



2Q14 RESULTS

July 24th, 2014

25 YEARS OF REPSOL
ON THE STOCK MARKET
1989-2014

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BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

BASIS OF PREPARATION

Group activities are carried out in three operating segments:

- **Upstream**, the segment corresponding to hydrocarbon exploration and production activities;
- **Downstream**, the segment corresponding to (i) refining and commercialization of oil products, petrochemical products, and liquefied petroleum gas, (ii) commercialization, transportation and regasification of natural gas and liquefied natural gas (LNG) and (iii) renewable energy power projects;
- **Gas Natural Fenosa**, the segment corresponding to Repsol investment in Gas Natural Fenosa, whose main activities are the distribution and commercialization of natural gas, and the generation, distribution and commercialization of electricity.

Lastly, the **Corporate and others** segment reflects the Corporation's overhead expenses incurred in activities that cannot be allocated to the first three business segments, intra-segment consolidation adjustments and the financial result.

The company carries out a significant portion of its activities through participations in joint ventures. Accordingly, for the purpose of management decision-making with respect to resource allocation and performance assessment, the operating and financial metrics of joint ventures are considered from the same perspective and in the same level of detail as in businesses consolidated via global integration. To this end, all the operating segment disclosures include, in proportion to the Group's respective ownership interest, the figures corresponding to its joint ventures or other companies managed as such.

Repsol Group made the decision in 2014, prompted by the business reality and in order to make its disclosures more comparable with those in the sector, to disclose the recurring net operating profit of continuing operations at current cost of supply (CCS) after tax as a measure of the result of each segment ("Adjusted Net Income"), which excludes both non-recurring net income¹ and the inventory effect².

On the other hand, Gas Natural Fenosa's performance is assessed on the basis of its net income contribution and the cash flow obtained through the dividends received. Accordingly, the net income of this segment is presented as the company's net income in accordance with the equity method; the other metrics presented only include the cash flows generated by the Repsol Group as a shareholder of Gas Natural SDG, S.A.

All of the information presented in this Earnings Release, with the exception of that provided in the tables headed "Consolidated Financial Statements" has been prepared in accordance with the abovementioned criteria.

¹ Non-recurring items are those originated from events or transactions falling outside the Group's ordinary or usual activities are exceptional in nature or arise from isolated events.

² The net income is prepared by using the inventory measurement method widely used in the industry – current cost of supply (CCS), which differs from that accepted under prevailing European accounting standards (MIFO). The use of CCS methodology facilitates users of financial information comparisons with other companies in the sector. Under CCS methodology, the purchase price of volumes of inventories sold during the period is based on the current prices of purchases during the period. The inventory effect is the difference between the net income using CCS and the net income using MIFO. In this note, the inventory effect is presented net of the tax and excluding non-controlling interests.

CONSOLIDATED FINANCIAL STATEMENTS

Appendix II presents the Group's consolidated financial statements prepared under International Financial Reporting Standards (IFRS). It is therefore relevant to mention the following:

- a) The IFRS 11 "*Joint Agreements*" came into force on January 1, 2014, implying the use of the equity method to account for the Group's investments in joint ventures in its consolidated financial statements. Although its application has not had a significant impact on the Group's equity, it has entailed significant reclassifications among the various balance sheet and income statement headings, as the Group had been using the proportionate method of consolidation to account for its investments in entities under joint control until December 31, 2013.
- b) In addition, in October and December 2013 and January 2014, Repsol closed the sale of some of its LNG assets and businesses. In accordance with IFRS, the results generated by these assets and businesses were classified and accounted for as discontinued operations.

As a result of the foregoing, and in accordance with prevailing accounting rules and standards, the consolidated balance sheet as of 31 December 2013, the consolidated income statements for the second quarter and first half year of 2013 and the consolidated cash flows statement for the first half of 2013 have been restated for comparative purposes.

Lastly, Appendix III provides a reconciliation of the non-IFRS metrics reported and those presented in the consolidated financial statements (IFRS).

KEY METRICS FOR THE PERIOD

(Unaudited figures)

Results (€ Million)	2Q 2013	1Q 2014	2Q 2014	% Change 2Q14/2Q13	January - June 2013	January - June 2014	% Change 2014/2013
Upstream	285	255	145	(49.1)	634	400	(36.9)
Downstream	123	290	162	31.7	350	452	29.1
Gas Natural Fenosa	128	123	159	24.2	253	282	11.5
Corporate and others	(135)	(136)	(76)	43.7	(312)	(212)	32.1
ADJUSTED NET INCOME	401	532	390	(2.7)	925	922	(0.3)
Inventory effect	(156)	(59)	5	-	(153)	(54)	64.7
Non-recurring income	(46)	35	156	-	(87)	191	-
Income from discontinued operations	68	299	(31)	-	216	268	24.1
NET INCOME	267	807	520	94.8	901	1,327	47.3

Economic data (€ Million)	2Q 2013	1Q 2014	2Q 2014	% Change 2Q14/2Q13	January - June 2013	January - June 2014	% Change 2014/2013
EBITDA	872	1,177	1,025	17.5	2,215	2,202	(0.6)
CAPITAL EXPENDITURES	746	728	860	15.3	1,396	1,588	13.8
NET DEBT + PREFERENCE SHARES	6,320	4,722	2,392	(62.2)	6,320	2,392	(62.2)
EBITDA / NET DEBT + PREFERENCE SHARES (x)	-	-	1.71	-	-	1.84	-

Operational data	2Q 2013	1Q 2014	2Q 2014	% Change 2Q14/2Q13	January - June 2013	January - June 2014	% Change 2014/2013
LIQUIDS PRODUCTION (Thousands of bbl/d)	149	131	122	(18.5)	150	126	(15.9)
GAS PRODUCTION ^(*) (Millions of scf/d)	1,180	1,185	1,216	3.1	1,178	1,201	1.9
TOTAL PRODUCTION (Thousands of boe/d)	359	342	338	(5.8)	360	340	(5.5)
CRUDE OIL REALIZATION PRICE (\$/Bbl)	86.5	85.9	87.8	1.5	90.0	86.9	(3.4)
GAS REALIZATION PRICE (\$/Thousands scf)	3.7	4.2	4.0	8.1	4.0	4.1	2.5
DISTILLATION UTILIZATION Spanish Refining (%)	80.1	74.5	83.5	3.5	79.9	79.0	(0.9)
CONVERSION UTILIZATION Spanish Refining (%)	101.4	96.9	100.6	(0.8)	99.6	98.8	(0.9)
REFINING MARGIN INDICATOR IN SPAIN (\$/Bbl)	2.6	3.9	3.1	19.2	3.2	3.5	9.4

 (*) 1,000 Mcf/d = 28.32 Mm³/d = 0.178 Mboe/d

KEY MILESTONES FOR THE SECOND QUARTER OF 2014

- **Adjusted net income** in the second quarter was €390 million, in line year-on-year, and **net income** stood at €520 million, a 95% increase over the same period of last year.

In terms of the accumulative results, **adjusted net income** in the first half of 2014 was €922 million, in line year-on-year, and **net income stood** at €1,327 million, 47% higher year-on-year.

- Quarterly results by business line are explained as follows:
 - Adjusted net income in **Upstream** was 49% lower year-on-year, mainly due to the interruption of production in Libya due to security issues, the impact of higher exploration costs, partially offset by a higher contribution from Brazil, the USA and Bolivia, as a result of the start-up and ramp-up of the strategic projects, as well as by the improvement in results in Spain, Algeria and Trinidad and Tobago.

