REPSOL

Sale of LNG Assets

Madrid, February 26th 2013

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1. Summary

Repsol has signed a binding agreement with Shell to sell all of the assets and operations related to its LNG business outside US and Canada for an Enterprise Value of 6.7 Bn USD.

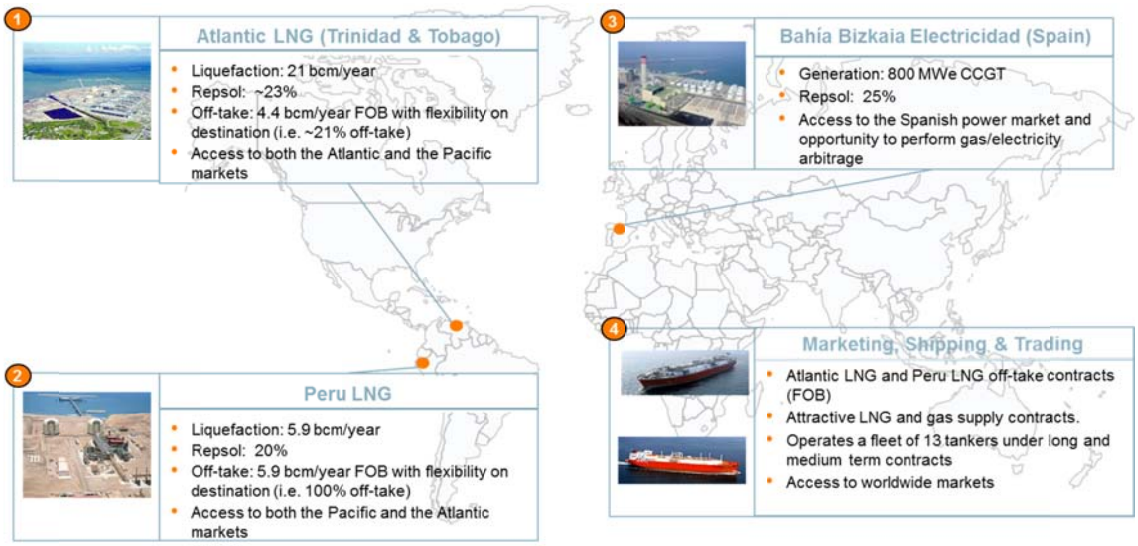
The transaction includes minority stakes held by Repsol in the liquefaction plants in Atlantic LNG (Trinidad & Tobago) and Peru LNG, and the combined cycle power plant Bahia Bizkaia Electricidad (BBE - Spain) as well as its Marketing, Shipping & Trading businesses.

Repsol retains the North America LNG operations (the Canaport regasification plant and the North America Marketing & Trading business) as the Company expects to extract more value from these assets in the medium term than under current market conditions.

With this transaction, which is subject to approval of the competent antitrust authorities, customary consents and precedent conditions of these type of transactions, Repsol's reported net debt will decrease from an estimated 4.4 Bn € as of the end of December 2012 to an estimated 2.2 Bn € (ex Gas Natural and ex Preferred Shares). The company´s financial position will be enhanced and will consequently improve the investment grade profile.

The 6.7 Bn USD of Enterprise Value will generate a 3.5 Bn USD of gross result that, after taxes and the impairment for the North American businesses will imply a gain of approximately 1.4 Bn USD.

The economic date of the transaction is 30th September 2012.



2. Rationale of the Transaction

The transaction was achieved to strengthen Repsol’s capital structure in order to support the growth in our Upstream division.

Due to the capital intensity required to grow in the LNG business and taking into account the numerous projects the company has in the Upstream division, it makes more sense to monetize the LNG assets and focus on our Upstream projects.

The LNG business could be split in three groups of assets: 1) Liquefaction 2) Marketing & Trading Activities and 3) North America Regasification and Marketing business.

