. Investments in joint ventures correspond mainly to Gas Natural Fenosa S.A. and Repsol Sinopec Brasil S.A. Associates companies in which the Group has significant influence relate mainly to investments in Petrocarabobo, S.A. These investments are reflected in the Group's financial statements as follows:

	Millions of euros			
	Carrying amount of the investment		Share of results	
	06/30/2016	12/31/2015	06/30/2016	06/30/2015
Joint ventures	11,745	11,672	182	273
Associated	158	126	30	(15)
TOTAL	11,903	11,798	212	258

Changes in this consolidated balance sheet heading during the period are as follows:

Millions of euros	2016	2015
Balance at January, 1	11,798	11,141
Net investments	303	210
Changes in the scope of consolidation	1	432
Share of results of companies accounted for using the equity method after taxes ⁽¹⁾	212	258
Dividends distributed	(190)	(227)
Translation differences	(71)	599
Reclasifications and other changes	(150)	(40)
Balance at June, 30	11,903	12,373

⁽¹⁾ See heading 5 of this Note.

4.3 Non-current investments held for sale and gains on disposal of non-current assets

a) Sale of the piped-gas business in Spain

Against the backdrop of the agreements reached in 2015 for the sale of the Group's piped gas business in Spain, during 2016 Repsol Butano, S.A. sold Redexis Gas, S.A. certain LPG facilities with a carrying amount of €95 million before taxes. Authorization from the authorities for the sale of the rest of the assets is still pending, and it will be completed in the course of 2016.

b) Sale of the UK windfarm business

In May, Repsol agreed the sale of its UK windfarm business to China's SDIC Power for €265 million. The sale includes the Group's interests in Wind Farm Energy UK Limited (100%) and the Inch Cape Offshore Limited (100%), Beatrice Wind Limited (100%) and Beatrice Offshore Windfarm Limited (25%) projects, located on the east coast of Scotland. The sale generated a pre-tax gain of €100 million, a figure that includes the historical exchange differences recognized within "*Other comprehensive income*".

c) Sale of the LPG businesses in Peru and Ecuador

In April 2016, Repsol agreed the sale of its LPG (Liquid Petroleum Gas) businesses in Peru and Ecuador to a local player, Abastible. The sale of the business in Peru closed on June 1, 2016 for €236 million and pre-tax gain of €129 million, a figure that includes the historical exchange differences recognized within "*Other comprehensive income*". The sale of the business in Ecuador remains subject to obtaining the corresponding authorizations from the pertinent authorities at June 30, 2016, to which end its assets and liabilities have been classified within "*Non-current assets held for sale*" in the amounts of €42 and €0 million, respectively.

The carrying amounts of the net assets derecognized are broken down below:

	Millions of euros	
	Sale of the UK windfarm business	Sale of the LPG business in Peru
Cash and cash equivalents	1	1
Other current assets	1	14
Non-current assets	174	171
TOTAL ASSETS	176	186
Current liabilities	2	51
Non-current liabilities	18	18
TOTAL LIABILITIES	20	69
NET ASSETS	156	117

4.4 Financial instruments

Financial Assets

	Millions of euros	
	06/30/2016	12/31/2015
Non-current financial assets	789	715
Non-current derivatives on trading transactions ⁽¹⁾	2	4
Other current financial assets	1,261	1,237
Current derivatives on trading transactions ⁽¹⁾	84	413
Cash and cash equivalents	2,225	2,448
Total financial assets	4,361	4,817

⁽¹⁾ Recognized in heading “*Other non-current assets*” and “*Other receivables*” of the consolidated balance sheet.

Financial Liabilities

	Millions of euros	
	06/30/2016	12/31/2015
Non-current financial liabilities	10,634	10,581
Non-current derivatives on trading transactions ⁽¹⁾	-	1
Current financial liabilities	6,426	7,073
Current derivatives on trading transactions ⁽¹⁾	108	129
Total financial liabilities	17,168	17,784

⁽¹⁾ Recognized in heading “*Other non-current liabilities*” and “*Other payables*” of the consolidated balance sheet.

For further information about the financial instruments recognized on the Group's balance sheet, classified into the various categories of financial assets and liabilities, see Appendix V. Below are the main updates for the various financial liability headings:

Bank borrowings

During the first half of 2016, Repsol, S.A. signed loans from several banks; these loans fall due between 2017 and 2020. The outstanding balance of these loans stood at €1,520 million at June 30, 2016.

Bonds and other securities

The main issues, repayments or buybacks of bonds and other marketable securities carried out during the first six months of 2016 are the following:

- In January 2016, Repsol International Finance, B.V. issued €100 million of 15-year 5.375% bonds; the issue was placed privately and was priced at 96.298% of par.
- In February 2016, €850 million of 4.25% bonds issued by Repsol International Finance, B.V. in December 2011 were repaid at maturity.
- In March 2016, \$150 million of 8.5% bonds placed privately by Repsol Oil & Gas Canada Inc. in March 2009 were repaid at maturity.
- Repsol Oil & Gas Canada Inc. has repurchased bond issues due 2019, 2021, 2027, 2035, 2037, 2038 and 2042 with a total face value of \$631 million. The cancellation of the repurchased bonds has triggered the recognition of a €49 million pre-tax gain (recognized in “*Impairment and gains/ (losses) on disposal of financial instruments*”).

The balance of the issues of bonds and other securities at June 30, 2016 is as follows:

Security	Issuer	Date	Currency	Face Value (millions)	Average rate %	Maturity	Market ⁽⁵⁾
Bond ⁽³⁾	Talisman Energy Inc.	oct-97	Dollar	55	7.250%	oct-27	-
Bond	Talisman Energy Inc.	apr-02	Pound	250	6.625%	dec-17	LSE
Bond ⁽³⁾	Talisman Energy Inc.	may-05	Dollar	90	5.750%	may-35	-
Bond ⁽³⁾	Talisman Energy Inc.	jan-06	Dollar	131	5.850%	feb-37	-
Bond ⁽³⁾	Talisman Energy Inc.	nov-06	Dollar	119	6.250%	feb-38	-
Bond ⁽¹⁾	Repsol International Finance, B.V.	feb-07	Euro	886	4.750%	feb-17	LuxSE
Bond ⁽³⁾	Talisman Energy Inc.	jun-09	Dollar	364	7.750%	jun-19	-
Bond ⁽³⁾	Talisman Energy Inc.	nov-10	Dollar	241	3.750%	feb-21	-
Bono ⁽¹⁾	Repsol International Finance, B.V.	jan-12	Euro	1,000	4.875%	feb-19	LuxSE
Bond ⁽³⁾	Talisman Energy Inc.	may-12	Dollar	97	5.500%	may-42	-
Bond ⁽¹⁾	Repsol International Finance, B.V.	sep-12	Euro	750	4.375%	feb-18	LuxSE
Bond ⁽¹⁾	Repsol International Finance, B.V.	may-13	Euro	1,200	2.625%	may-20	LuxSE
Bond ⁽¹⁾	Repsol International Finance, B.V.	oct-13	Euro	1,000	3.625%	oct-21	LuxSE
Bond ⁽¹⁾	Repsol International Finance, B.V.	dec-14	Euro	500	2.250%	dec-26	LuxSE
Bond ⁽²⁾	Repsol International Finance, B.V.	mar-15	Euro	1,000	4,500% ⁽⁴⁾	mar-75	LuxSE
Bond ⁽¹⁾	Repsol International Finance, B.V.	dec-15	Euro	600	2.125%	dec-20	LuxSE
Bond ⁽¹⁾	Repsol International Finance, B.V.	jan-16	Euro	100	5.375%	jan-31	LuxSE

⁽¹⁾ Issues under the “€ 10,000,000,000 Guaranteed Euro Medium Term Note Programme” (EMTNs), guaranteed by Repsol S.A, and renewed in September 2015.

