



1Q14 RESULTS

May 8, 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 exploration activities and hydrocarbon production;
- Downstream, the segment corresponding to refining and commercialization of oil products, petrochemical products, liquefied petroleum gas, as well as the commercialization of natural gas and liquefied natural gas. This segment also includes the activities corresponding to the midstream phase (transportation and regasification of gas natural) and 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 its joint ventures are considered from the same perspective and in the same level of detail as in its businesses consolidated via global integration. To this end, all the operating segment disclosures include, in proportion to the Group's respective ownership interests, 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 as a measure of the result of each segment the recurring net operating profit at current cost of supply (CCS) after tax of continuing operations ("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 income statements for the first and fourth quarters of 2013 and the consolidated cash flows statement for the first quarter 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)	1Q 2013	4Q 2013	1Q 2014	% Change 1Q14/1Q13
Upstream	349	162	255	(26.9)
Downstream	227	21	290	27.8
Gas Natural Fenosa	125	99	123	(1.6)
Corporate and others	(177)	(159)	(136)	23.2
ADJUSTED NET INCOME	524	123	532	1.5
Inventory effect	3	(64)	(59)	-
Non-recurring income	(41)	(156)	35	-
Income from discontinued operations	148	(995)	299	102.0
NET INCOME	634	(1,092)	807	27.3

Economic data (€ Million)	1Q 2013	4Q 2013	1Q 2014	% Change 1Q14/1Q13
EBITDA	1,343	727	1,177	(12.4)
CAPITAL EXPENDITURES	650	930	728	12.0
NET DEBT + PREFERENCE SHARES	6,895	5,358	4,722	(31.5)
EBITDA / NET DEBT + PREFERENCE SHARES (x)	0.78	0.54	1.00	28.0

Operational data	1Q 2013	4Q 2013	1Q 2014	% Change 1Q14/1Q13
LIQUIDS PRODUCTION (Thousands of bbl/d)	151	121	131	(13.3)
GAS PRODUCTION ^(*) (Millions of scf/d)	1,177	1,123	1,185	0.8
TOTAL PRODUCTION (Thousands of boe/d)	360	321	342	(5.1)
CRUDE OIL REALIZATION PRICE (\$/Bbl)	93.7	85.6	85.9	(8.3)
GAS REALIZATION PRICE (\$/Thousands scf)	4.4	4.1	4.2	(5.7)
UTILIZATION OF DISTILLATION CAPACITY OF REFINING IN SPAIN (%)	79.8	71.7	74.5	(5.3)
UTILIZATION OF CONVERSION CAPACITY OF REFINING IN SPAIN (%)	97.8	94.4	96.9	(0.9)
REFINING MARGIN INDICATOR IN SPAIN (\$/Bbl)	3.9	4.1	3.9	0.0

KEY MILESTONES AND FINANCIAL METRICS FOR THE FIRST QUARTER OF 2014

Adjusted net income was €532 million and **net income** stood at €807 million in 1Q14, marking year-on-year growth of 2% and 27% respectively.

- By business line:
 - Adjusted net income in **Upstream** was reduced by 27% year-on-year, mainly due to the production disruptions in Libya and stoppages in Trinidad & Tobago due to drilling activities at the Savonette field, partially offset by stronger performances in Brazil, Russia, Bolivia and Peru thanks to the start-up and ramp-up of the strategic projects.
 - Adjusted net income in **Downstream** was 28% higher year-on-year:
 - Results of refining, chemicals, marketing and LPG businesses were broadly in line with the 1Q13 results.
 - The stronger adjusted net income performance in Gas&Power was driven by low temperatures during the winter in the northeastern region in North America where Repsol has its business operations, which resulted in higher benchmark prices, coupled with higher natural gas trading volumes and lower costs due to the impairment in 4Q13.
 - The adjusted net income contribution of **Gas Natural Fenosa** was in line with the same period of last year.
 - In **Corporate and others**, adjusted net income was 23% higher year-on-year, due to the lower finance expenses and, to a lesser extent, the higher valuation of the CO2 emission rights portfolio.
- **Upstream** production averaged 342 kboe/d in 1Q14, down 5% year-on-year. The connection of the second productive well in Sapinhoá in February 2014, the start-up of production of Phase II of Margarita in October 2013 and the start-up of SK in February 2013 could not offset the disruptions in Libya (which had an impact equivalent to a 50-day downtime) and stoppages in Trinidad & Tobago due to drilling activity.
- One of the most noteworthy milestones in 1Q14 was the start-up of production in the **Kinteroni** field on March 27, 2014. This field, located in the region of Cuzco to the east of Lima (Peru), will initially produce close to 20 kboe/d (gross), which is expected to double by 2016. Repsol is the field operator, with an ownership interest of 53.84%. With the start-up of production in Kinteroni, one of the five largest discoveries worldwide in 2008, Repsol has now begun production at seven of the 10 key growth projects identified in its 2012-2016 Strategic Plan.
- The Group's **net debt** stood at €4,722 million, down €636 million from the year-end 2013, mainly due to the proceeds received in January 2014 from the closure of the LNG assets sale and the sale of the stake in TGP of \$700 million and \$150 million, respectively. The operating cash flow generated by the businesses was sufficient to cover the Group's capital expenditure, dividends, interest expense and other commitments during the period.