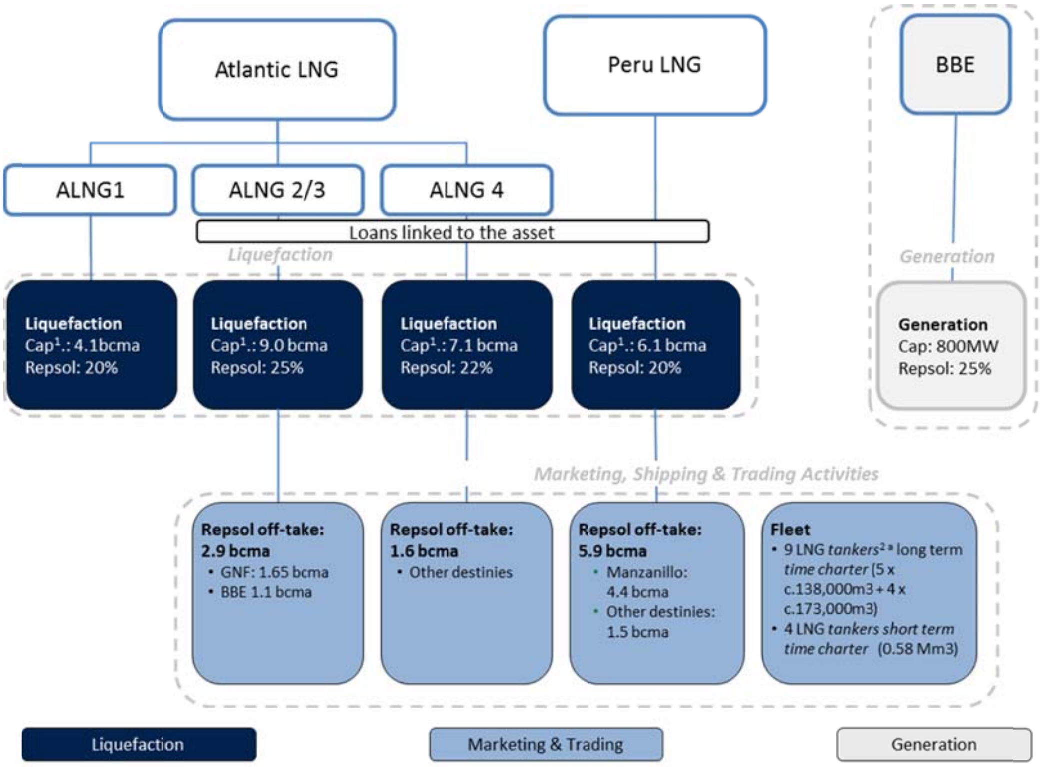
The Marketing and Trading business is in a good momentum and it goes off well to sell at this point to take full advantage of the value, as it has more value to third parties which could better optimize synergies.

Using the same market momentum rationale, we decided to keep the Canada and North America assets due to current gas market conditions in the region that negatively affect the value of these businesses.

3. Transaction details

a. Scope

The transaction includes the following assets:



Note: Transport and upstream assets are not included in the transaction perimeter. 1MMtpa=1.37bcm
1. *Nameplate capacity* of the plant
2. 7 chartered by Repsol and 2 chartered by Repsol and GNF

The North America LNG operations (the Canaport regasification plant and the North America Marketing & Trading businesses) were excluded from the transaction. Present gas prices in North America are close to their historic lows and affect the current results and value perception of these assets.

We made the decision to retain the plant and pipelines and take advantage in the event of any future upside as a consequence of a change in market conditions in the area.

During 2012, the North American assets generated, after interests related to financial leases, a negative EBITDA of 136 M USD.