⁽²⁾ A subordinated bond issued by Repsol International Finance, B.V. and guaranteed by Repsol, S.A. This issue does not correspond to any open-ended or shelf program.

⁽³⁾ Issues undertaken by Talisman Energy Inc. under the scope of its “*Universal Shelf Prospectus*” and “*Medium-Term Note Shelf Prospectus*” in the US and Canada, respectively.

⁽⁴⁾ Coupon scheduled for reset on March 25, 2025 and March 25, 2045.

⁽⁵⁾ LuxSE (Luxembourg Stock Exchange) and LSE (London Stock Exchange).

Additionally, Repsol International Finance, B.V. (RIF), holds a Euro Commercial Paper (ECP) Programme, arranged on May 16, 2013 and guaranteed by Repsol, S.A., with a limit up to €2,000 million. Under this program, a number of issues and liquidations were carried out, with an outstanding balance at June 30, 2016 €1,011 million.

4.5 Other risks. Venezuela

Foreign Exchange Agreement No. 35 took effect on March 10, 2016, establishing a new currency regime encompassing two distinct exchange rates: (i) a protected rate (known as DIPRO), initially set at 10Bs/\$ and applicable only to goods, services and remittances qualifying as 'priority'; and (ii) a complementary rate (known as DICOM), a floating yet controlled rate applicable in general. The initial exchange rate established for this rate was 207 Bs/\$. Therefore, as of June 30, 2016 two exchange rates coexisted for the Venezuelan Bolivar: the DIPRO (10Bs/\$) and the DICOM (628Bs/\$).

In addition, Foreign Exchange Agreement No. 9 is applicable to the revenue generated by mixed-ownership companies from oil and gas exports since 2004. This revenue can be kept in currency accounts abroad with a view to servicing payments and outlays that have to be made outside of Venezuela. Exchange Rate Agreement No. 37, which took effect on May 27, 2016, allows privately-held companies that hold gas permits (Cardón IV, S.A.) to hold the dollars generated by their activities outside of Venezuela for the purpose of serving payments and outlays that have to be made outside of Venezuela. The above Agreement further stipulates that these companies may not acquire currency using the official exchange systems.

The impact on profit and loss of the new Exchange Agreements amounts to €112 million and is recognized against the share of earnings of entities accounted for using the equity method.

Venezuela is a hyperinflationary economy. According to data published by the Central Bank of Venezuela, inflation was 56.2% in 2013, 68.5% in 2014 and over 180.9% in 2015. In 2016, the Central Bank of Venezuela has not officially released the cumulative inflation figures; however, according to unofficial reports, cumulative inflation on June 30, 2016 estimates around at 128.60%.

Against this backdrop, Repsol keeps the US dollar as the functional currency of most of its oil and gas exploration and production businesses in Venezuela (primarily carried on through its investees Cardón IV, S.A., Empresa Mixta Petroquiriquire, S.A. and Empresa Mixta Petrocarabobo, S.A.).

Repsol's equity exposure to Venezuela at June 30, 2016 amounts to €2.414 million.

4.6 Equity

4.6.1 Issued Share Capital

At the Annual General Meeting of May 20, 2016, the Company's shareholders approved two bonus share issues to execute the shareholder remuneration scheme named "*Repsol Flexible Dividend*", in substitution of what would have been the traditional final dividend from 2015 profits and the interim dividend from 2016 earnings, under which shareholders can instead choose between receiving their remuneration in cash (by selling their bonus share rights in the market or back to the Company) or in Company shares. The first of these bonus share issues was executed between June and July. The main characteristics of this issue are detailed below:

		June / July 2016
COMPENSATION IN CASH	Holders who accepted the irrevocable purchase commitment ⁽¹⁾	35.46%
	Regulated fixed price guaranteed	€0.292 gross/right
	Repsol gross rights acquisition	€149 million
REPSOL SHARES REMUNERATION	Holders who chose to receive new shares of Repsol	64.54%
	No. of rights needed for entitlement to one new share	39
	New issued shares	23,860,793
	Increase share capital (approximately)	1.65%
	Bonus share issue close	July 6

- (1) Repsol has renounced the corresponding shares to the bonus share rights acquired by virtue of the aforementioned purchase commitment. The balance sheet at June 30, 2016 recognizes a reduction in equity in the line item “*Retained earnings and other reserves*” along with the obligation to pay the shareholders that had accepted Repsol’s irrevocable purchase commitment.

Following the capital increase, the registered share capital of Repsol, S.A. amounted to €1,465,644.100 at June 30, 2016, represented by 1,465,644,100 shares with a nominal value of 1 euro each.

According to the latest information available the significant shareholders of Repsol, S.A. are:

Significant shareholders	% of share capital
Fundación Bancaria Caixa d’Estalvis y Pensions de Barcelona ⁽¹⁾	10.05
Sacyr, S.A. ⁽²⁾	8.34
Temasek Holdings (Private) Limited ⁽³⁾	4.87
Blackrock, Inc. ⁽⁴⁾	3.04

(1) Fundació Bancaria Caixa d’Estalvis i Pensions de Barcelona” holds its stake through CaixaBank, S.A

(2) Sacyr S.A. holds its stake through Sacyr Participaciones Mobiliarias, S.L

(3) Temasek holds its stake through its subsidiary, Chembra Investment PTE, Ltd.

(4) 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 declaration presented by the latter to CNMV on January 15, 2016 regarding its shareholding as of that date.

4.6.2 Treasury shares and own equity investments

The main transactions undertaken by the Repsol Group involving treasury shares were as follows:

	No. of shares	Cost Millions of €	% of capital
Balance at 12/31/2015	18,047,406		1.25%
Open-market purchases	5,610,561	59.8	0.383%
Employee Share Acquisition Plan ⁽¹⁾	403,891	4.1	0.028%
Loyalty Program 2013-2016 ⁽¹⁾	23,815	0.3	0.002%
Repsol Flexible Dividend ⁽²⁾	91,228	-	-
Balance at 06/30/2016 ⁽³⁾	23,749,195		1.620%

⁽¹⁾ All of the shares bought back under the scope of the Share Acquisition Plan have been delivered to employees (see section 11 of this Note).

⁽²⁾ New shares received under the “Repsol Flexible Dividend” scheme bonus share issues corresponding to treasury shares.

⁽³⁾ Between March and June, Repsol Tesorería y Gestión Financiera, S.A. sold 23 million of Repsol, S.A.’s shares. Simultaneously, Repsol have arranged equity swaps with financial institutions over a notional of 23 million of Repsol, S.A.’s shares under which the voting rights and economic risk intrinsic to the shares sold have been transferred.

4.6.3 Earning per share

Earnings per share at June 30, 2016 and 2015 are detailed below:

EARNINGS PER SHARE (EPS)	Q2 2016	Q2 2015	06/30/2016	06/30/2015
Net income attributable to the parent (millions of euros)	205	292	639	1,053
Adjustment for the interest expense of the subordinated perpetual bonds (millions of euros)	(7)	(7)	(15)	(8)
Weighted average number of shares outstanding at June 30 (millions of shares) ⁽¹⁾	1,421	1,438	1,422	1,437
EPS basic/diluted (€/shares)	0.14	0.20	0.44	0.73

⁽¹⁾ Share capital registered at June 30, 2015, amounted to 1,400,361,059 shares, though the weighted average number of shares in circulation for purposes of calculating EPS includes the effect of share capital increases carried out as part of the remuneration scheme for shareholders “Repsol Flexible Dividend”, in accordance with the applicable accounting standard (see Note 2.3 “Accounting Policies and Comparison of information”).