- During the course of the day, and subject to the verification of the compliance of its precedent conditions, the closing of the “Agreement for the Amicable Settlement and Compromise of Expropriation” reached between the Republic of Argentina and Repsol is expected to take place.

NET INCOME PERFORMANCE BY BUSINESS SEGMENT
UPSTREAM

(Unaudited figures)

Results (€ Million)	1Q 2013	4Q 2013	1Q 2014	% Change 1Q14/1Q13
ADJUSTED NET INCOME	349	162	255	(26.9)
Operating income	668	211	441	(34.0)
Income tax	(329)	(51)	(194)	41.0
Income from equity affiliates and non-controlling interests	10	2	8	(20.0)
EBITDA	922	630	716	(22.3)
CAPITAL EXPENDITURES	545	608	584	7.2
EXPLORATION COSTS	73	293	104	42.5
EFFECTIVE TAX RATE (%)	49	24	44	(5.0)

International prices	1Q 2013	4Q 2013	1Q 2014	% Change 1Q14/1Q13
Brent (\$/Bbl)	112.6	109.2	108.2	(3.9)
WTI (\$/Bbl)	94.4	97.6	98.6	4.5
Henry Hub (\$/MBtu)	3.3	3.6	4.9	48.1
Average exchange rate (\$/€)	1.32	1.36	1.37	(3.7)

Production	1Q 2013	4Q 2013	1Q 2014	% Change 1Q14/1Q13
LIQUIDS (Thousands of bbl/d)	151	121	131	(13.3)
GAS (*) (Millions of scf/d)	1,177	1,123	1,185	0.8
TOTAL (Thousands of boe/d)	360	321	342	(5.1)

Realization prices	1Q 2013	4Q 2013	1Q 2014	% Change 1Q14/1Q13
CRUDE OIL (\$/Bbl)	93.7	85.6	85.9	(8.3)
GAS (\$/Thousands of scf)	4.4	4.1	4.2	(5.7)

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

Adjusted net income in 1Q14 stood at €255 million, 27% lower year-on-year.

The main reason for the decrease was the loss of production in Libya, which had an impact of €145 million in the operating income and of €47 million in the adjusted net income.

The other factors, apart from the Libya effect, contributing to the year-on-year results performance were the following:

- Higher production in Brazil, the US, Russia, Bolivia and Peru, has been able to offset the drop in production in Trinidad & Tobago had a positive impact of €2 million.

- **Crude oil and gas realized prices**, net of royalties, diminished the operating income by €19 million.
- **Exploration costs** due to higher amortization of wells, coupled with higher G&A and G&G costs, led to a decrease of €34 million.
- Higher **depreciation and amortization** charges, mainly at Shenzi (US), reduced the operating income by €22 million.
- **Dollar depreciation** against the euro impacted negatively by €11 million.
- **Lower income tax expense**, mainly thanks to a better tax mix, had a positive impact of €35 million.
- **Income of equity affiliates and non-controlling interests and other** explain the remaining differences.

Capital expenditures

Capital expenditure in Upstream amounted to €584 million in 1Q14, which means a year-on-year growth of 7%; development capital expenditure accounted for 59% of the total investment and was concentrated in the US (33%), Venezuela (19%), Trinidad & Tobago (17%), Brazil (13%) and Bolivia (10%). Exploration capital expenditure represented 38% of the total and was earmarked primarily for the US (52%), Angola (14%), Mauritania (7%), Brazil (7%) and Iraq (6%).