- In **Downstream**, adjusted net income was 32% higher year-on-year:
 - The results of the refining, chemicals, marketing and LPG businesses were higher than the 2Q13 results.
 - Gas & Power, however, had a lower contribution year-on-year due to the effect of the compensation associated to the LNG supply contracts in 2Q13.
- The adjusted net income of **Gas Natural Fenosa** was 24% higher year-on-year, largely driven by better results of wholesale gas commercialization and the capital gain generated on the sale of the telecommunications business.
- In **Corporate and others**, adjusted net income improved by 44% year-on-year, due to the results associated to the trading of CO₂ emission rights. Net financial result improved year-on-year, mainly due to the reduction of the average cost of debt and the result of exchange rate positions.
- **Upstream** production averaged 338 kboe/d in the second quarter of 2014, down 6% year-on-year. The connection of the second and third productive wells in Sapinhoá in February and April 2014, the production start-ups in the Kinteroni field in Peru at the end of March 2014, Phase II of Margarita in October 2013 and SK in February 2013, as well as the continuous ramp-up of production in the USA, could not offset the interruption of production in Libya due to security issues, and the stoppages in Trinidad and Tobago due to drilling activity and maintenance. Stripping out Libya, production in the second quarter of 2014 was more than 5% higher year-on-year.
- It is worth mentioning that on 7 July 2014, the fourth producing well in Sapinhoá was connected. As a consequence, the maximum capacity of 120 Kbbbl/d of the first FPSO has already been reached.
- During the second quarter of 2014, six exploration wells were concluded: two wells with a positive result (Qugruk-5 and Qugruk-7 in Alaska), three wells with a negative outcome (Ouguiya-1 in Mauritania, Binari Servan-1 in Kurdistan and Welwitschia-1 in Namibia) and one well currently held under evaluation (Tuttu-1 in Alaska).
- **Non-recurring items** in the second quarter of 2014 amounted to a net gain of €156 million, as compared to a net loss of €46 million in the same quarter of last year, largely due to the capital gain generated on the sale of the non-expropriated YPF shares and the cancelation, in advance, of the contract for transportation of LNG with Naturgas, partially compensated by the impairment booked, corresponding to the Upstream assets in North America, as an aftermath of the new development plan forecast for the unconventional assets in the Mississippian Lime.
- The Group's **net debt** stood at €2,392 million, down €2,330 million from the end of the first quarter of 2014. The sale of the total amount of bonds received from the Republic of Argentina as means of payment of the compensation for the expropriation of the Repsol Group controlling stake of 51% in YPF and YPF Gas, and the sale of the 12.38% stake of remaining YPF shares, generated a € 4.6 Bn cash inflow. On the other hand, it is worth mentioning the payment in June 2014 of an extraordinary dividend from 2014 earnings of 1 € (gross)/share.

NET INCOME PERFORMANCE BY BUSINESS SEGMENT
UPSTREAM

(Unaudited figures)

Results (€ Million)	2Q 2013	1Q 2014	2Q 2014	% Change 2Q14/2Q13	January - June 2013	January - June 2014	% Change 2014/2013
ADJUSTED NET INCOME	285	255	145	(49.1)	634	400	(36.9)
Operating income	514	441	216	(58.0)	1,182	657	(44.4)
Income tax	(234)	(194)	(69)	70.5	(563)	(263)	53.3
Income from equity affiliates and non-controlling interests	5	8	(2)	-	15	6	(60.0)
EBITDA	803	716	643	(19.9)	1,725	1,359	(21.2)
CAPITAL EXPENDITURES	606	584	691	14.0	1,151	1,275	10.8
EXPLORATION COSTS	122	104	276	126.2	196	379	93.4
EFFECTIVE TAX RATE (%)	46	44	31	(14.4)	48	40	(7.8)

International prices	2Q 2013	1Q 2014	2Q 2014	% Change 2Q14/2Q13	January - June 2013	January - June 2014	% Change 2014/2013
Brent (\$/Bbl)	102.4	108.2	109.7	7.1	107.5	108.9	1.3
WTI (\$/Bbl)	94.2	98.6	103.0	9.3	94.3	100.8	6.9
Henry Hub (\$/MBtu)	4.1	4.9	4.7	14.6	3.7	4.8	29.7
Average exchange rate (\$/€)	1.31	1.37	1.37	4.7	1.31	1.37	4.6

Production	2Q 2013	1Q 2014	2Q 2014	% Change 2Q14/2Q13	January - June 2013	January - June 2014	% Change 2014/2013
LIQUIDS (Thousands of bbl/d)	149	131	122	(18.5)	150	126	(15.9)
GAS ^(*) (Millions of scf/d)	1,180	1,185	1,216	3.1	1,178	1,201	1.9
TOTAL (Thousands of boe/d)	359	342	338	(5.8)	360	340	(5.5)

Realization prices	2Q 2013	1Q 2014	2Q 2014	% Change 2Q14/2Q13	January - June 2013	January - June 2014	% Change 2014/2013
CRUDE OIL (\$/Bbl)	86.5	85.9	87.8	1.5	90.0	86.9	(3.4)
GAS (\$/Thousands of scf)	3.7	4.2	4.0	8.1	4.0	4.1	2.5

 (*) 1,000 Mcf/d = 28.32 Mm³/d = 0.178 Mboe/d

Adjusted net income in the second quarter of 2014 stood at €145 million, 49% lower year-on-year.

The main cause for the decrease was the interruption of production in Libya for security reasons, which had an impact of €261 million at the operating income level and of €88 million in the adjusted net income level.

The factors, apart from the Libya effect, which explain the year-on-year performance, were the following:

- Higher production in Brazil, the USA, Russia, Bolivia, and Peru, offset the drop in production in Trinidad & Tobago, and had a positive impact on the operating income of €73 million.
- **Crude oil and gas realization prices**, net of royalties, improved operating income by €71 million.
- Higher **exploration costs**, led to a decrease in the operating income of €167 million, mainly due to higher bond costs and higher amortization of wells. In 2Q14 three explorations wells were concluded with a negative outcome: Welwitschia-1 in Namibia, Oguiya-1 in Mauritania y Binari Serwan-1 in Kurdistan. Additionally, two more wells have been considered as negative: Anchois in Marruecos

(2009) and Kachemach-1 in Alaska (2012), previously under evaluation, due to a lack of economic viability.

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- Higher **depreciation and amortization** charges, mainly in Russia, Brazil, Bolivia and Trinidad and Tobago, reduced operating income by €13 million.
- **Dollar depreciation** against the euro negatively impacted the operating result by €12 million.
- **Higher income tax expense** had a negative impact of €5 million.
- **Income of equity affiliates and non-controlling interests and other** explain the remaining differences.

January – June 2014 results

The **adjusted net income** for the first half of 2014 amounted to €400 million, 37% lower year-on-year.

Average production in the first half of 2014 (340 Kboe/d) was 6% lower than the same period in 2013 (360 Kboe/d), essentially as a result of the disruptions in Libya and the stoppages in Trinidad & Tobago due to drilling activity and maintenance, partially compensated by the increase of production in Brazil, the USA, Russia, Bolivia and Peru, as a result of the start-up and ramp-up of the key growth projects. Excluding Libya, production should have grown by 3%.

Capital expenditures

Capital expenditure in Upstream in the second quarter of 2014 amounted to €691 million, which represents a year-on-year growth of 14%; development capital expenditure accounted for 59% of the total investment and was concentrated in the USA (29%), Venezuela (22%), Brazil (17%), Trinidad & Tobago (15%), and Bolivia (8%). Exploration capital expenditure represented 31% of the total and was earmarked primarily for the USA (32%), Russia (13%), Brazil (13%), Namibia (12%), Iraq (8%) and Angola (4%).