4.6.4 Shareholder remuneration

The following table breaks down the dividend payments received by Repsol’s shareholders during the six-month period ending in June 30, 2016, carried out under the “Repsol Flexible Dividend” program:

	No. of free-of-charge allocation rights sold to Repsol	Committed purchase price (€/right)	Cash disbursement (millions of euros)	New shares issued	Remuneration in shares (millions of euros)
December 2015/ January 2016	489,071,582	0.466	228	41,422,248	425
June / July 2016	511,212,326	0.292	149	23,860,793	272

4.7 Provisions

The breakdown of current and non-current provisions for the first half of 2016 and 2015 is provided below:

Millions of euros	2016	2015
Balance at January 1	7,204	2,626
Allowances of provisions charged to results	633	201
Reversals of provisions with a credit to results	(25)	(85)
Provisions released due to payment	(237)	(232)
Changes in the scope of consolidation	83	5,110
Translation differences	(53)	146
Reclasifications and other movements	(212)	(99)
Balance at June 30	7,393	7,667

During the first half of 2016, the necessary steps to materialize the workforce reduction announced under the scope of the 2016-2020 Strategic Plan have continued. The legal instrument used to articulate this downsize in Spain is a collective redundancy program, which must be executed in each of the affected companies in accordance with prevailing labor law provisions.

The deed certifying the agreement reached by the Oversight Committee for the Seventh Framework Agreement between the union representatives and Repsol's management to enable the workforce adjustment process in Spain was signed on June 8, ratified in July for all companies involved. The criteria used to designate the affected employees included proximity to retirement age, depending on the company and workplace to which each was assigned.

At June 30, 2016, the Group has recognized a provision for restructuring charges under the above-detailed collective redundancy program in the amount of €330 million pre-tax, a sum that represents the present value of the best estimate of future disbursements and the number of people that will apply for the plan. The payments related with this provision are expected to begin in the second half of 2016 and will end in 2024.

4.8 Operating income and expense

Heading “*Other operating income*” includes €80 million corresponding to the damages caused by the application of the maximum retail prices for regulated LPG containers formula established in Spanish Ministerial Order ITC/2608/2009 (which was subsequently overruled by a Supreme Court sentence dated June 19, 2012) in respect of the period comprising the fourth quarter of 2009 and all four quarters of 2010, as well as €18 million of statutory interests accrued on the damages corresponding to the period between the fourth quarter of 2009 and the third quarter of 2012.

Regarding heading “*Personnel expenses*”, it is worth highlighting the workforce restructuring charges deriving mainly from the collective redundancy program in Spain, the adjustments for workforce restructuring in other countries and the changes made to the management team (see Note 3).

4.9 Tax situation

Income tax

For the calculation of this interim period's corporate income tax, the estimated effective annual tax rate was used. However, tax effects derived from occasional events or unique transactions undertaken during the period are fully taken into account in the period.

The effective tax rate applicable in the first half of 2016 to income from continuing operations before tax and before the Group's share of the profits of entities accounted for using the equity method was 7.1%.

This rate is significantly lower compared to the same period last year (26.6%), mainly due to the reduction in deferred tax liabilities, in turn due to local currency appreciation in countries with businesses whose functional currency is the dollar (Brazil, Colombia, Malaysia, Peru), as well as the recognition of losses in countries and businesses with high tax rates and the reduction in the statutory corporate tax rate in Spain (that, generally changes from 28% to 25%)

Government and legal proceedings with tax implications

As for the main tax proceedings affecting the Group at December 31, 2015, there have been no material changes at June 30, 2016, except as noted below:

Trinidad & 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), and 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 submitted the appropriate administrative appeal and the Administrative Court admitted such appeal, accepting the BP Trinidad & Tobago LLC's submission that such periods were already closed. Therefore, Repsol continues expecting that the Administration annul the actions in the near future.

In view of the uncertainty concerning the materialization of the existing tax contingencies associated with lawsuits and other tax matters, at the reporting date, the Group has recognized amounts under provisions that are deemed adequate to cover those tax contingencies.

4.10 Litigation

The information herein updates the status of the information included under Note 28 "*Contingencies, commitments and guarantees*", since the preparation of the 2015 consolidated financial statements.

Argentina

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

The plaintiff claims the reimbursement of all the amounts the consumers of bottled LPG were allegedly charged in excess from 1993 to 2001, corresponding to a surcharge for such product. It should be noted that Repsol has never participated in the LPG market in Argentina.

On February 4, 2016, Repsol was notified of a sentence condemning YPF to pay ARP 98,208,681 (€7 million) plus interest (the "Sentence"). Although the judgment does not expressly clarify that the lawsuit is dismissed in respect of Repsol, a specific section thereof does absolve it from damages since Repsol was not a shareholder of YPF during the period to which the sentence applies (1993 to 1997). The claimant appealed the Sentence on February 11, 2016; however, the grounds for the appeal do not question the absolution of Repsol, to which end the Sentence is final with respect to Repsol.

United States of America

Passaic River / Newark Bay, United States, Lawsuit.

The events underlying this lawsuit 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 contingencies relating to the business and activities of Chemicals prior to September 4, 1986. In 1995, YPF S.A. ("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. (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 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 clean-up lawsuit). In August 2010, the scope of the suit was expanded to include YPF International, S.A. ("YPI"), and Maxus International Energy Company.

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

Between June 2013 and August 2014, the Defendants, among other parties, 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 January 29, 2015, dismissing, in full or in part, without scope for re-admission, 10 of the 12 claims presented by OCC.

On November 27, 2015, the parties presented several Motions for Summary Judgment and on January 14, 2016, the Special Master issued recommendations on these Motions, admitting the motions submitted by Repsol in relation to its classification as alter ego to Maxus and dismissing OCC's Motion against Repsol's claim vis-a-vis OCC in respect of the \$65 million paid pursuant to the agreement with New Jersey State. 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 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 June 17, 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.

United Kingdom

Galley

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 (see heading 1 of this Note), which in turn owns 51% of RSRUK. In July 2014, TSEUK presented Oleum with a \$351 million claim.

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.

Addax arbitration (in relation to the acquisition 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 the Canadian group Talisman, 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 US\$. The Court of Arbitration has decided, among other procedural matters, to schedule the hearing for January 29 to February 16, 2018. Repsol maintains its opinion that the claims included in the Statement of Claim are without merit.

4.11 Remuneration, other obligations and workforce

4.11.1 Remuneration of Board members and executive officers

During the first half of 2016, a total of 16 have been part of the Board of Directors and a total of 11 members of the Corporate Executive Committee¹.

The table below details the remuneration accrued during the first half of 2016 by the people who, at some point during the six-month period and during the time they occupied such positions, were members of the Board of Directors, and by the people who, similarly for the same period and duration, were members of the Group's Corporate Executive Committee. Unless indicated

¹ For reporting purposes in this section, Repsol considers “*executive officers*” to be the members of the Corporate Executive Committee. The aforementioned classification of “*executive officers*”, to mere informational purposes, does neither replace nor is configured as an interpreting element of other senior management concepts contained in the regulations applicable to the Company (as contained in Royal Decree 1382/1985), and it does not seek the creation, recognition, modification or termination of legal or contractual rights or obligations.

otherwise, the compensation figures provided for “*executive officers*” do not include the compensation accrued in their capacity as directors of Repsol, S.A., as the director compensation disclosures for these individuals is included in the section on “*directors*” remuneration.