DOWNSTREAM

(Unaudited figures)

Results (€ Million)	1Q 2013	4Q 2013	1Q 2014	% Change 1Q14/1Q13
ADJUSTED NET INCOME	227	21	290	27.8
Operating income	314	54	426	35.7
Income tax	(100)	(44)	(133)	(33.0)
Income from equity affiliates and non-controlling interests	13	11	(3)	(123.1)
MIFO RECURRENT NET INCOME	230	(43)	231	0.4
Inventory effect	3	(64)	(59)	-
EBITDA	504	137	506	0.4
CAPITAL EXPENDITURES	93	305	135	45.2
EFFECTIVE TAX RATE (%)	32	81	31	(0.6)

International prices (\$/Mbtu)	1Q 2013	4Q 2013	1Q 2014	% Change 1Q14/1Q13
Henry Hub	3.3	3.6	4.9	48.1
Algonquin	11.8	7.7	20.3	72.0

Operational data	1Q 2013	4Q 2013	1Q 2014	% Change 1Q14/1Q13
REFINING MARGIN INDICATOR IN SPAIN (\$/Bbl)	3.9	4.1	3.9	0.0
UTILIZATION OF DISTILLATION CAPACITY OF REFINING IN SPAIN (%)	79.8	71.7	74.5	(5.3)
UTILIZATION OF CONVERSION CAPACITY OF REFINING IN SPAIN (%)	97.8	94.4	96.9	(0.9)
OIL PRODUCT SALES (Thousands of tons)	10,136	10,747	9,845	(2.9)
PETROCHEMICAL PRODUCT SALES (Thousands of tons)	513	527	653	27.4
LPG SALES (Thousands of tons)	683	666	670	(1.9)
NORTH AMERICA NATURAL GAS SALES (TBtu)	52.1	60.9	89.9	72.6

Adjusted net income in 1Q14 stood at € 290 million, 28% higher year-on-year.

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

- In **Refining**, the narrower spreads between products and Brent were partially offset by wider spreads between light and heavy crude oils and lower utilization, due to maintenance stoppages in January 2014, which was the main factor that contributed to a reduction of €24 million in the operating income.
- In **Chemicals**, higher sales, primarily in the basic petrochemical business line, increased operating income by €15 million.
- Operating income in the commercial businesses, **Marketing and LPG**, was higher year-on-year by €8 million. Notably, the Marketing business in Spain showed a 4% growth in sales volumes in the quarter.

- In **the commercialization of natural gas and liquefied natural gas**, higher natural gas sales volumes in North America and lower regasification costs and depreciation and amortization charges as a result of the provisions booked in 4Q13 drove an improvement in the operating income of €90 million.
- Higher **income tax** expenses, driven mainly by the segment's better performance, reduced the operating income by €33 million year-on-year.
- **Results in trading and other activities** explain the difference.

Capital expenditure

Capital expenditure in the Downstream segment totaled €135 million in 1Q14.

GAS NATURAL FENOSA

(Unaudited figures)

Results (€ Million)	1Q 2013	4Q 2013	1Q 2014	% Change 1Q14/1Q13
ADJUSTED NET INCOME	125	99	123	(1.6)

Adjusted net income in 1Q14 amounted to €123 million, broadly in line with the same quarter of last year. 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, are partially offset by better results from electricity commercialization.

CORPORATE AND OTHERS

[Unaudited figures]

Results (€ Million)	1Q 2013	4Q 2013	1Q 2014	% Change 1Q14/1Q13
ADJUSTED NET INCOME	(177)	(159)	(136)	23.2
Corporate and others operating income	(101)	(54)	(70)	30.7
Financial result	(164)	(123)	(130)	20.7
Income tax	88	18	64	(27.3)
EBITDA	(83)	(40)	(45)	45.8
CAPITAL EXPENDITURES	12	17	9	(25.0)
EFFECTIVE TAX RATE (%)	(33)	(10)	(32)	1.0

CORPORATE AND OTHERS

Corporate and others accounted for a net expense of €70 million in 1Q14, compared to a loss of €101 million in 1Q13. The year-on-year improvement is largely attributable to a higher valuation of the CO2 emission rights portfolio.