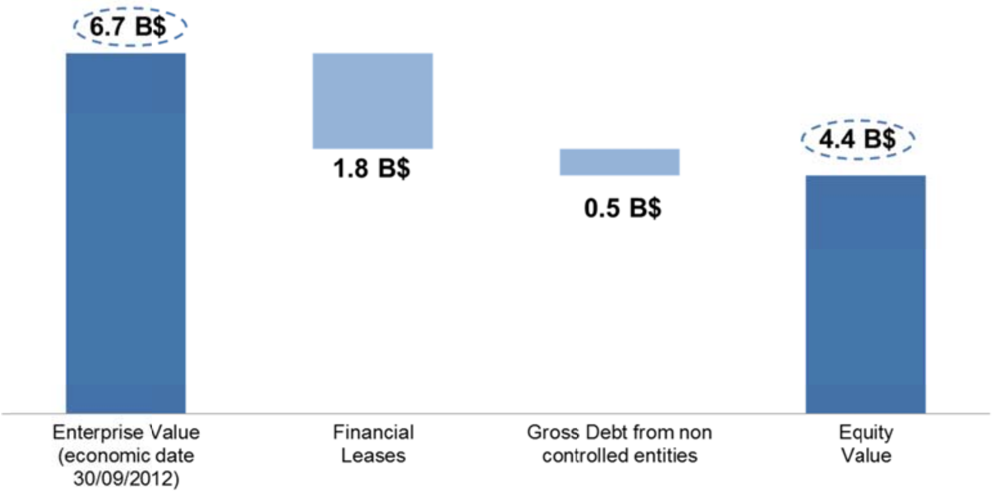
Book value of these assets as of the end of December 2012 was 2.3 Bn USD of which we will be adjusting, under prudency principles, around 1.7 Bn USD.

The Company will be weighting further operational, financial and strategic options for the future of these assets in due course.

b. Economics

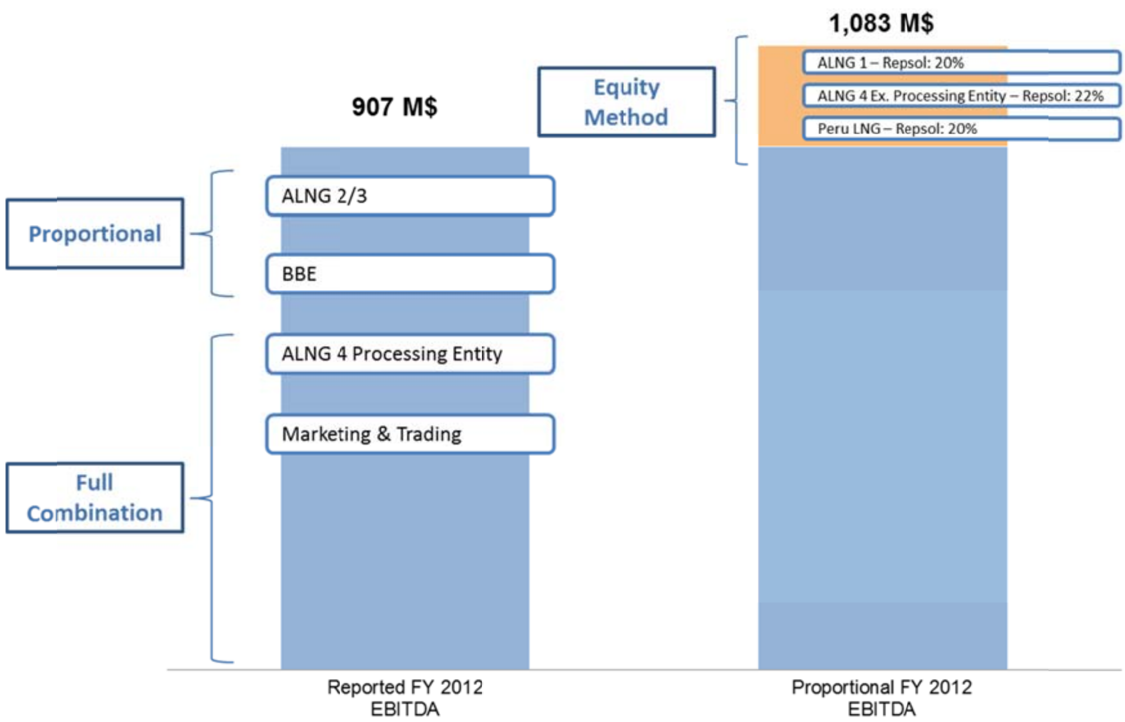
Enterprise Value and Equity Value

The agreement was reached at an Enterprise Value of 6.7 Bn USD, based on 30th September 2012 economic date. After deducting financial leases and related gross debt, the Equity Value is 4.4 Bn USD.