The information provided for the interim period of 2015 is prepared using the same criteria for comparative purposes:

Directors ⁽¹⁾	Thousands of euros	
	06/30/2016	06/30/2015
Compensation:		
Fixed compensation	1,182	1,971
Variable compensation	1,615	1,512
By law stipulated remunerations	3,678	2,901
Others ⁽²⁾	171	473
Total compensation received by directors	6,646	6,857

Executives	Thousand of euros	
	06/30/2016	06/30/2015
Total compensation received by executives ⁽²⁾⁽³⁾	22,313	23,141

(1) The composition and number of members of the Board of Directors varied between 2016 and 2015.

(2) Includes settlement of the third cycle of the Loyalty Plan and in-kind benefits received. In-kind benefits include the corresponding payments on account.

(3) Includes the amounts for compensation when terminating contracts and covenant not to compete amounting €13.8 and €15.3 million at June 30, 2016 and 2015, respectively.

During the first half of 2016 the accrued cost of the retirement, disability, and death insurance policies for Board Members, including the corresponding tax payments on account, amounts to € 133 thousand (€198 thousand in the first half of the previous year); and the contributions to pension plans and long-service bonuses amount to €231 thousand (€230 thousand for the same period in the previous year).

As for the Group's executives, the amount accrued during the first half of 2016 in respect of contributions to the pension plans offered to these individuals by the Group, contributions to savings plans and life and accident insurance premiums (including in the latter instance the corresponding payments on account) totaled €57 thousand (€1,112 thousand during the first semester of the previous period).

4.11.2 Share acquisition plans

As for the share-based acquisition plans of Repsol, S.A. approved at the Annual General Meeting, duly reported in the 2015 consolidated financial statements, the following developments occurred during the first half of 2016:

i.) “*Share Purchase Plan by the Beneficiaries of the Pluri-Annual Remuneration Program*”

The Annual General Meeting of May 20, 2016 approved five new cycles of the Share Purchase Plan by the Beneficiaries of the Pluri-annual Remuneration Programs, originally approved at the Annual General Meeting of April 15, 2011.

This Plan enables the beneficiaries of these programs (which include the Executive Directors and the members of the Corporate Executive Committee) to invest up to 50% of their pre-tax annual bonuses in Repsol, S.A. shares. If the beneficiaries continue to hold the shares so acquired for three years after they are purchased and the rest of the Plan terms and conditions are met, the Company will provide them with one additional share for every three initially acquired.

The beneficiaries qualifying as Senior Management, defined to this end as the Executive Directors and the other Members of the Corporate Executive Committee, are subject to an additional performance requirement in order to qualify for receipt of these additional shares, namely overall satisfaction of at least 75% of the targets set in the multi-year bonus remuneration program closed in the year immediately preceding that of delivery of the shares.

A total of 132 employees and executives took part in the sixth cycle of the Plan 2016-2019, having acquired a total of 160,963 shares on June 30, 2016, with an average price of €11.378 per share. Consequently, the Group is committed corresponding to this sixth plan to deliver a maximum of 53,604 shares to those employees who fulfill the Plan requirements after the three-year vesting period ends.

During this sixth cycle, the current members of the Corporate Executive Committee have acquired a total of 68,218 shares.

In addition, the third cycle of the Plan vested on May 31, 2016. As a result, the rights of 173 beneficiaries to 31,269 shares vested (receiving a total of 23,815 shares net of the payment on account of the personal income tax to be made by the Company). In parallel, the rights of the members of the Corporate Executive Committee and the rest of the Executive Directors to 9,735 shares also vested (net of the withholding retained by the Company, these individuals received a total of 6,739 shares).

ii.) *“Share Acquisition Plan”*

The Share Acquisition Plans were approved at the Annual General Meetings of April 15, 2011 (the 2011-2012 Share Acquisition Plan), May 31, 2012 (the 2013-2015 Share Acquisition Plan) and April 30, 2015 (the 2016-2018 Share Acquisition Plan).

These Plans are targeted at executives and employees of the Repsol Group in Spain and is designed to enable those so wishing to receive up to €12,000 of their annual remuneration in Company shares. During the first half of 2016, the Group has purchased 403,891 treasury shares for €4.1 million, to be delivered to Group employees.

The shares to be delivered under both schemes, i) and ii), may consist of directly or indirectly held treasury shares of Repsol, new issuance shares or shares acquired from third parties under agreements entered into to cover the delivery commitments assumed.

4.11.3 Average workforce

The average workforce at June 30, 2016 and 2015 was:

	06/30/2016	06/30/2015
Men	17,950	18,526
Women	8,964	8,984
Average workforce	26,914	27,510

4.12 Related party transactions

Repsol carries out transactions with related parties on an arm's length basis.

During the first half of 2016, the sale and purchase of finished and in-progress good to and from related parties was affected by the low prevailing oil and gas prices (Note 3.1). In addition, following the sale of the Group's interest in Compañía Logística de Hidrocarburos, S.A. (“CLH”)

in September 2015, note that transactions with CLH, mainly the purchase and sale of finished and in-progress goods, are no longer considered related-party transactions in 2016. For more detailed information, see “*Related-party transactions*” in Appendix V.

(5) SUBSEQUENT EVENTS

- Repsol International Finance, B.V. completed two private bond placements in July 2016. On the one hand, it raised €600 million of bonds due in two years and bearing interest at 3-month Euribor+70 bps; it raised €100 million of 3-year 0.125% bonds, on the other.
- On July 4, 2016, Talisman Sinopec Energy UK Limited's name was officially changed to Repsol Sinopec Resources UK Limited.

(6) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These interim condensed consolidated financial statements are prepared on the basis of International Financial Reporting Standards, as endorsed by the European Union (IFRS-UE), and Article 20 of Royal Decree 1362/2007. Consequently, certain accounting practices applied by the Group may not conform to other generally accepted accounting principles in other countries.

APPENDIX I: SCOPE OF CONSOLIDATION

The principal companies comprising the Repsol Group are itemized in Appendix I of the 2015 consolidated financial statements. The main changes to the Group's composition compared with the information provided in the 2015 consolidated financial statements are detailed below¹:

a) Business combinations, other acquisitions and acquisitions of interest in subsidiaries, joint ventures and/or associates:

Entity	Category	Transaction closing date	% of voting rights acquired ⁽¹⁾	% of total voting rights acquired in the entity post-acquisition
Repsol UK, Ltd.	Constitution	jan-16	100.0%	100.0%
Rocsole OY	Acquisition	jan-16	15.63%	15.63%
Inch Cape Offshore, Ltd.	Part. Increase	jan-16	49.00%	100.0%
Repsol Ductos Colombia, S.A.S.	Constitution	apr-16	100.0%	100.0%
Vung May 156-159 B.V. ⁽²⁾	Constitution	jun-16	100.0%	100.0%

⁽¹⁾ Corresponds to the percentage of equity in the acquired company.