FINANCIAL RESULTS

[Unaudited figures]

Results (€ Million)	1Q 2013	4Q 2013	1Q 2014	% Change 1Q14/1Q13
NET INTERESTS (including preference shares)	(115)	(101)	(99)	13.9
OTHER CAPTIONS	(49)	(22)	(31)	36.7
TOTAL	(164)	(123)	(130)	20.7

Net financial expense totaled €130 million in 1Q14, marking a €34 million improvement with respect to 1Q13, driven notably by lower interest expense on the back of a reduction in the average cost of debt service.

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

(Unaudited figures)

Results (€ Million)	1Q 2013	4Q 2013	1Q 2014	% Change 1Q14/1Q13
NON-RECURRING INCOME / (LOSSES)	(41)	(156)	35	-

Non-recurring items resulted in a net gain of €35 million in 1Q14, compared to a net loss of €41 million in 1Q13, mainly due to the capital gain generated on the sale of TGP.

DISCONTINUED OPERATIONS

(Unaudited figures)

Results (€ Million)	1Q 2013	4Q 2013	1Q 2014	% Change 1Q14/1Q13
INCOME FROM DISCONTINUED OPERATIONS	148	(995)	299	102.0

Net income from discontinued operations mainly comprises the net gain recognized on the sale of LNG assets in the first quarter of 2014.

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)	1T 2014
NET DEBT + PREFERENCE SHARES AT THE START OF THE PERIOD	5,358
EBITDA	(1,177)
CHANGE IN WORKING CAPITAL	18
INCOME TAX RECEIVED /PAID	74
INVESTMENTS ⁽¹⁾	730
DISINVESTMENTS	(117)
DIVIDENDS PAID AND OTHER PAYOUTS	232
OWN SHARES TRANSACTIONS	3
FOREIGN EXCHANGE RATE EFFECT	19
INTEREST AND OTHER MOVEMENTS ⁽²⁾	43
EFFECTS ASSOCIATED WITH THE SALE OF LNG	(513)
EFFECTS ASSOCIATED WITH THE EXPROIATION OF YPF	52
NET DEBT + PREFERENCE SHARES AT THE END OF THE PERIOD	4,722
CAPITAL EMPLOYED (€ Million)	27,860
NET DEBT + PREFERENCE SHARES / CAPITAL EMPLOYED (%) ⁽³⁾	16.9
ROACE (%)	7.8
EBITDA /NET DEBT + PREFERENCE SHARES (x)	1.0

(1) As of March 31, 2014, the Group had financial investments of €903 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 that they are highly liquid instruments.

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

(3) Capital employed excludes that corresponding to discontinued operations. Factoring it in would lower the ratio of net debt to capital employed as of March 31, 2014 to 14.4%. Similarly, the ROACE provided does not include either the gain from discontinued operations or the capital employed by these operations.

LIQUIDITY

The Repsol Group has liquidity available to cover 3.7 times short-term debt maturities. The net debt to capital employed ratio at the 1Q14 close, including preference shares, was 16.9%.

RELEVANT EVENTS

The most significant Company-related events since the fourth-quarter 2013 Earnings Release were as follows:

In **Upstream**, on 31 March 2014, Repsol announced that it had started gas production in the Kinteroni field, Peru, one of the ten key projects included in its 2012-2016 Strategic Plan. The field, located in Cuzco, east of Lima, Peru, will initially produce 20 Kboe/d (gross), which is expected to double by 2016. Repsol is the operator of the project with a 53.84% stake. Kinteroni is located in block 57, east of Peru's Andes mountain range, and is one of the most promising gas-prone exploratory plays in Peru. In 2012 Repsol made another large discovery in the area, Sagari. Preliminary estimates indicate the field may hold resources of between 2 and 3 TCF (trillion cubic feet) of gas. With the start-up of Kinteroni, one of the five biggest discoveries made worldwide in 2008, Repsol has begun production in seven of its ten key growth projects included in the Strategic Plan 2012-2016.

In **Corporation**, on 27 February 2014, Repsol and the Republic of Argentina signed the “Convenio de Solución Amigable y Avenimiento de Expropiación”. Simultaneously with the execution of the agreement, Repsol has entered into an agreement with YPF and YPF Gas (“Convenio de Finiquito”) by which – mainly – all parties agree to desist from all legal action initiated by them as well as to certain waivers and indemnities.

On 14 March 2014, Repsol announced the creation of an Advisory Committee comprised by minority shareholders in order to foster transparency and establish a two-way channel of communication between the company’s management team and its minority shareholders. This is an original initiative and is the first of its kind among the energy companies of Ibex 35.