Pro Forma Figures[1]

The assets involved in the transaction are consolidated under different methods due to the accounting rules:



[1] *All 2012 figures are estimated.*

The table below analyses the impact of the transaction on Repsol's Pro Forma 2011 and 2012 EBIT and EBITDA starting from proportional accounting information: Equity affiliates results are added and the interest of the financial leases are considered as operating expenses in order to obtain clean comparable metrics.

EBITDA (M$)	Proportional		Reported	
	FY 2011	FY 2012	FY 2011	FY 2012E
ALNG	191	194	74	78
Peru LNG	55	60	–	–
BBE	45	60	45	60
Marketing&Trading	577	768	577	768
TOTAL EBITDA (M$)	**867**	**1083**	**696**	**907**
Financial leases (only interests)	98	97		
EBITDA PROFORMA (M$)	**769**	**986**		

EBIT (M$)	Proportional		Reported	
	FY 2011	FY 2012	FY 2011	FY 2012E
ALNG	155	157	60	63
Peru LNG	27	33	–	–
BBE	38	54	38	54
Marketing&Trading	479	678	479	678
TOTAL EBIT (M$)	**698**	**922**	**577**	**795**
Financial leases (only interests)	98	97		
EBIT PROFORMA (M$)	**600**	**825**		

The after tax result of the assets included in the transaction reached 382 M USD in 2011 and 619 M USD in 2012.

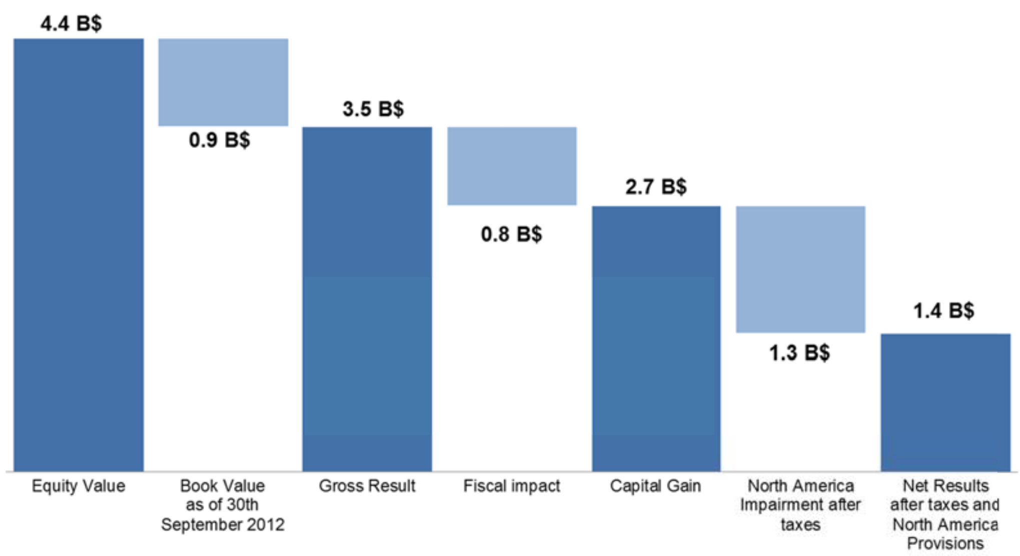
2012 EBITDA was extraordinarily high due to the delay to take contractual volumes at the Manzanillo gas terminal in Mexico that allowed Repsol to redirect of some cargos to more profitable areas. With regular and stable volumes delivered to Manzanillo, we could expect an annual EBITDA reduction of approximately 130 Mn USD.

c. Accounting Impact

The transaction economic date is set at 30th September 2012. Repsol will continue operating and managing the assets until the closing date.