⁽²⁾ This company has been incorporated into the scope of consolidation during the first half. Previously inactive.

b) Reduction in interest in subsidiaries, joint ventures, and/or associates and other similar transactions:

Entity	Category	Transaction closing date	% of voting rights sold or retired	% of voting rights acquired in the entity post-acquisition	Income / (Loss) generated (Millions of euros) ⁽¹⁾
Moray Offshore Renewables, Ltd.	Disposal	jan-16	33.36%	0.00%	7
Alsugas Caviota, S.L.	Liquidation	mar-16	100.00%	0.00%	-
Talisman Energy Norge AS	Liquidation	mar-16	100.00%	0.00%	-
TLM O&G (Australia) PTY	Disposal	apr-16	100.00%	0.00%	5
Beatrice Offshore Windfarm, Ltd.	Disposal	may-16	25.00%	0.00%	Note (4)
Inch Cape Offshore, Ltd.	Disposal	may-16	100.00%	0.00%	Note (4)
Beatrice Wind, Ltd ⁽²⁾	Disposal	may-16	100.00%	0.00%	Note (4)
Wind Farm Energy U.K., Ltd. ⁽³⁾	Disposal	may-16	100.00%	0.00%	Note (4)
Talisman (Jambi) Ltd.	Liquidation	may-16	100.00%	0.00%	-
Talisman Indonesia Ltd.	Liquidation	may-16	100.00%	0.00%	-
TE Resources S.a.r.l.	Liquidation	may-16	100.00%	0.00%	-
Talisman International Business Corporation	Liquidation	jun-16	100.00%	0.00%	-
TLM Finance Corp	Liquidation	jun-16	100.00%	0.00%	-
New Santiago Pipelines AG	Absorption	jun-16	100.00%	0.00%	-
Santiago Pipelines AG	Absorption	jun-16	100.00%	0.00%	-
Talisman Santiago AG	Absorption	jun-16	100.00%	0.00%	-
Talisman SO AG	Absorption	jun-16	100.00%	0.00%	-
TE Colombia Holding S.a.r.l	Liquidation	jun-16	100.00%	0.00%	-
Repsol Exploración Gorontalo B.V.	Liquidation	jun-16	100.00%	0.00%	-
Repsol Exploración Numfor B.V.	Liquidation	jun-16	100.00%	0.00%	-
Repsol LNG Offshore B.V.	Liquidation	jun-16	100.00%	0.00%	1
Repsol Gas del Perú, S.A.	Disposal	jun-16	99.85%	0.00%	Note (5)
Repsol Gas de la Amazonía, S.A.C.	Disposal	jun-16	99.85%	0.00%	Note (5)

⁽¹⁾ Corresponds to net income before tax.

⁽²⁾ Formerly called Repsol Beatrice, Ltd.

⁽³⁾ Formerly called Repsol Nuevas Energías UK, Ltd.

⁽⁴⁾ These companies have been sold as part of the sale of the Group's windfarm businesses in the UK to China's SIDIC Power (see Note 4.3), a transaction that generated a pre-tax gain of €100 million.

⁽⁵⁾ Sale of the Group's LPG business in Peru (Note 4.3), a transaction that generated a pre-tax gain of €29 million.

NOTE: With respect to the disposals, decreases and increases in ownership interests in the Gas Natural Fenosa Group companies, see this group's interim condensed consolidated financial statements (www.portal.gasnatural.com).

¹ During the first half of the year and up until the date of authorizing the accompanying interim financial statements for issue: i) the registered names of certain entities comprising the Group have changed, most notably among which the joint venture now called Repsol Sinopec Resources UK Limited (formerly, Talisman Sinopec Energy UK Limited, or TSEUK; Note 5); and ii) company Repsol Exploración México, S.A. de C.V. is now deemed "active".

APPENDIX II: REGULATORY FRAMEWORK

The activities of Repsol, S.A. and subsidiaries are subject to extensive regulation. The information provided in this section constitutes an update that reflects significant developments in the regulatory framework applicable to the Group subsequent to the 2015 consolidated financial statements, as detailed in Appendix IV “*Regulatory Framework*”.

Spain

Contributions to the national energy efficiency fund

Article 7 of Directive 2012/27/EU of the European Parliament and of the Council of October 25, 2012 on energy efficiency makes it binding on member states to justify a quantity of energy savings by 2020, obliging each state to establish energy efficiency obligation schemes such that energy distributors and/or retailers are obliged to achieve a cumulative quantity of energy savings by year-end 2020 by means of annual savings between 2014 and 2020 equivalent to 1.5% of their annual energy sales.

Royal Decree-Law 8/2014 and Law 18/2014 transpose this EU Directive into Spanish law by establishing a National Energy Efficiency Fund by virtue of which gas and electricity retailers, oil product wholesalers and liquid petroleum gas wholesalers (although the latter are not considered bound parties under the Directive) are allocated an annual energy saving target at the national level called savings obligations, which is quantified in financial terms.

The creation of a National Fund, which in Spain has been formulated as an alternative to a system of national energy efficiency incentives, is contemplated in Directive 2012/27/EU merely as a supporting or complementary measure.

The successive ministerial orders issued by Ministry of Industry, Energy and Tourism (IET) stipulating mandatory contributions to the National Energy Efficiency Fund, including, as warranted, related collection letters, are being appealed by the various companies of Repsol Group encompassed by the aforementioned National Fund contribution obligation.

Energy audits

Spanish Royal Decree 56/2016, of February 12, 2016, transposing Article 8 of Directive 2012/27/EU, of the European Parliament and of the Council, of 25 October 2012, on energy efficiency, in respect of energy audits, energy service and energy audit provider accreditation and the promotion of energy efficiency, took effect in February 2016.

It has the effect of obliging all enterprises that are not SMEs (“large enterprises”) within the European Union to carry out regular energy audits with a view to analyzing whether their energy management is as good as possible and having them establish the opportune energy savings and efficiency opportunities and proposals as warranted.

The bound parties must carry out an energy audit every four years from the date of the last energy audit and it must cover at least 85% of total energy consumption by their universe of facilities located in Spain.

The Group's energy management systems, which are based on the international ISO 50001 standard, are found in the Group's main industrial companies.

Venezuela

So far in 2016, the Venezuelan government has dictated Decrees No. 2,184 (published on January 14 in the Extraordinary Official Journal of the Bolivarian Republic of Venezuela No. 6,214) and No. 2,323 (published on May 13 in the Extraordinary Official Journal of the Bolivarian Republic of Venezuela No. 6,227) declaring a State of Economic Emergency throughout the entire territory of the Republic and a State of Exception and Economic Emergency, respectively.

These Decrees empower the Executive Branch to adopt the measures it deems opportune to address the exceptional, extraordinary and circumstantial situation facing the Venezuelan economy for an anticipated period of 60 days, starting from its date of publication in the Official Journal, with scope for extension for a period of similar length.

Both Decrees were then revoked by the National Assembly, as was the request made by the President of the Republic to extend the State of Economic Emergency in the case of the first Decree. However, the Supreme Court of Justice's Constitutional Court has since ruled and declared both Decrees pertinent and constitutional.

As a result, the State of Economic Emergency proclaimed on January 14, 2016 was extended on March 11, 2016, such that the Executive Branch could subsequently issue the above-mentioned Decree No. 6,214 when it terminated. With respect to this last Decree, the Constitutional Court has ruled it effective from when it was issued and declared its legitimacy, validity, effectiveness and legal-constitutional standing irrevocably intact, as provided in the Fundamental Text.

Along these same lines, the Presidency of the Bolivarian Republic of Venezuela extended the term established in the above-mentioned Decree No. 2,323 by 60 days by means of Decree No. 2,371 of July 12, 2016, published in the Official Journal of the Venezuelan Republic No. 40,942 on that same date. The National Legislative Assembly then decided, in a session held on July 14, 2016, not to approve the extension of Decree No. 2,323 decreed by the Executive Branch, believing it contrary to the country's interests. Even though the National Assembly did not approve the extension, the Executive Branch has not annulled the Decree, which is expected to be upheld by the Supreme Court of Justice, as has been the case in similar recent cases.

For information regarding the new Exchange Agreements introduced during the reporting period, see Note 4.5.