On 28 March 2014, the Ordinary General Shareholders’ Meeting of Repsol, S.A., approved all the proposals of resolutions submitted by the Board of Directors concerning the points of the Agenda. In particular and under point forth on the Agenda, the Ordinary Shareholders’ Meeting ratified the “Convenio de Solución Amigable y Avenimiento de Expropiación” between Repsol, S.A. and the Argentine Republic, the signing of which was approved by the Board of Directors on 25 February 2014. With this full and unconditional ratification, Repsol complies with one of the conditions precedent agreed for the Agreement to become effective.

On 30 April 2014, Repsol’s Board of Directors approved, at the behest of the Chairman and with a favourable report from the Nomination and Compensation Committee, a significant remodeling of the executive team’s structure to provide the leadership for the new challenges and opportunities facing the company. Especially relevant is the appointment as Chief Executive Officer of Josu Jon Imaz San Miguel, who up to now was ED Industrial Division.

On 7 May 2014, Repsol sold to Morgan Stanley & Co. LLC 11.86% of the share capital of YPF, represented by 46,648,538 ordinary Class D Shares for \$1,255,312,157.58, pursuant to Rule 144 under the U.S. Securities Act of 1933. Each share sold will be in the form of American Depositary. The transaction will generate estimated capital gains before taxes of \$622 million. Following the sale, Repsol will continue to own Class D Shares, including American Depositary Shares representing Class D Shares, amounting to less than 0.5% of the outstanding capital stock of YPF.

Madrid, May 8, 2014

A conference call has been scheduled with research analysts and institutional investors for today, May 8, 2014 at 1pm (CET) to report on the Repsol Group's first-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**

FIRST QUARTER 2014

ADJUSTED NET INCOME BY BUSINESS SEGMENTS

(Unaudited figures)

€ Million	1Q 2013				
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income
Upstream	668	-	-329	10	349
Downstream	314	-	-100	13	227
Gas Natural Fenosa	-	-	-	125	125
Corporation & Others	(101)	(164)	88	-	(177)
TOTAL	881	(164)	(341)	148	524

€ Million	4Q 2013				
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income
Upstream	211	-	(51)	2	162
Downstream	54	-	(44)	11	21
Gas Natural Fenosa	-	-	-	99	99
Corporation & Others	(54)	-123	18	-	(159)
TOTAL	211	(123)	(77)	112	123

€ Million	1Q 2014				
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income
Upstream	441	-	-194	8	255
Downstream	426	-	-133	-3	290
Gas Natural Fenosa	-	-	-	123	123
Corporation & Others	(70)	(130)	64	-	(136)
TOTAL	797	(130)	(263)	128	532

ADJUSTED NET INCOME BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

€ Million	QUARTERLY DATA		
	1Q13	4Q13	1Q14
UPSTREAM	349	162	255
USA and Brazil	87	(48)	74
North Africa	86	27	40
Rest of the World	176	183	141
DOWNSTREAM	227	21	290
Europe	135	18	134
Rest of the World	92	3	156
GAS NATURAL FENOSA	125	99	123
CORPORATE AND OTHERS	(177)	(159)	(136)
TOTAL	524	123	532

EBITDA BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

€ Million	QUARTERLY DATA		
	1Q13	4Q13	1Q14
UPSTREAM	922	630	716
USA and Brazil	205	194	213
North Africa	304	93	149
Rest of the World	413	343	354
DOWNSTREAM	504	137	506
Europe	327	79	242
Rest of the World	177	58	264
CORPORATE AND OTHERS	(83)	(40)	(45)
TOTAL	1,343	727	1,177

CAPEX BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

€ Million	QUARTERLY DATA		
	1Q13	4Q13	1Q14
UPSTREAM	545	608	584
USA and Brazil	288	292	316
North Africa	19	30	25
Rest of the World	238	286	243
DOWNSTREAM	93	305	135
Europe	84	272	114
Rest of the World	9	33	21
CORPORATE AND OTHERS	12	17	9
TOTAL	650	930	728

OPERATIONAL DATA

FIRST QUARTER 2014

UPSTREAM OPERATIONAL DATA

	Unit	1Q 2013	4Q 2013	1Q 2014	% Variation 1Q14/1Q13
HYDROCARBON PRODUCTION	Kboe/d	360	321	342	(5.1)
Liquid production	Kboe/d	151	121	131	(13.3)
USA and Brazil	Kboe/d	33	32	37	10.7
North of Africa	Kboe/d	43	15	21	(51.1)
Rest of the World	Kboe/d	75	74	73	(2.2)
Natural gas production	Kboe/d	210	200	211	0.8
USA and Brazil	Kboe/d	4	5	5	50.3
North of Africa	Kboe/d	5	5	6	8.3
Rest of the World	Kboe/d	201	190	200	(0.3)