Capital expenditure in Upstream in the first half of 2014 totaled €1,275 million, which means a year-on-year growth of 11%. Development capital expenditure accounted for 59% of the total investment and was concentrated in the USA (31%), Venezuela (21%), Trinidad & Tobago (16%), Brazil (15%) and Bolivia (9%). Exploration capital expenditure represented 34% of the total and was earmarked primarily for the USA (42%), Brazil (10%), Angola (9%), Russia (8%), Namibia (8%), Iraq (7%) and Mauritania (5%).

DOWNSTREAM

(Unaudited figures)

Results (€ Million)	2Q 2013	1Q 2014	2Q 2014	% Change 2Q14/2Q13	January - June 2013	January - June 2014	% Change 2014/2013
ADJUSTED NET INCOME	123	290	162	31.7	350	452	29.1
Operating income	173	426	205	18.5	487	631	29.6
Income tax	(57)	(133)	(40)	29.8	(157)	(173)	(10.2)
Income from equity affiliates and non-controlling interests	7	(3)	(3)	-	20	(6)	-
MIFO RECURRENT NET INCOME	(33)	231	167	-	197	398	102.0
Inventory effect	(156)	(59)	5	-	(153)	(54)	64.7
EBITDA	131	506	442	237.4	635	948	49.3
CAPITAL EXPENDITURES	133	135	148	11.3	226	283	25.2
EFFECTIVE TAX RATE (%)	33	31	20	(13.2)	32	27	(4.7)

International prices (\$/Mbtu)	2Q 2013	1Q 2014	2Q 2014	% Change 2Q14/2Q13	January - June 2013	January - June 2014	% Change 2014/2013
Henry Hub	4.1	4.9	4.7	14.6	3.7	4.8	29.7
Algonquin	4.6	20.3	4.2	(8.7)	8.2	12.3	50.0

Operational data	2Q 2013	1Q 2014	2Q 2014	% Change 2Q14/2Q13	January - June 2013	January - June 2014	% Change 2014/2013
REFINING MARGIN INDICATOR IN SPAIN (\$/Bbl)	2.6	3.9	3.1	19.2	3.2	3.5	9.4
DISTILLATION UTILIZATION Spanish Refining (%)	80.1	74.5	83.5	3.5	79.9	79.0	(0.9)
CONVERSION UTILIZATION Spanish Refining (%)	101.4	96.9	100.6	(0.8)	99.6	98.8	(0.9)
OIL PRODUCT SALES (Thousands of tons)	11,154	9,845	11,298	1.3	21,290	21,143	(0.7)
PETROCHEMICAL PRODUCT SALES (Thousands of tons)	684	653	680	(0.6)	1,197	1,334	11.4
LPG SALES (Thousands of tons)	590	670	549	(6.9)	1,273	1,219	(4.2)
NORTH AMERICA NATURAL GAS SALES (Tbtu)	34.1	89.9	59.8	75.3	86.2	149.6	73.6

Adjusted net income in the second quarter of 2014 stood at €162 million, 32% higher year-on-year.

The main factors driving the year-on-year earnings performance were as follows:

- In **Refining**, improved refining margins, as a result of wider spreads between light and heavy crude oils that could more than offset the narrower spreads between middle distillates and Brent together with a higher utilization rate, produced a positive impact on the operating result of €44 million.
- In **Chemicals**, the increased efficiency as a result of operational improvements in our sites and a better product mix, partially compensated by lower realized margins in a poorer international price environment, produced a positive impact on the operating result of €20 million.
- In the commercial businesses, **Marketing and LPG**, operating income was €62 million higher year-on-year. Notably, in 2Q14, sales volumes in the Marketing business in Spain were stable year-on-year.
- In **Gas & Power**, the result of the North American operations was affected by seasonality. Lower regasification costs and depreciation and amortization charges as a result of the provisions booked in 2013 could not offset the negative impact on results, which in combination with the compensation associated to the LNG supply contracts received in 2Q13, negatively impacted operating income by €62 million.

- Lower **income tax** expenses, driven mainly by the improved business mix, improved the result by €17 million.
- **Results in trading and other activities** explain the remaining difference.

January – June 2014 results

Adjusted net income for the first half of 2014 was €452 million, 29% higher year-on-year. The improvement in results is mainly driven by a better performance in the commercial businesses, Marketing and LPG. It is also worth mentioning the improvement of the results of the petrochemicals thanks to higher volumes, as well as a better performance of the Gas & Power business due to higher volumes of natural gas sold in North America.

Capital expenditure

Capital expenditure in the Downstream segment in the second quarter of 2014 totaled €148 million. Meanwhile, capital expenditures in the first half of the year stood at €283 million.

GAS NATURAL FENOSA

(Unaudited figures)

Results (€ Million)	2Q 2013	1Q 2014	2Q 2014	% Change 2Q14/2Q13	January - June 2013	January - June 2014	% Change 2014/2013
ADJUSTED NET INCOME	128	123	159	24.2	253	282	11.5

Adjusted net income in the second quarter 2014 amounted to €159 million, 24% higher than the same quarter of last year. The increase in results is largely driven by better results of wholesale commercialization of gas and the capital gain generated from the sale of the telecommunication business, partially offset by lower results from power generation and distribution activities in Spain, due to the regulation approved in July 2013, and in Latin America, due to the depreciation of the dollar and local currencies against the Euro.

January – June 2014 results

The adjusted net income in the first half of 2014 stood at €282 million, 12% higher year-on-year, mainly as a consequence of the capital gain generated from the sale of the telecommunications business and improved results in the wholesale gas segment.

CORPORATE AND OTHERS

CORPORATE AND OTHERS

[Unaudited figures]

Results (€ Million)	2Q 2013	1Q 2014	2Q 2014	% Change 2Q14/2Q13	January - June 2013	January - June 2014	% Change 2014/2013
ADJUSTED NET INCOME	(135)	(136)	(76)	43.7	(312)	(212)	32.1
Corporate and others operating income	(92)	(70)	(60)	34.8	(193)	(130)	32.6
Financial result	(84)	(130)	(46)	45.2	(248)	(176)	29.0
Income tax	41	64	30	(26.8)	129	94	(27.1)
EBITDA	(62)	(45)	(60)	3.2	(145)	(105)	27.6
CAPITAL EXPENDITURES	7	9	21	200.0	19	30	57.9
EFFECTIVE TAX RATE (%)	(24)	(32)	(28)	(4.7)	(29)	(31)	(1.5)

Corporate and others accounted for a net expense of €60 million in the second quarter of 2014, compared to a net expense of €92 million in the same quarter last year. The year-on-year improvement is largely attributable to the result associated to the trading of CO₂ emission rights.

January – June 2014 results

The **result** in the first half of 2014 was a net loss of €130 million compared to a net loss of €193 million in the first half of 2013, mainly as a consequence of the trading of CO₂ emission rights.

FINANCIAL RESULTS

[Unaudited figures]

Results (€ Million)	2Q 2013	1Q 2014	2Q 2014	% Change 2Q14/2Q13	January - June 2013	January - June 2014	% Change 2014/2013
NET INTERESTS (including preference shares)	(121)	(99)	(78)	35.5	(236)	(177)	25.0
OTHER CAPTIONS	37	(31)	32	(13.5)	(12)	1	-
TOTAL	(84)	(130)	(46)	45.2	(248)	(176)	29.0

Net financial expense in second quarter 2014 totaled €46 million, improving 45% year-on-year, mainly due to the reduction of the average cost of debt and the result of exchange rate positions as a consequence of the positive effect of the dollar's appreciation against the euro.

January – June 2014 results

Net financial result in the first half of 2014 amounted to an expense of €176 million, improving by €72 million year-on-year. The improvement is mainly due to the reduction of average cost of debt and the positive effect of the dollar's appreciation against the euro.