APPENDIX III: ACCOUNTING POLICIES

The accounting criteria and policies used to present the Repsol Group's financial disclosures are outlined in Note 2 of its 2015 consolidated financial statements and are updated in respect of the current reporting period below:

7. Other intangible assets

(b) Exploration rights and geological and geophysical costs

The costs of acquiring rights to explore and the costs incurred in conducting geological and geophysical studies during the exploration phase are capitalized under this heading at their acquisition price and incurred cost, respectively. During the exploration and evaluation phase, these costs are not amortized, although they are tested for impairment at least once a year and whenever there are indications of impairment, in keeping with the indicators itemized in IFRS 6 “*Exploration for and evaluation of mineral resources*”. Any impairment losses or the reversal thereof are recognized in profit or loss following the general criteria stipulated in IAS 36 “*Impairment of assets*”. At the end of the exploration and evaluation phase, the amounts capitalized are charged to profit and loss in the event no reserves have been discovered. In the event the exploration work does yield positive results, i.e., a commercially-viable discovery, these costs are reclassified to “*Investment in areas with reserves*” (section 8 c) at their carrying amount at the time this determination is made. These costs are then amortized/depreciated over the estimated commercial life of the field; these charges are calculated as a function of the relationship between actual production during the period and the field's proved reserves at the start of the amortization period (unit-of-production method).

8. Property, plant and equipment

c) Recognition of oil and gas exploration and production operations

Repsol recognizes oil and gas exploration and production operations using accounting policies based on the successful efforts method. Under this method, the various costs incurred are treated as follows for accounting purposes:

- i. The costs incurred to acquire new interests in areas with proved and unproved reserves (including bonuses, legal costs, etc.) are capitalized within “*Investments in areas with reserves*” when incurred, and allocated to proved or unproved reserves, as appropriate.
- ii. Exploration and appraisal drilling expenses, including exploratory-type stratigraphic test wells, are capitalized under “*Other exploration expenses*” pending determination of whether the well has found proved reserves justifying their commercial development. If it is determined that the well has not found proved reserves, the capitalized well drilling costs are expensed. In the event that reserves are discovered but remain under evaluation for classification as proved, their accounting treatment will depend on the following circumstances:
 - If the area requires additional investments prior to the start of production, the drilling costs continue to be capitalized for as long, and only for as long, as the following conditions are met: (i) the amount of proved reserves found justifies the completion of a productive well if the required investment is carried out; and (ii) the additional exploratory drilling or stratigraphic test wells are either in progress or planned in the very near term. If either of the above two prerequisites is not met, the corresponding exploratory or exploratory-type stratigraphic well drilling costs are recognized in profit or loss.
 - Regardless of the circumstances, determination of whether the reserves can be classified as proved must be made within a period of one year from well completion. If such

determination has not been made within the prescribed one-year period, the corresponding drilling costs are expensed.

The costs of drilling exploratory-type wells that have yielded a positive find in terms of commercially-viable reserves are reclassified to “*Investments in areas with reserves*”.

iii. Exploration costs other than geological and geophysical costs (see section 7 b), excluding the costs of drilling exploratory-type wells, are recognized in profit and loss when incurred.

iv. Development costs incurred to extract proven oil and gas reserves and to transform and store them (including productive and dry development well drilling costs, platforms, recovery enhancement systems, etc.) are capitalized within “*Investments in areas with reserves*”.

v. The costs to be incurred in the future to abandon and decommission oil and gas fields (environmental, safety, etc.) are calculated field by field and are capitalized at their present value when the related asset is initially recognized; they are recognized within “*Investments in areas with reserves*”. Capitalization of these costs is accounted for by means of a credit to provisions for field decommissioning (see Note 14 of the 2015 consolidated financial statements).

The investments capitalized using the above-listed criteria are amortized/depreciated using the following methodology:

i. Investments corresponding to the acquisition of proved reserves and investments in common facilities are amortized/depreciated over the estimated commercial life of the field; these charges are calculated as a function of the relationship between actual production during the period and the field's proved reserves at the start of the amortization period.

ii. Appraisal and drilling costs incurred to develop and extract oil and gas reserves are amortized over the estimated commercial life of the field; these charges are calculated as a function of the relationship between actual production during the period and the field's proved reserves at the start of the amortization period.

iii. Costs capitalized in respect of unproven reserves or fields under evaluation are not amortized. These investments are, however, tested for impairment at least once a year and whenever there are indications that they may be impaired.

Changes in estimated reserves are factored into amortization charge calculations on a prospective basis.

The recoverable amounts of these assets are compared with their carrying amounts at every reporting date and whenever there is an indication of potential impairment. Any impairment losses, or reversal thereof, resulting from this exercise are recognized within “*Provisions recognized and losses on disposal of non-current assets*” or “*Reversal of provisions and gains on disposal of non-current assets*” in profit or loss, as warranted.

APPENDIX IV: RECONCILIATION BETWEEN REPSOL'S REPORTING MODEL AND IFRS-EU¹

The reconciliation between adjusted net income (loss) and IFRS-EU net income (loss) for the first semester of 2016 and 2015 is as follows:

Millions of euros	First half income/ (loss) 2016 and 2015											
	Adjusted Net Income		ADJUSTMENTS								IFRS-EU Results	
			Joint Ventures Reclassification		Special Items		Inventory Effect		Total Adjustments			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Operating Income	997	1,109	(108)	(102)	(219)	(236)	8	(88)	(319)	(426)	678	683
Financial Result	(262)	456	84	(37)	(18)	22	-	-	66	(15)	(196)	441
Share of results of companies accounted for using the equity method-net of tax	206	235	6	23	-	-	-	-	6	23	212	258
Net Income before tax	941	1,800	(18)	(116)	(237)	(214)	8	(88)	(247)	(418)	694	1,382
Income tax	(4)	(524)	18	116	(45)	84	(3)	25	(30)	225	(34)	(299)
Net Income	937	1,276	-	-	(282)	(130)	5	(63)	(277)	(193)	660	1,083
Net income attributable to minority interests	(20)	(36)	-	-	2	-	(3)	6	(1)	6	(21)	(30)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT	917	1,240	-	-	(280)	(130)	2	(57)	(278)	(187)	639	1,053

Millions of euros	Second quarter income/ (loss) 2016 and 2015											
	Adjusted Net Income		ADJUSTMENTS								IFRS-EU Results	
			Joint Ventures Reclassification		Special Items		Inventory Effect		Total Adjustments			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Operating Income	437	522	(83)	(99)	(241)	(159)	223	124	(101)	(134)	336	388
Financial Result	(185)	(199)	87	7	(40)	(1)	-	-	47	6	(138)	(193)
Share of results of companies accounted for using the equity method-net of tax	95	109	(42)	76	-	-	-	-	(42)	76	53	185
Net Income before tax	347	432	(38)	(16)	(281)	(160)	223	124	(96)	(52)	251	380
Income tax	6	(101)	38	16	(20)	57	(56)	(35)	(38)	38	(32)	(63)
Net Income	353	331	-	-	(301)	(103)	167	89	(134)	(14)	219	317
Net income attributable to minority interests	(8)	(19)	-	-	2	-	(8)	(6)	(6)	(6)	(14)	(25)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT	345	312	-	-	(299)	(103)	159	83	(140)	(20)	205	292

OTHER METRICS	Second quarter metrics 2016 and 2015 (million of euros)					
	Group reporting model		Reclassification of joint ventures ⁽²⁾		IFRS-EU	
	2016	2015	2016	2015	2016	2015
EBITDA CCS	1,167	1,297	(11)	(137)	1,156	1,160
Net financial debt ⁽¹⁾	11,709	11,934	1,035	1,310	12,744	13,244

⁽¹⁾ The comparable 2015 metric corresponds to December 31, 2015 in the case of net financial debt.

⁽²⁾ The adjustment to EBITDA CCS includes pre-tax inventory effects.

¹ The interim financial statements for the first half of 2016 contain amounts and metrics prepared using the Group's internal reporting model (Alternative Performance Measures or APMs). For further information regarding the APMs used by the Group, go to Appendix I of the first-half 2016 Group management report.