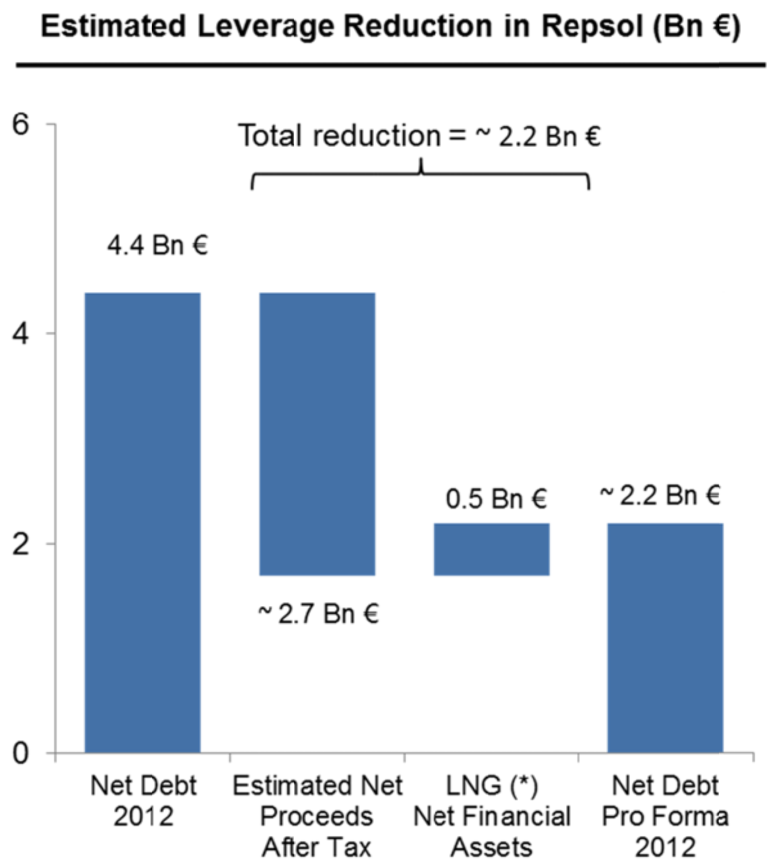
Repsol will maintain the consolidation of the assets included in the transaction, and their results, using the same accounting method that these assets currently have.

At the time of the closing of the transaction, Repsol expects to record a net result of approximately 1.4 Bn USD, after taxes and after including a value adjustment on the North American assets. This amount is subject to final adjustments.



d. Debt and Credit Metrics Impacts

The sale of the LNG business under the aforementioned conditions will have a positive impact on debt reduction. Repsol's reported net debt will decrease from 4.4 Bn € as of the end of December 2012 to an estimated pro forma of 2.2 Bn € (Excluding Gas Natural Fenosa and Preferred Shares).



(*) LNG Assets included in the transaction

In front of the Rating Agencies, total Adjusted Net Debt reduction is expected to be in the range of 4.4 to 5 Bn € and, assuming the related adjustment in the FFO (Fund from Operations) or RCF (Retained Cash Flow) figures, it will imply a significant improvement in Repsol's financial ratios.

4. Conclusions

The sale of the LNG business is a key step in the delivery of the Strategic Plan under execution. Not only does it enhance the financial position of the company but also crystallize value at a competitive multiple transaction.

The transaction addresses the financial commitment to strengthen our capital structure, maintain the investment grade and increase significantly our liquidity position.

The successful execution of this deal allows the investment community to refocus on the growth of our production profile, which is outstanding among peers, along with an increased value creation and secure competitive remuneration to our shareholders.

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The information contained in the document has not been verified or revised by the External Auditors of Repsol.

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