DOWNSTREAM OPERATIONAL DATA

	Unit	1Q 2013	4Q 2013	1Q 2014	% Variation 1Q14/1Q13
PROCESSED CRUDE OIL	Mtoe	9.5	8.8	9.1	(5.0)
Europe	Mtoe	8.8	8.1	8.2	(6.6)
Rest of the world	Mtoe	0.7	0.7	0.8	14.0
SALES OF OIL PRODUCTS	Kt	10,136	10,747	9,845	(2.9)
Europe Sales	Kt	9,105	9,794	8,803	(3.3)
Own network	Kt	4,493	4,869	4,574	1.8
Light products	Kt	3,893	4,263	3,985	2.4
Other Products	Kt	600	606	589	(1.8)
Other Sales to Domestic Market	Kt	1,584	1,845	1,706	7.7
Light products	Kt	1,532	1,743	1,629	6.3
Other Products	Kt	52	102	77	48.1
Exports	Kt	3,028	3,080	2,523	(16.7)
Light products	Kt	1,055	905	632	(40.1)
Other Products	Kt	1,973	2,175	1,891	(4.2)
Rest of the world sales	Kt	1,031	953	1,042	1.1
Own network	Kt	495	592	490	(1.0)
Light products	Kt	460	513	450	(2.2)
Other Products	Kt	35	79	40	14.3
Other Sales to Domestic Market	Kt	377	151	333	(11.7)
Light products	Kt	280	128	274	(2.1)
Other Products	Kt	97	23	59	(39.2)
Exports	Kt	159	210	219	37.7
Light products	Kt	66	86	80	21.2
Other Products	Kt	93	124	139	49.5
CHEMICALS					
Sales of petrochemical products	Kt	513	527	653	27.4
Europe	Kt	439	468	558	27.0
Base	Kt	121	158	205	69.2
Derivate	Kt	318	310	353	10.9
Rest of the world	Kt	74	59	96	30.1
Base	Kt	12	9	12	1.6
Derivate	Kt	62	50	84	35.6
LPG					
LPG sales	Kt	683	666	670	(1.9)
Europe	Kt	446	387	420	(5.8)
Rest of the world	Kt	237	279	250	5.6

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

Exports: expressed from the country of origin

**APPENDIX II – CONSOLIDATED FINANCIAL
STATEMENTS**

FIRST QUARTER 2014

STATEMENT OF FINANCIAL POSITION

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

	DECEMBER	MARCH
	2013	2014
NON-CURRENT ASSETS		
Goodwill	490	490
Other intangible assets	1,239	1,292
Property, plant and equipment	16,026	16,091
Investment property	24	24
Investments accounted for using the equity method	10,340	10,575
Non-current assets held for sale subject to expropriation	3,625	3,626
Non-current financial assets :		
Non-current financial instruments	665	1,264
Others	1,223	1,156
Deferred tax assets	4,079	4,091
Other non-current assets	60	54
CURRENT ASSETS		
Non-current assets held for sale	1,692	83
Inventories	4,938	4,930
Trade and other receivables	4,935	5,092
Other current assets	141	177
Other current financial assets	354	736
Cash and cash equivalents	5,716	4,438
TOTAL ASSETS	55,547	54,119
TOTAL EQUITY		
Attributable to equity holders of the parent	27,207	27,932
Attributable to minority interests	243	247
NON-CURRENT LIABILITIES		
Grants	10	10
Non-current provisions	2,700	2,718
Non-current financial debt	8,469	8,476
Deferred tax liabilities	1,866	1,856
Other non-current liabilities		
Non-current debt for finance leases	1,263	1,256
Other	413	449
CURRENT LIABILITIES		
Liabilities related to non-current assets held for sale	1,457	0
Current provisions	249	271
Current financial liabilities	5,833	4,824
Trade payables and other payables:		
Current debt for finance leases	154	154
Other payables	5,683	5,926
TOTAL LIABILITIES	55,547	54,119