The revenue breakdown by segments is disclosed below:

Segments	Millions of euros					
	Operating revenue from customers		Operating revenue from inter segment sales		Total operating revenue	
	06/30/2016	06/30/2015	06/30/2016	06/30/2015	06/30/2016	06/30/2015
Upstream	1,917	1,643	392	434	2,309	2,077
Downstream	14,627	19,350	11	60	14,638	19,410
Corporation	-	2	3	-	3	2
(-) Inter-segment adjustments and eliminations of operating income	1	-	(406)	(494)	(405)	(494)
TOTAL	16,545	20,995	-	-	16,545	20,995

The reconciliation of other metrics disclosed in Note 3.2 with the IFRS-EU disclosures for the first semester of 2016 and 2015 is as follows:

	Millions of euros	
	H1 2016	H1 2015
Adjusted operating revenue ⁽¹⁾	16,545	20,995
<i>Adjustments for joint ventures or other companies managed as such:</i>		
Upstream	(771)	(834)
Downstream	(15)	(41)
Corporation	-	(1)
IFRS-EU operating revenue ⁽²⁾	15,759	20,119
Adjusted operating investments ⁽¹⁾	1,038	10,001
<i>Adjustments for joint ventures, other companies managed as such and other ⁽³⁾</i>		
Upstream	(325)	(569)
Downstream	(1)	41
Corporation and adjustments	-	(4)
IFRS-EU operating investments (net) ⁽⁴⁾	712	9,469
Adjusted capital employed ⁽¹⁾	40,531	40,702
<i>Adjustments for interests in joint ventures or other companies managed as such:</i>		
Upstream	1022	1,304
Downstream	13	6
Capital employed according to the balance sheet	41,566	42,012

(1) Figures compiled in keeping with the Group reporting model described in Note 2.6 “*Information by business segment*”.

(2) The IFRS-EU revenue figure corresponds to the sum of the “*Sales*” and “*Services rendered and other income*” headings on the consolidated income statement.

(3) Other correspond to the time difference between cash and accrual.

(4) Includes investments accrued during the period net of divestment. Include investments in “*Other financial assets*”.

APPENDIX V: OTHER DETAILED INFORMATION

Operating revenue by geographic area

The distribution of operating revenue (corresponding to the headings “Sales” and “Services rendered and other income” in the accompanying IFRS-EU consolidated income statement) by geographical area, based on the markets they are intended, is as follows:

Geographic Area	Millions of euros	
	06/30/2016	06/30/2015
Spain	9,002	10,555
European Union	2,499	3,028
O.E.C.D.	1,755	2,765
Rest of countries	2,503	3,771
TOTAL	15,759	20,119

Financial instruments

Financial assets

The breakdown of the Group's financial assets by the various asset classes used for financial reporting purposes is provided below:

Millions of euros	At June 30, 2016 and December 31, 2015													
	Financial assets held for trading		Other financial assets at fair value through profit or loss		Financial assets available for sale		Loans and receivables		Held-to-maturity investments		Hedging derivatives		Total	
	(3)		(3)		(3)		(2)		(2)		(3)			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Equity instruments	-	-	-	-	82	82	-	-	-	-	-	-	82	82
Derivatives	2	4	-	-	-	-	-	-	-	-	-	-	2	4
Other financial assets	-	-	75	66	-	-	632	567	-	-	-	-	707	633
Long term/ Non-current	2	4	75	66	82	82	632	567	-	-	-	-	791	719
Derivatives	97	477	-	-	-	-	-	-	-	-	7	1	104	478
Other financial assets	-	-	11	11	-	-	1,239	1,170	2,216	2,439	-	-	3,466	3,620
Short term/ Current	97	477	11	11	-	-	1,239	1,170	2,216	2,439	7	1	3,570	4,098
TOTAL ⁽¹⁾	99	481	86	77	82	82	1,871	1,737	2,216	2,439	7	1	4,361	4,817

(1) There are also trade receivables included under the balance sheet headings "Other non-current assets", "Trade receivables" and "Other receivables" (at June 30, 2016, €276 million was classified as non-current and €3,986 million as current; at December 31, 2015, €175 million was classified as non-current and €4,254 as current).

(2) These assets' fair value coincides with their carrying amount.

(3) In the section titled "Fair value of financial instruments" in this appendix, the Group's financial instruments are classified using the fair value hierarchy.

Financial liabilities

The breakdown of the Group's financial liabilities by the various classes of financial liabilities used for financial reporting purposes is provided below:

June 30, 2016 and December 31, 2015										
Millions of euros	Financial liabilities held for trading ⁽²⁾		Financial liabilities and other payables		Hedging derivatives ⁽²⁾		Total		Fair value	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Bank borrowings	-	-	3.033	1.543	-	-	3.033	1.543	3.034	1.543
Bonds and other securities	-	-	7.479	8.939	-	-	7.479	8.939	7.839	8.878
Derivatives	7	1	-	-	115	90	122	91	122	91
Other financial liabilities	-	-	-	9	-	-	-	9	-	9
Long-term/ Non-current	7	1	10.512	10.491	115	90	10.634	10.582	10.995	10.521
Bank borrowings	-	-	1.276	1.707	-	-	1.276	1.707	1.276	1.707
Bonds and other securities	-	-	2.023	2.376	-	-	2.023	2.376	2.048	2.380
Derivatives	145	193	-	-	6	5	151	198	151	198
Other financial liabilities ⁽³⁾	-	-	3.084	2.921	-	-	3.084	2.921	3.084	2.921
Short-term / Current	145	193	6.383	7.004	6	5	6.534	7.202	6.559	7.206
TOTAL ⁽¹⁾	152	194	16.895	17.495	121	95	17.168	17.784	17.554	17.727

⁽¹⁾ There are also finance lease obligations at June 30, 2016 and December 31, 2015, specifically €1,495 million and €1,540 million registered within "Other non-current liabilities", respectively, and €197 million and €206 million within "Other payables", respectively.

⁽²⁾ In the section titled "Fair value of financial instruments" in this appendix, the Group's financial instruments are classified using the fair value hierarchy.

⁽³⁾ Corresponds mainly to the loan extended by Repsol Sinopec Brasil S.A. through its subsidiary Repsol Sinopec Brasil B.V.

Fair value of financial instruments

The classification of financial instruments recognized in the financial statements at fair value at June 30, 2016 and December 31, 2015, is as follows:

Millions of euros									
Financial Assets	Level 1		Level 2		Level 3		Total		
	2016	2015	2016	2015	2016	2015	2016	2015	
Financial assets held for trading	4	298	95	183	-	-	99	481	
Other financial assets at fair value through profit and loss	86	77	-	-	-	-	86	77	
Financial assets available for sale ⁽¹⁾	1	1	-	-	-	-	1	1	
Hedging derivatives	-	-	7	1	-	-	7	1	
Total	91	376	102	184	-	-	193	560	

Financial Liabilities	Level 1		Level 2		Level 3		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Financial liabilities held for trading	41	4	111	190	-	-	152	194
Hedging derivatives	-	-	121	95	-	-	121	95
Total	41	4	232	285	-	-	273	289

Financial instruments recognized at fair value are classified at different levels, as described below:

Level 1: Valuations based on a quoted price in an active market for an identical instrument.

Level 2: Valuations based on a quoted price in an active market for similar financial assets or based on other valuation techniques that rely on observable market inputs.

Level 3: Valuations based on inputs that are not directly observable in the market.

- ⁽¹⁾ Does not include € 81 million at June 30, 2016 and December 31, 2015 corresponding to equity investments in companies that are measured at acquisition cost under IAS 39.

The valuation techniques used for instruments classified under level 2, in accordance with accounting regulations, are based on the income approach, which entail the discounting to present value of future cash flows, either known or estimated, using discount curves from the market reference interest rates (in the case of derivative instruments, estimated using implicit forward curves offered in the market), including adjustments for credit risk based on the life of the instruments. In the case of options, price-setting models based on the Black & Scholes formula are used.