NET INCOME ANALYSIS: NON-RECURRING ITEMS AND DISCONTINUED OPERATIONS
NON-RECURRING INCOME

(Unaudited figures)

Results (€ Million)	2Q 2013	1Q 2014	2Q 2014	% Change 2Q14/2Q13	January - June 2013	January - June 2014	% Change 2014/2013
NON-RECURRING INCOME / (LOSSES)	(46)	35	156	-	(87)	191	-

The **non-recurring items** in the second quarter of 2014 resulted in a net gain of €156 million, compared to a net loss of €46 million in the same period last year. The difference is explained mainly by the capital gain generated from the sale of the remaining YPF shares, not subject to the expropriation, and the cancelation, in advance, of the LNG transportation contract with Naturgas, partially compensated by the impairment booked, corresponding to the Upstream assets in North America, as a consequence of the new development plan forecast for the unconventional assets in the Mississippian Lime.

January – June 2014 results

Accumulative **non-recurring items** for the first half of 2014 resulted in a net gain of €191 million as in contrast with the net loss of €87 million in the same period in 2013. The variation is largely a consequence of the capital gains registered from the sale of the non-expropriated YPF shares, the sale of TGP and the cancelation of the Naturgas contract, partially compensated by the abovementioned impairment corresponding to the Upstream assets in North America.

DISCONTINUED OPERATIONS

(Unaudited figures)

Results (€ Million)	2Q 2013	1Q 2014	2Q 2014	% Change 2Q14/2Q13	January - June 2013	January - June 2014	% Change 2014/2013
INCOME FROM DISCONTINUED OPERATIONS	68	299	(31)	-	216	268	24.1

Net income from discontinued operations mainly comprises, in the second quarter of 2014, the result of the exchange rate variation associated to the write-off of the investment in YPF and YPF Gas after the agreement reached with the Republic of Argentina and, in the second quarter of 2013, the net contribution of sold LNG businesses.

January – June 2014 results

The accumulated **net income from discontinued operations** essentially incorporates the net gain recognized from the sale of the LNG assets and the exchange rate effect associated to the write-off of the investment in YPF and YPF Gas after the agreement reached with the Republic of Argentina in the first half of 2014. The first half of 2013 also included mainly the net income contribution of the sold LNG businesses.

NET DEBT EVOLUTION AND LIQUIDITY

This section presents the movement in the Group's adjusted net debt and liquidity during the quarter:

NET DEBT EVOLUTION

[Unaudited figures]

NET DEBT + PREFERENCE SHARES EVOLUTION (€ Million)	2Q 2014	January - June 2014
NET DEBT + PREFERENCE SHARES AT THE START OF THE PERIOD	4,722	5,358
EBITDA	(1,025)	(2,202)
CHANGE IN WORKING CAPITAL	529	547
INCOME TAX RECEIVED /PAID ⁽¹⁾	468	542
INVESTMENTS ⁽²⁾	928	1,658
DISINVESTMENTS	(25)	(139)
DIVIDENDS PAID AND OTHER PAYOUTS	1,118	1,350
OWN SHARES TRANSACTIONS	(25)	(22)
FOREIGN EXCHANGE RATE EFFECT	(74)	(55)
INTEREST AND OTHER MOVEMENTS ⁽³⁾	346	389
EFFECTS ASSOCIATED WITH THE SALE OF LNG	7	(506)
EFFECTS ASSOCIATED WITH THE EXPROPRIATION OF YPF ⁽⁴⁾	(4,577)	(4,528)
NET DEBT + PREFERENCE SHARES AT THE END OF THE PERIOD	2,392	2,392
		2014
CAPITAL EMPLOYED (€ Million)		29,346
NET DEBT + PREFERENCE SHARES / CAPITAL EMPLOYED (%)		8.2
ROACE (%)		6.9
EBITDA /NET DEBT + PREFERENCE SHARES (x)		1.8

(1) This figure includes €308 million related to the gains on the assets divested.

(2) As of June 30, 2014, the Group had financial investments of €904 million. €900 million correspond to deposits at financial institutions classified as financial investments on account of their term structure; however, from a management perspective such deposits are considered as cash equivalent given their high liquidity.

(3) Mainly includes interest expense on borrowings, dividends received, and provisions used.

(4) Mainly includes €4,592 million corresponding to the monetization of the bonds of the Republic of Argentina and the sale of the non-expropriated stake in YPF.

LIQUIDITY

The Repsol Group has a liquidity position of €11,195 million (including committed and unused credit lines, and deposits at financial institutions with immediate liquidity), sufficient to cover 2.93 times short-term debt maturities. The net debt, including preference shares, to capital employed ratio at the close of the second quarter 2014 stood at 8.2%.

RELEVANT EVENTS

The most significant company-related events since the first-quarter 2014 earnings release were as follows:

In **Upstream**, on 23 June 2014, Repsol announced two new discoveries in the Russia's Karabashsky blocks, in the West-Siberian Ouriyinskoye field. The recoverable resources from the Gabi-1 and Gabi-3 wells are estimated by the Ministry of Natural Resources and Environment of the Russian Federation at 240 million barrels of oil equivalent, a considerable addition to the resources Repsol currently holds in Russia. The Minister of Natural Resources and Environment of the Russian Federation, Sergei Donskoi said this find is the biggest made in Russia in the last two years. The Gabi-1 and Gabi-3 wells have been drilled with the use by Repsol of innovative drilling and seismic techniques that will allow the potential of these resources to be fulfilled.

On 3 July 2014, Repsol announced a new hydrocarbons discovery in the Teak field, offshore Trinidad and Tobago, in the TSP block east of the island of Trinidad. The find in the TB14 well has upgraded the northern portion of the Teak B field that was not known to exist before. Repsol operates the field with a 70% interest, partnered by co-venturers Petroleum Company of Trinidad and Tobago (Petrotrin) and The National Gas Company of Trinidad and Tobago (NGC), with a 15% stake each. The TB14 well, which has produced 1,200 barrels of oil a day in testing, adds to the start-up in June of the TB13 well, which added 1,384 bopd to the field's output. The production of the new wells equals 17% to the block's existing production in 2013, which averaged 14,834 bopd gross.

In **Corporation**, on 9 May 2014, Repsol reported that as of that date the Agreement executed on 27 February 2014 among Repsol, YPF and YPF Gas, by which, mainly, all parties agree to desist from legal action initiated by them as and a series of mutual indemnities and waivers became effective.

On 9, 13 and 22 May 2014, in view of the favorable perception of Argentina in the financial markets, Repsol formalized with JP Morgan several sale transactions of the bonds delivered by the Republic of Argentina as a means of payment of the compensation for the expropriation of the controlling stake of Repsol Group in YPF and YPF Gas. The first transaction included the sale of the whole portfolio of BONAR 24 (announced in the relevant event of 9 May 2014), consequently the sale of the BONAR X and DISCOUNT 33 bonds, and subsequently a partial sale of the BODEN 2015 portfolio, which was completed several days after with the sale of the remaining amount. The sale price of these transactions reached US\$ 4,997 million, including US\$ 65 million of accrued interest. These sales accounted for the extinguishment of debt recognized by the Republic of Argentina.

On 15 May 2014, Fitch Ratings announced its decision to upgrade Repsol's Long-term Issuer Default Rating (IDR) from BBB- to BBB, with positive outlook. Short-term IDR was affirmed at 'F3'.

On 16 May 2014, Standard and Poor's Ratings Services announced its decision to upgrade Repsol's outlook from stable to positive.

On 20 May 2014, Moody's Investors Service notified its decision to upgrade Repsol's long-term rating to Baa2 from Baa3 and the short term rating to Prime-2 from Prime-3, both with stable outlook.