INCOME STATEMENT

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

	1Q 2013	4Q 2013	1Q 2014
Operating income	618	(121)	462
Financial result	(176)	(128)	(143)
Income from equity affiliates	224	185	356
Net income before tax	666	(64)	675
Income tax	(182)	(46)	(163)
Net income from continuing operations	484	(110)	512
Net income from non-controlling interest	2	13	(4)
NET INCOME FROM CONTINUING OPERATIONS	486	(97)	508
Net income for the year from discontinuing operations	148	(995)	299
NET INCOME	634	(1,092)	807
Earning per share attributable to the parent company			
Euros/share	0.50	(0.83)	0.61
USD/ADR	0.63	(1.14)	0.84
Average number of shares	1,279,736,320	1,323,604,026	1,323,423,154
Exchange rates USD/EUR at the end of each quarter	1.28	1.38	1.38

CASH FLOW STATEMENT

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

	1Q 2013	1Q 2014
I. CASH FLOWS FROM OPERATING ACTIVITIES (*)		
Net income before taxes	666	675
Adjustments to net income		
Depreciation and amortisation of non current assets	368	383
Other adjustments to results (net)	(15)	(195)
EBITDA	1,019	863
Changes in working capital	(662)	143
Dividends received	119	129
Income taxes received/ (paid)	(226)	(32)
Other proceeds from/ (payments for) operating activities	(20)	(27)
OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES	(127)	70
	229	1,076
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES (*)		
Payments for investment activities		
Group companies, associates and business units	(121)	(16)
Property, plant and equipment, intangible assets and investment properties	(401)	(526)
Other financial assets	(50)	(912)
Total investments	(572)	(1,454)
Proceeds from divestments	135	114
Other cashflow	0	0
	(437)	(1,340)
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES (*)		
Proceeds from/ (payments for) equity instruments	1,035	(3)
Proceeds from issue of financial liabilities	840	1,263
Payments for financial liabilities	(994)	(2,092)
Payments for dividends and payments on other equity instruments	(187)	(232)
Interest payments	(315)	(321)
Other proceeds from/(payments for) financing activities	(140)	(109)
	239	(1,494)
Effect of changes in exchange rates from continued operations	(1)	21
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS	31	(1,737)
Cash flows from operating activities from discontinued operations	103	(53)
Cash flows from investment activities from discontinued operations	13	513
Cash flows from financing activities from discontinued operations	211	(1)
Effect of changes in exchange rates from discontinued operations	0	0
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	327	459
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,108	5,716
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4,465	4,438

(*) 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.

2013 RESTATED INCOME STATEMENT

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

	1Q 2013 Published	Adjustments	1Q 2013 Restated (*)
Operating income	1,292	(674)	618
Financial result	(235)	59	(176)
Share of result of companies accounted for using the equity method	45	180	224
Net income before tax	1,102	(436)	666
Income tax	(451)	269	(182)
Net income for the year from continuing operations	651	(167)	484
Net income from non-controlling interest	(14)	16	2
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS	637	(150)	486
Net income for the year from discontinuing operations	(3)	150	148
NET INCOME FOR THE YEAR	634	(0)	634

	4Q 2013 Published	Adjustments	4Q 2013 Restated (*)
Operating income	508	(629)	(121)
Financial result	(237)	109	(128)
Share of result of companies accounted for using the equity method	20	165	185
Net income before tax	291	(355)	(64)
Income tax	(102)	56	(46)
Net income for the year from continuing operations	189	(299)	(110)
Net income from non-controlling interest	(1)	14	13
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS	188	(285)	(97)
Net income for the year from discontinuing operations	(1,280)	285	(995)
NET INCOME FOR THE YEAR	(1,092)	0	(1,092)

(*)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.