The most significant variables for valuing financial instruments vary depending on the type of instrument, but fundamentally include: exchange rates (spot and forward), interest rate curves, counterparty risk curves, prices of equity securities, commodities prices curves and the volatilities of all the aforementioned factors. In all cases, market data is obtained from reputed information agencies or correspond to quotes issued by official bodies.

Related party transactions

For the purpose of the accompanying disclosures, the following are deemed related parties:

- a. Significant Shareholders: Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, Sacyr Vallerhemoso S.A., Temasek Holdings (Private) Limited (see heading 4.6.1.).
- b. Executives and directors: includes members of the Board of Directors as well as members of the Corporative Executive Committee whose members are considered as “*executives*” for purposes of this section (see heading 4.11.1).
- c. Group persons, companies and entities: includes transactions with Group companies and entities that have not been eliminated during the consolidation process. These are mainly transactions with integrated companies by the equity method.

Income, expenses and other transactions recorded for the six-months period ended June 30, 2016 with related parties were as follows:

*Translation of a report originally issued in Spanish
In the event of a discrepancy, the Spanish language version prevails*

Thousands of euros	2016				2015			
	Significant shareholders	Directors and executives ⁽¹⁾	People, companies or entities within the Group	Total	Significant shareholders	Directors and executives ⁽¹⁾	People, companies or entities within the Group	Total
EXPENSES AND INCOME								
Finance costs	4,264	-	26,107	30,371	2,676	-	20,029	22,705
R&D transfers and license agreements	-	-	-	-	-	-	266	266
Leases	360	-	1,195	1,555	622	-	1,246	1,868
Services received	7,956	-	81,123	89,079	4,634	-	159,195	163,829
Purchase of goods (finished and in-progress)	4	-	720,026	720,030	-	-	3,316,576	3,316,576
Impairment losses for receivables (uncollectible)	1	-	-	1	34	-	-	34
Losses on derecognition or disposal of assets	-	-	70	70	-	-	643	643
Other expenses	10,268	-	633	10,901	7,447	-	724	8,171
TOTAL EXPENSES	22,853	-	829,154	852,007	15,413	-	3,498,679	3,514,092
Finance income	1,864	-	62,612	64,476	38,458	1	43,092	81,551
Management and collaboration agreements	-	-	-	-	-	-	5,255	5,255
R&D transfers and license agreements	344	-	2,002	2,346	-	-	-	-
Leases	3,396	-	2,238	5,634	399	-	1,893	2,292
Services rendered	47,430	-	240,392	287,822	4,216	-	800	5,016
Sale of goods (finished and in-progress) ⁽³⁾	-	-	-	-	41,285	-	342,650	383,935
Gains on derecognition or disposal of assets	22	-	33,697	33,719	-	-	21,842	21,842
Other income	-	-	-	-	160	-	49,434	49,594
TOTAL INCOME	53,056	-	340,941	393,997	84,518	1	464,966	549,485

Thousands of euros	2016				2015			
	Significant shareholders	Directors and executives ⁽¹⁾	People, companies or entities within the Group	Total	Significant shareholders	Directors and executives ⁽¹⁾	People, companies or entities within the Group	Total
OTHER TRANSACTIONS								
Purchase of PP&E, intangible and other assets	27,017	-	-	27,017	19,359	-	-	19,359
Financing agreements: loans and capital contributions (lender) ⁽⁴⁾	-	-	2,409,009	2,409,009	-	64	2,757,626	2,757,690
Finance lease agreements (lessor)	-	-	3,000	3,000	-	-	4,978	4,978
Repayment or cancellation of loans and lease agreements (lessor)	-	-	-	-	-	-	-	-
Sale of PP&E, intangible and other assets	27,516	-	-	27,516	14,789	-	-	14,789
Financing agreements: loans and capital contributions (borrower) ⁽⁵⁾	550,560	-	3,991,361	4,541,921	515,295	-	3,852,505	4,367,800
Repayment or cancellation of loans and lease agreements (borrower)	-	-	-	-	-	-	-	-
Guarantees and sureties extended ⁽⁶⁾	321,312	-	2,178,267	2,499,579	65,259	-	2,654,963	2,720,222
Guarantees and sureties received	60,449	-	3,639	64,088	48,452	-	193	48,645
Commitments assumed ⁽⁷⁾	2,118,939	-	4,123,219	2,004,280	2,642,429	-	6,000,375	3,357,946
Commitments / guarantees cancelled	-	-	-	-	-	-	-	-
Dividends and other profits distributed ⁽⁸⁾	166,599	8	-	166,607	172,601	-	-	172,601
Other transactions ⁽⁹⁾	1,200,621	-	-	1,200,621	1,303,505	-	-	1,303,505

Note: In 2015, it includes the related-party transactions performed by Talisman from the effective acquisition date of May 8, 2015. The details regarding the information included in the tables corresponding to the first half of 2015 are disclosed in the interim condensed consolidated financial statements for the six months ended June 30, 2015.

- (1) Includes transactions performed with executives and directors not included in heading 4.11 "*Remunerations, other obligations and workforce*", regarding remunerations perceived by the Executives and Directors, corresponding to the outstanding balance at the reporting date of the loans granted to members of senior management and the corresponding accrued interest, as well as dividend and other remuneration received as a result of holding shares in the Company.
- (2) It mainly includes purchases with the group Gas Natural Fenosa (GNF), the group Repsol Sinopec Brasil (RSB), and BPRY Caribbean Ventures LLC (BPRY), entities consolidated by the equity method amounting €309, €220 and €153 million.
- (3) Mainly includes sales to the group Gas Natural Fenosa (GNF), Iberian Lube Base Oils Company (ILBOC) and BPRY Caribbean Ventures LLC (BPRY) amounting €88, €60 and €56 million.
- (4) Mainly includes the loans and undrawn credit lines extended to Group companies consolidated using the equity method
- (5) "*Significant shareholders*" includes credit lines with La Caixa for the maximum amount granted of €58 million. The column titled "*People, companies or entities within the Group*" mainly includes the loan extended by Repsol Sinopec Brasil S.A. to its shareholders (see "*Financial instruments*" in this Appendix) as well as undrawn credit lines with investees accounted for using the equity method.
- (6) It mainly includes €1,322 million corresponding to 3 guarantees issued by Repsol, S.A. in relation with three operating floating leases of the subsidiary Guar BV and €695 million, corresponding to the counter guarantees granted by Repsol Oil & Gas Canada Inc associated with issued bank guarantees on behalf of its subsidiary Talisman Sinopec

Energy UK Ltd (TSEUK – RSRUK from July 6) covering decommissioning obligations arising from its exploration activity in the North Sea. (see Note 29 of the 2015 consolidated financial statements).

- (7) Corresponds to firm purchase commitments net of firm sales commitments outstanding at the reporting date.
- (8) The amounts recorded under dividends and other profit distributions include the amounts corresponding to the sale to Repsol, at the guaranteed fixed price, of free-of-charge allocation rights as part of the paid-up capital increase closed in January 2016 under the framework of the remuneration program named “*Repsol Flexible Dividend*”. In contrast, this sub-heading does not include the amounts corresponding to the sale to Repsol, at the guaranteed fixed price, of free-of-charge allocation rights as part of the paid-up capital increase closed in July 2016, which in the case of the significant shareholders amounted to €100 million. Nor does it include the shares acquired as a result of the aforementioned capital increase.
- (9) Includes remunerated accounts and deposits in the amount of €827 million, reverse factoring lines by €30 million, exchange rate hedges in the amount of €8 million and interest rate hedges in the amount of €75 million arranged with La Caixa Group.