On 28 May 2014, the Board of Directors of Repsol, S.A. agreed to distribute an extraordinary dividend of one euro (gross) per share from 2014 earnings, with payment day on June 6th, 2014. In addition, the Board of Directors approved the timetable for the execution of the paid-up capital increase, approved by the Shareholders' Meeting -under item fifth on the Agenda- in the framework of the "Repsol Flexible Dividend" program in substitution of the 2013 final dividend, for its implementation in June and July 2014.

On 2 June 2014, the company announced the start of the Fourth Cycle of the Delivery Shares Plan addressed to the beneficiaries of multiannual remuneration programs.

On 4 June 2014, the closure of an accelerated book building was announced of a total amount of 104,057,057 Repsol, S.A. shares owned by PMI Holdings, B.V. (subsidiary of PEMEX), representing a 7.86% of Repsol, S.A.'s share capital. On that same date, Pemex Internacional España, S.A.U. tendered its resignation as member of the Board of Directors of Repsol, S.A. and from the Committees in which it participated, with immediate effect.

On 17 June 2014, Repsol, S.A. announced the early redemption of the Bonds Series I/2013 (ISIN code ES0273516007) in full on July 1, 2014, which was the next interest payment date. The Bonds were redeemed in cash and at par value. The redemption bore no expense (except for any tax withholding, as required) and was carried out in accordance with all legal obligations and the terms and conditions provided for in the Securities Note approved and registered on the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) on June 4, 2013. Repsol, S.A. paid 1,458,191,000 euros of principal (500 euros per bond) and 12,759,121.25 euros of gross ordinary coupon (4,375 euros per bond) on the 1 July 2014 payment date, which was the date for the redemption in whole of the bonds. After the redemption, there are no outstanding bonds of the aforementioned issue.

On 7 July 2014, following the official notices sent to the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores - CNMV) on May 28 and June 16, 2014, Repsol, S.A. announced the closure and final figures related to the capital increase implementing the "Repsol Flexible Dividend" shareholders' remuneration program.

Holders of 75.84% of free-of-charge allocation rights (a total of 1,004,498,391 rights) opted to receive new shares of Repsol, as a result 25,756,369 ordinary shares of one (1) euro par value were issued, representing an increase of approximately 1.94% of the share capital of Repsol before the capital increase. The ordinary trading of the new shares on the Spanish stock exchanges began on July 16.

In addition, holders of 24.16% of the rights (320,017,594 rights) accepted the irrevocable purchase commitment of Repsol at a price of 0.485 euros per right. The cash payment was made on July 9, 2014, with a total gross disbursement of 155 million euros.

On 23 July 2014, at the request of the Comisión Nacional del Mercado de Valores, Repsol announced that, as the Company has stated over the last few months as part of its dynamic portfolio management, it is studying a number of different transactions in the area of exploration and production, which include possible transactions with Talisman. No decision has yet been taken in this regard.

Madrid, July 24, 2014

A conference call has been scheduled with research analysts and institutional investors for today, July 24, 2014 at 1300 (CET) to report on the Repsol Group's second-quarter 2014 results. Anyone interested can follow the call live through Repsol's corporate website (www.repsol.com). A full recording of the event will also be available to investors and any other interested party at www.repsol.com for a period of no less than one month from the date of the live broadcast.

**APPENDIX I – FINANCIAL METRICS AND
OPERATING INDICATORS BY SEGMENT**

SECOND QUARTER 2014

ADJUSTED NET INCOME BY BUSINESS SEGMENTS

(Unaudited figures)

2Q 2013								
€ Million	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	514	-	(234)	5	285	-	(74)	211
Downstream	173	-	(57)	7	123	(156)	31	(2)
Gas Natural Fenosa	-	-	-	128	128	-	(17)	111
Corporation & Others	(92)	(84)	41	-	(135)	-	14	(121)
TOTAL	595	(84)	(250)	140	401	(156)	(46)	199
Income from discontinued operations								68
NET INCOME								267

1Q 2014								
€ Million	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	441	-	(194)	8	255	-	30	285
Downstream	426	-	(133)	(3)	290	(59)	(1)	230
Gas Natural Fenosa	-	-	-	123	123	-	(2)	121
Corporation & Others	(70)	(130)	64	-	(136)	-	8	(128)
TOTAL	797	(130)	(263)	128	532	(59)	35	508
Income from discontinued operations								299
NET INCOME								807

2Q 2014								
€ Million	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	216	-	(69)	(2)	145	-	(146)	(1)
Downstream	205	-	(40)	(3)	162	5	47	214
Gas Natural Fenosa	-	-	0	159	159	-	-	159
Corporation & Others	(60)	(46)	30	-	(76)	-	255	179
TOTAL	361	(46)	(79)	154	390	5	156	551
Income from discontinued operations								(31)
NET INCOME								520

JANUARY-JUNE 2013								
€ Million	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	1,182	-	(563)	15	634	-	(150)	484
Downstream	487	-	(157)	20	350	(153)	72	269
Gas Natural Fenosa	-	-	-	253	253	-	(19)	234
Corporation & Others	(193)	(248)	129	-	(312)	-	10	(302)
TOTAL	1,476	(248)	(591)	288	925	(153)	(87)	685
Income from discontinued operations								216
NET INCOME								901

JANUARY-JUNE 2014								
€ Million	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	657	-	(263)	6	400	-	(116)	284
Downstream	631	-	(173)	(6)	452	(54)	46	444
Gas Natural Fenosa	-	-	-	282	282	-	(2)	280
Corporation & Others	(130)	(176)	94	-	(212)	-	263	51
TOTAL	1,158	(176)	(342)	282	922	(54)	191	1,059
Income from discontinued operations								268
NET INCOME								1,327

NET SALES BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

Millones de euros	QUARTERLY DATA			JANUARY - JUNE	
	2Q13	1Q14	2Q14	2013	2014
UPSTREAM	1,226	1,103	1,016	2,571	2,119
USA and Brazil	263	260	296	507	556
North Africa	281	180	19	615	199
Rest of the World	682	663	701	1,449	1,364
Adjustments	0	0	0	0	0
DOWNSTREAM	11,136	11,745	11,454	22,605	23,199
Europe	10,527	10,281	10,407	21,359	20,688
Rest of the World	1,238	2,181	1,669	2,708	3,850
Adjustments	(629)	(717)	(622)	(1,462)	(1,339)
CORPORATE AND OTHERS	(408)	(436)	(253)	(851)	(689)
TOTAL	11,954	12,412	12,217	24,325	24,629

ADJUSTED NET INCOME BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

€ Million	QUARTERLY DATA			JANUARY - JUNE	
	2Q13	1Q14	2Q14	2013	2014
UPSTREAM	285	255	145	634	400
USA and Brazil	7	74	80	94	154
North Africa	71	40	(63)	157	(23)
Rest of the World	207	141	128	383	269
DOWNSTREAM	123	290	162	350	452
Europe	105	134	165	240	299
Rest of the World	18	156	(3)	110	153
GAS NATURAL FENOSA	128	123	159	253	282
CORPORATE AND OTHERS	(135)	(136)	(76)	(312)	(212)
TOTAL	401	532	390	925	922

EBITDA BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

€ Million	QUARTERLY DATA			JANUARY - JUNE	
	2Q13	1Q14	2Q14	2013	2014
UPSTREAM	803	716	643	1,725	1,359
USA and Brazil	196	213	273	401	486
North Africa	258	149	(14)	562	135
Rest of the World	349	354	384	762	738
DOWNSTREAM	131	506	442	635	948
Europe	86	242	436	413	678
Rest of the World	45	264	6	222	270
CORPORATE AND OTHERS	(62)	(45)	(60)	(145)	(105)
TOTAL	872	1,177	1,025	2,215	2,202