1Q 2013 RESTATED CASH FLOW STATEMENT

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

	1Q 2013 Published	Adjustments	1Q 2013 Restated (*)
I. CASH FLOWS FROM OPERATING ACTIVITIES (*)			
Net income before taxes	1,102	(436)	666
Adjustments to net income			
Depreciation and amortisation of non current assets	604	(236)	368
Other adjustments to results (net)	236	(251)	(15)
EBITDA	1,942	(923)	1,019
Changes in working capital	(1,018)	356	(662)
Dividends received	15	104	119
Income taxes received/ (paid)	(226)	0	(226)
Other proceeds from/ (payments for) operating activities	(22)	2	(20)
OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES	(233)	106	(127)
	691	(462)	229
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES (*)			
Payments for investment activities			
Group companies, associates and business units	(129)	8	(121)
Property, plant and equipment, intangible assets and investment properties	(717)	316	(401)
Other financial assets	(95)	45	(50)
Total investments	(941)	369	(572)
Proceeds from divestments	272	(137)	135
Other Cash Flows	0	0	0
	(669)	232	(437)
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES (*)			
Proceeds from/ (payments for) equity instruments	1,035	0	1,035
Proceeds from issue of financial liabilities	1,241	(401)	840
Payments for financial liabilities	(1,301)	307	(994)
Payments for dividends and payments on other equity instruments	(204)	17	(187)
Interest payments	(367)	52	(315)
Other proceeds from/(payments for) financing activities	(122)	(18)	(140)
	282	(43)	239
Effect of changes in exchange rates from continued operations	12	(13)	(1)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS	316	(285)	31
Cash flows from operating activities from discontinued operations	(6)	(109)	103
Cash flows from investment activities from discontinued operations	0	(13)	13
Cash flows from financing activities from discontinued operations	1	(210)	211
Effect of changes in exchange rates from discontinued operations	0	(0)	0
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	(5)	(332)	327
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	6,214	(1,749)	4,465

(*) 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**

FIRST QUARTER 2014

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

[Unaudited figures]

FIRST QUARTER 2013						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Non-recurring items	Impact on equity	Total adjustments	
Operating income	881	(244)	(24)	5	(263)	618
Financial result	(164)	(4)	(8)	-	(12)	(176)
Income from equity affiliates	145	81	(2)	-	79	224
Net income before tax	862	(167)	(34)	5	(196)	666
Income tax	(341)	167	(7)	(1)	159	(182)
Net income from continued operations	521	-	(41)	4	(37)	484
Income attributed to minority interests	3	-	-	(1)	(1)	2
NET INCOME FROM CONTINUED OPERATIONS	524	-	(41)	3	(38)	486
Income from discontinued operations						148
ADJUSTED NET INCOME	524	-	(41)	3	(38)	634

FOURTH QUARTER 2013						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Non-recurring items	Impact on equity	Total adjustments	
Operating income	211	(108)	(127)	(97)	(332)	(121)
Financial result	(123)	24	(29)	-	(5)	(128)
Income from equity affiliates	104	83	(2)	-	81	185
Net income before tax	192	(1)	(158)	(97)	(256)	(64)
Income tax	(77)	-	2	29	31	(46)
Net income from continued operations	115	(1)	(156)	(68)	(225)	(110)
Income attributed to minority interests	8	1	-	4	5	13
NET INCOME FROM CONTINUED OPERATIONS	123	-	(156)	(64)	(220)	(97)
Income from discontinued operations						(995)
ADJUSTED NET INCOME	123	-	(156)	(64)	(220)	(1,092)

FIRST QUARTER 2014						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Non-recurring items	Impact on equity	Total adjustments	
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

RECONCILIATION OF OTHER ECONOMIC DATA AND THE CONSOLIDATED FINANCIAL STATEMENTS

[Unaudited figures]

NET DEBT (€ Million)	DECEMBER 2013	1Q 2014
Net financial debt of integrated businesses	(5,358)	(4,722)
Net financial debt of arrangement ventures	(2,147)	(2,074)
Net market valuation of derivatives ex-exchange rate	(62)	(66)
Net financial debt according to financial statements IASB-UE	(7,567)	(6,862)
Non-current financial instruments	665	1,264
Other current financial assets	354	736
Cash and cash equivalents	5,716	4,438
Non-current financial liabilities	(8,469)	(8,476)
Current financial liabilities	(5,833)	(4,824)

OTHER ECONOMIC DATA 1Q 2014 (€ Million)	According the net debt evolution	Joint arrangement adjustments	Financial investments/dive stments	Free cash flow according to CFS IASB-UE
EBITDA	1,177	(314)		863
CHANGE IN TRADING WORKING CAPITAL	(18)	161		143
DIVIDENDS RECEIVED	129	-		129
INCOME TAX RECEIVED /PAID	(74)	42		(32)
OTHER CASH FLOWS FROM OPERATING ACTIVITIES	(28)	1		(27)
INVESTMENTS	(730)	179	(903) ¹	(1,453)
DIVESTMENTS	117	(3)		114

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

(1) At March 31, 2014, the Group had financial investments of €903 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 that they are highly liquid instruments.

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