CAPEX BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

€ Million	QUARTERLY DATA			JANUARY - JUNE	
	2Q13	1Q14	2Q14	2013	2014
UPSTREAM	606	584	691	1,151	1,275
USA and Brazil	365	316	337	653	653
North Africa	19	25	14	38	39
Rest of the World	222	243	340	460	583
DOWNSTREAM	133	135	148	226	283
Europe	111	114	116	195	230
Rest of the World	22	21	32	31	53
CORPORATE AND OTHERS	7	9	21	19	30
TOTAL	746	728	860	1,396	1,588

OPERATING INDICATORS

SECOND QUARTER 2014

UPSTREAM OPERATING INDICATORS

	Unit	1Q 2013	2Q 2013	January - June 2013	1Q 2014	2Q 2014	January - June 2013	% Variation 2Q14/2Q13	% Variation 2014/2013
HYDROCARBON PRODUCTION	Kboe/d	360	359	360	342	338	340	(5.8)	(5.5)
Liquid production	Kboe/d	151	149	150	131	122	126	(18.5)	(15.9)
USA and Brazil	Kboe/d	33	35	34	37	45	41	28.6	19.9
North of Africa	Kboe/d	43	41	42	21	2	12	(94.9)	(72.5)
Rest of the World	Kboe/d	75	73	74	73	75	74	1.6	(0.3)
Natural gas production	Kboe/d	210	210	210	211	217	214	3.1	1.9
USA and Brazil	Kboe/d	4	4	4	5	8	7	6.6	70.1
North of Africa	Kboe/d	5	6	6	6	5	5	5.3	(5.0)
Rest of the World	Kboe/d	201	200	200	200	204	202	2.0	0.8

DOWNSTREAM OPERATING INDICATORS

	Unit	1Q 2013	2Q 2013	January - June 2013	1Q 2014	2Q 2014	January - June 2014	% Variation 2Q14/2Q13	% Variation 2014/2013
PROCESSED CRUDE OIL	Mtoe	9.5	9.8	19.3	9.1	10.1	19.2	3.5	(0.7)
Europe	Mtoe	8.8	8.9	17.7	8.2	9.3	17.6	4.8	(0.8)
Rest of the world	Mtoe	0.7	0.9	1.6	0.8	0.8	1.7	(9.3)	1.1
SALES OF OIL PRODUCTS	Kt	10,136	11,154	21,290	9,845	11,298	21,143	1.3	(0.7)
Europe Sales	Kt	9,105	10,043	19,148	8,803	10,243	19,046	2.0	(0.5)
Own network	Kt	4,493	4,747	9,240	4,574	4,772	9,346	0.5	1.1
Light products	Kt	3,893	4,098	7,991	3,985	4,062	8,047	(0.9)	0.7
Other Products	Kt	600	649	1,249	589	710	1,299	9.4	4.0
Other Sales to Domestic Market	Kt	1,584	1,583	3,167	1,706	1,924	3,630	21.5	14.6
Light products	Kt	1,532	1,525	3,057	1,629	1,878	3,507	23.1	14.7
Other Products	Kt	52	58	110	77	46	123	(20.7)	11.8
Exports	Kt	3,028	3,713	6,741	2,523	3,547	6,070	(4.5)	(10.0)
Light products	Kt	1,055	1,459	2,514	632	1,286	1,918	(11.9)	(23.7)
Other Products	Kt	1,973	2,254	4,227	1,891	2,261	4,152	0.3	(1.8)
Rest of the world sales	Kt	1,031	1,111	2,142	1,042	1,055	2,097	(5.0)	(2.1)
Own network	Kt	495	567	1,062	490	542	1,032	(4.4)	(2.8)
Light products	Kt	460	500	960	450	489	939	(2.2)	(2.2)
Other Products	Kt	35	67	102	40	53	93	(20.9)	(8.8)
Other Sales to Domestic Market	Kt	377	357	734	333	319	652	(10.6)	(11.2)
Light products	Kt	280	280	560	274	274	548	(2.1)	(2.1)
Other Products	Kt	97	77	174	59	45	104	(41.6)	(40.2)
Exports	Kt	159	187	346	219	194	413	3.7	19.4
Light products	Kt	66	70	136	80	124	204	77.1	50.0
Other Products	Kt	93	117	210	139	70	209	(40.2)	(0.5)
CHEMICALS									
Sales of petrochemical products	Kt	513	684	1,197	653	680	1,334	(0.6)	11.4
Europe	Kt	439	594	1,033	558	547	1,105	(7.8)	7.0
Base	Kt	121	210	330	205	188	392	(10.4)	18.7
Derivate	Kt	318	384	702	353	360	713	(6.4)	1.5
Rest of the world	Kt	74	91	164	96	133	229	46.2	39.0
Base	Kt	12	16	28	12	39	51	139.7	81.0
Derivate	Kt	62	75	136	84	94	178	26.0	30.3
LPG									
LPG sales	Kt	683	590	1,273	670	549	1,219	(6.9)	(4.2)
Europe	Kt	446	332	779	420	301	721	(9.4)	(7.4)
Rest of the world	Kt	237	258	494	250	248	498	(3.7)	0.7

Other sales to the domestic market: includes sales to operators and bunker

Exports: expressed from the country of origin

**APPENDIX II – CONSOLIDATED FINANCIAL
STATEMENTS**

SECOND QUARTER 2014

STATEMENT OF FINANCIAL POSITION

[€ millions]
[Unaudited figures]
Prepared according to International Financial Reporting Standards (IFRS)

	DECEMBER	JUNE
	2013	2014
NON-CURRENT ASSETS		
Goodwill	490	486
Other intangible assets	1,239	1,208
Property, plant and equipment	16,026	15,982
Investment property	24	39
Investments accounted for using the equity method	10,340	10,652
Non-current assets held for sale subject to expropriation	3,625	0
Non-current financial assets :		
Non-current financial instruments	665	460
Others	1,223	60
Deferred tax assets	4,079	4,097
Other non-current assets	60	119
CURRENT ASSETS		
Non-current assets held for sale	1,692	87
Inventories	4,938	5,388
Trade and other receivables	4,935	6,120
Other current assets	141	151
Other current financial assets	354	1,616
Cash and cash equivalents	5,716	6,845
TOTAL ASSETS	55,547	53,310
TOTAL EQUITY		
Attributable to equity holders of the parent	27,207	26,699
Attributable to minority interests	243	255
NON-CURRENT LIABILITIES		
Grants	10	10
Non-current provisions	2,700	2,710
Non-current financial debt	8,469	7,222
Deferred tax liabilities	1,866	1,834
Other non-current liabilities		
Non-current debt for finance leases	1,263	1,263
Other	413	446
CURRENT LIABILITIES		
Liabilities related to non-current assets held for sale	1,457	0
Current provisions	249	168
Current financial liabilities	5,833	6,206
Trade payables and other payables:		
Current debt for finance leases	154	154
Other payables	5,683	6,343
TOTAL LIABILITIES	55,547	53,310

INCOME STATEMENT

[€ millions]
 [Unaudited figures]
 Prepared according to International Financial Reporting Standards (IFRS)

	QUARTERLY DATA			JANUARY - JUNE	
	2Q 2013	1Q 2014	2Q 2014	2013	2014
Sales	11,500	11,960	11,749	23,394	23,709
Operating income	177	462	(32)	795	430
Financial result	(69)	(143)	353	(245)	210
Income from equity affiliates	180	356	323	404	679
Net income before tax	288	675	644	954	1,319
Income tax	(103)	(163)	(87)	(285)	(250)
Net income from continuing operations	185	512	557	669	1,069
Net income from non-controlling interest	14	(4)	(6)	16	(10)
NET INCOME FROM CONTINUING OPERATIONS	199	508	551	685	1,059
Net income for the year from discontinuing operations	68	299	(31)	216	268
NET INCOME	267	807	520	901	1,327
Earning per share attributable to the parent company					
Euros/share	0.20	0.60	0.39	0.68	0.98
USD/ADR	0.25	0.82	0.53	0.94	1.36
Average number of shares	1,349,461,552	1,349,176,508	1,349,727,306	1,327,594,713	1,349,453,429
Exchange rates USD/EUR at the end of each quarter	1.31	1.38	1.37	1.31	1.37

CASH FLOW STATEMENT

[€ millions]
[Unaudited figures]
Prepared according to International Financial Reporting Standards (IFRS)

	JANUARY - JUNE	
	2013	2014
I. CASH FLOWS FROM OPERATING ACTIVITIES (*)		
Net income before taxes	954	1,319
Adjustments to net income		
Depreciation and amortisation of non current assets	725	942
Other adjustments to results (net)	(65)	(702)
EBITDA	1,614	1,559
Changes in working capital	(72)	(466)
Dividends received	170	199
Income taxes received/ (paid)	(440)	(394)
Other proceeds from/ (payments for) operating activities	(52)	(131)
OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES	(322)	(326)
	1,220	767
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES (*)		
Payments for investment activities		
Group companies, associates and business units	(130)	(18)
Property, plant and equipment, intangible assets and investment properties	(870)	(1,171)
Other financial assets	(104)	(915)
Total investments	(1,104)	(2,104)
Proceeds from divestments	147	4,725
Other cashflow	0	0
	(957)	2,621
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES (*)		
Proceeds from/ (payments for) equity instruments	1,025	22
Proceeds from issue of financial liabilities	2,788	2,358
Payments for financial liabilities	(2,191)	(3,258)
Payments for dividends and payments on other equity instruments	(238)	(1,350)
Interest payments	(356)	(410)
Other proceeds from/(payments for) financing activities	(124)	(88)
	904	(2,726)
Effect of changes in exchange rates from continued operations	(12)	27
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS	1,155	689
Cash flows from operating activities from discontinued operations	435	(72)
Cash flows from investment activities from discontinued operations	16	513
Cash flows from financing activities from discontinued operations	(102)	(1)
Effect of changes in exchange rates from discontinued operations	(2)	0
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	347	440
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,108	5,716
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5,610	6,845

(*) Cash flows from continued operations

2013 RESTATED STATEMENT OF FINANCIAL POSITION

[€ millions]
 [Unaudited figures]
 Prepared according to International Financial Reporting Standards (IFRS)

	DECEMBER	ADJUSTMENTS	DECEMBER
	2013 Published	2013	2013 Restated (*)
NON-CURRENT ASSETS			
Goodwill	2,648	(2,158)	490
Other intangible assets	2,677	(1,438)	1,239
Property, plant and equipment	26,244	(10,218)	16,026
Investment property	24	0	24
Investments accounted for using the equity method	412	9,928	10,340
Non-current assets held for sale subject to expropriation	3,625	0	3,625
Non-current financial assets:			
Non-current financial instruments	398	267	665
Others	1,404	(181)	1,223
Deferred tax assets	4,897	(818)	4,079
Other non-current assets	253	(193)	60
CURRENT ASSETS			
Non-current assets held for sale	1,851	(159)	1,692
Inventories	5,256	(318)	4,938
Trade and other receivables	7,726	(2,791)	4,935
Other current assets	144	(3)	141
Other current financial assets	93	261	354
Cash and cash equivalents	7,434	(1,718)	5,716
TOTAL ASSETS	65,086	(9,539)	55,547
TOTAL EQUITY			
Attributable to equity holders of the parent	27,207	0	27,207
Attributable to minority interests	713	(470)	243
NON-CURRENT LIABILITIES			
Grants	66	(56)	10
Non-current provisions	3,625	(925)	2,700
Non-current financial debt	13,125	(4,656)	8,469
Deferred tax liabilities	3,352	(1,486)	1,866
Other non-current liabilities			
Non-current debt for finance leases	1,427	(164)	1,263
Other	752	(339)	413
CURRENT LIABILITIES			
Liabilities related to non-current assets held for sale	1,533	(76)	1,457
Current provisions	303	(54)	249
Current financial liabilities	4,519	1,314	5,833
Trade payables and other payables:			
Current debt for finance leases	170	(16)	154
Other payables	8,294	(2,611)	5,683
TOTAL LIABILITIES	65,086	(9,539)	55,547

(*) The balance sheet as of December 2013 has been restated for comparative purposes due to the application NIIF 11 "Joint Arrangements" since 01/01/2014.

2Q 2013 RESTATED INCOME STATEMENT

[€ millions]
 [Unaudited figures]
 Prepared according to International Financial Reporting Standards (IFRS)

	January - June 2013 Published	Adjustments	January - June 2013 Restated (*)
Operating income	1,991	(1,196)	795
Financial result	(385)	140	(245)
Share of result of companies accounted for using the equity method	74	330	404
Net income before tax	1,680	(726)	954
Income tax	(717)	432	(285)
Net income for the year from continuing operations	963	(294)	669
Net income from non-controlling interest	(18)	34	16
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS	945	(260)	685
Net income for the year from discontinuing operations	(44)	260	216
NET INCOME FOR THE YEAR	901	0	901

	2Q 2013 Published	Adjustments	2Q 2013 Restated (*)
Operating income	699	(522)	177
Financial result	(150)	81	(69)
Share of result of companies accounted for using the equity method	29	151	180
Net income before tax	578	(290)	288
Income tax	(266)	163	(103)
Net income for the year from continuing operations	312	(127)	185
Net income from non-controlling interest	(4)	18	14
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS	308	(109)	199
Net income for the year from discontinuing operations	(41)	109	68
NET INCOME FOR THE YEAR	267	0	267

(*)The Income Statement as of 2013 has been restated for comparative purposes due to the application NIIF 11 "Joint Arrangements" at 01/01/2014, as well as the presentation as discontinued operation of the cash flows from the LNG business sold to Shell in December 2013.

2Q 2013 RESTATED CASH FLOW STATEMENT

[€ millions]
[Unaudited figures]
Prepared according to International Financial Reporting Standards (IFRS)

	June 2013 Published	Adjustments	June 2013 Restated (*)
I. CASH FLOWS FROM OPERATING ACTIVITIES (*)			
Net income before taxes	1,680	(726)	954
Adjustments to net income			
Depreciation and amortisation of non current assets	1,236	(512)	724
Other adjustments to results (net)	460	(525)	(65)
EBITDA	3,376	(1,763)	1,613
Changes in working capital	(158)	87	(71)
Dividends received	51	119	170
Income taxes received/ (paid)	(616)	176	(440)
Other proceeds from/ (payments for) operating activities	(63)	11	(52)
OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES	(628)	306	(322)
		(1,370)	1,220
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES (*)			
Payments for investment activities			
Group companies, associates and business units	(157)	27	(130)
Property, plant and equipment, intangible assets and investment properties	(1,553)	683	(870)
Other financial assets	(201)	97	(104)
Total investments	(1,911)	807	(1,104)
Proceeds from divestments	377	(230)	147
Other Cash Flows	0	0	0
	(1,534)	577	(957)
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES (*)			
Proceeds from/ (payments for) equity instruments	1,025	0	1,025
Proceeds from issue of financial liabilities	3,950	(1,162)	2,788
Payments for financial liabilities	(3,333)	1,142	(2,191)
Payments for dividends and payments on other equity instruments	(281)	43	(238)
Interest payments	(512)	156	(356)
Other proceeds from/(payments for) financing activities	(80)	(44)	(124)
	769	135	904
Effect of changes in exchange rates from continued operations	(21)	9	(12)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS	1,804	(649)	1,155
Cash flows from operating activities from discontinued operations	(11)	(446)	435
Cash flows from investment activities from discontinued operations	0	(16)	16
Cash flows from financing activities from discontinued operations	(3)	99	(102)
Effect of changes in exchange rates from discontinued operations	0	2	(2)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	(14)	(361)	347
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,903	(1,795)	4,108
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7,693	(2,083)	5,610

(*) The Cash Flow Statement as of 2013 has been restated for comparative purposes due to the application NIIF 11 "Joint Arrangements" since 01/01/2014, as well as the presentation as discontinued operation of the cash flows from the LNG business sold to Shell in December 2013.

(**) Cash flows from continued operations

**APPENDIX III – RECONCILIATION OF NON-
IFRS METRICS TO IFRS DISCLOSURES**

SECOND QUARTER 2014

RECONCILIATION OF ADJUSTED NET INCOME AND THE CORRESPONDING CONSOLIDATED FINANCIAL STATEMENT HEADINGS

(Unaudited figures)

SECOND QUARTER 2013						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Non-recurring items	Impact on equity		
Operating income	595	(163)	(18)	(237)	(418)	177
Financial result	(84)	4	11	-	15	(69)
Income from equity affiliates	137	62	(19)	-	43	180
Net income before tax	648	(97)	(26)	(237)	(360)	288
Income tax	(250)	97	(20)	70	147	(103)
Net income from continued operations	398	-	(46)	(167)	(213)	185
Income attributed to minority interests	3	-	-	11	11	14
NET INCOME FROM CONTINUED OPERATIONS	401	-	(46)	(156)	(202)	199
Income from discontinued operations						68
ADJUSTED NET INCOME	401	-	(46)	(156)	(202)	267

FIRST QUARTER 2014						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Non-recurring items	Impact on equity		
Operating income	797	(232)	(15)	(88)	(335)	462
Financial result	(130)	(17)	4	-	(13)	(143)
Income from equity affiliates	135	172	49	-	221	356
Net income before tax	802	(77)	38	(88)	(127)	675
Income tax	(263)	77	(3)	26	100	(163)
Net income from continued operations	539	-	35	(62)	(27)	512
Income attributed to minority interests	(7)	-	-	3	3	(4)
NET INCOME FROM CONTINUED OPERATIONS	532	-	35	(59)	(24)	508
Income from discontinued operations						299
ADJUSTED NET INCOME	532	-	35	(59)	(24)	807

SECOND QUARTER 2014						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Non-recurring items	Impact on equity		
Operating income	361	(232)	(168)	7	(393)	(32)
Financial result	(46)	(40)	439	-	399	353
Income from equity affiliates	160	163	-	-	163	323
Net income before tax	475	(109)	271	7	169	644
Income tax	(79)	109	(115)	(2)	(8)	(87)
Net income from continued operations	396	-	156	5	161	557
Income attributed to minority interests	(6)	-	-	-	-	(6)
NET INCOME FROM CONTINUED OPERATIONS	390	-	156	5	161	551
Income from discontinued operations						(31)
ADJUSTED NET INCOME	390	-	156	5	161	520

**RECONCILIATION OF ADJUSTED NET INCOME AND THE CORRESPONDING
CONSOLIDATED FINANCIAL STATEMENT HEADINGS**

JANUARY - JUNE 2013						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Non-recurring items	Impact on equity		
Operating income	1,476	(407)	(42)	(232)	(681)	795
Financial result	(248)	-	3	-	3	(245)
Income from equity affiliates	282	143	(21)	-	122	404
Net income before tax	1,510	(264)	(60)	(232)	(556)	954
Income tax	(591)	264	(27)	69	306	(285)
Net income from continued operations	919	-	(87)	(163)	(250)	669
Income attributed to minority interests	6	-	-	10	10	16
NET INCOME FROM CONTINUED OPERATIONS	925	-	(87)	(153)	(240)	685
Income from discontinued operations						216
ADJUSTED NET INCOME	925	-	(87)	(153)	(240)	901

JANUARY - JUNE 2014						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Non-recurring items	Impact on equity		
Operating income	1,158	(464)	(183)	(81)	(728)	430
Financial result	(176)	(57)	443	-	386	210
Income from equity affiliates	295	335	49	-	384	679
Net income before tax	1,277	(186)	309	(81)	42	1,319
Income tax	(342)	186	(118)	24	92	(250)
Net income from continued operations	935	-	191	(57)	134	1,069
Income attributed to minority interests	(13)	-	-	3	3	(10)
NET INCOME FROM CONTINUED OPERATIONS	922	-	191	(54)	137	1,059
Income from discontinued operations						268
ADJUSTED NET INCOME	922	-	191	(54)	137	1,327

RECONCILIATION OF OTHER ECONOMIC DATA AND THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited figures)

(€ Million)	QUARTERLY DATA			JANUARY - JUNE	
	2Q13	1Q14	2Q14	2013	2014
Net sales by business segment	11,954	12,412	12,217	24,325	24,629
Reclassification of joint ventures	(454)	(452)	(468)	(931)	(920)
Net sales as for the consolidated financial statements	11,500	11,960	11,749	23,394	23,709

NET DEBT: December 2013 (€ Million)	Net debt	Reclassification of joint ventures ⁽¹⁾	Net debt excluding joint ventures
Non-current financial instruments	321	344	665
Other current financial assets	71	283	354
Cash and cash equivalents	6,159	(443)	5,716
Non-current financial liabilities	(8,473)	4	(8,469)
Current financial liabilities	(3,498)	(2,335)	(5,833)
Net mark-to-market valuation of financial derivatives (excluding exchange rate)	62		62
Total	(5,358)	(2,147)	(7,505)

(1) Mainly corresponding to the financing of Repsol Sinopec Brazil.

NET DEBT: June 2014 (€ Million)	Net debt	Reclassification of joint ventures ⁽¹⁾	Net debt excluding joint ventures
Non-current financial instruments	280	180	460
Other current financial assets	1,033	583	1,616
Cash and cash equivalents	7,283	(438)	6,845
Non-current financial liabilities	(7,227)	5	(7,222)
Current financial liabilities	(3,858)	(2,348)	(6,206)
Net mark-to-market valuation of financial derivatives (excluding exchange rate)	97		97
Total	(2,392)	(2,018)	(4,410)

(1) Mainly corresponding to the financing of Repsol Sinopec Brazil.

OTHER ECONOMIC DATA JUNE 2014 (€ Million)	According the net debt evolution	Joint arrangement adjustments	Financial investments/divestments	Free cash flow according to CFS IASB-UE
EBITDA	2,202	(643)		1,559
CHANGE IN TRADING WORKING CAPITAL	(547)	81		(466)
DIVIDENDS RECEIVED (*)	133	66		199
INCOME TAX RECEIVED /PAID	(542)	148		(394)
OTHER CASH FLOWS FROM OPERATING ACTIVITIES (*)	(132)	1		(131)
INVESTMENTS (**)	(1,658)	458	(904)	(2,104)
DIVESTMENTS (***)	4,731	(6)		4,725

(*) These concepts are included in the Net Debt evolution chart within the caption "Interests and other movements"

(**) At June 30, 2014, the Group had financial investments of €904 million, of which €900 million correspond to deposits at financial institutions which for accounting purposes are classified as investments on account of their term structure; however, from a management perspective they are considered as cash equivalent given their high liquidity.

(***) Includes €139 million corresponding to divestments and €4,592 million corresponding to the effects associated to the monetization of the bonds related to the agreement over the expropriation of YPF and the sale of the non expropriated YPF shares, included in the caption "Effects associated with the expropriation of YPF" in the net debt evolution table.

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