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The Hague, April 01, 2014

In accordance with Article 14 of Law of 9 May 2006, on market abuse, Repsol International Finance, B.V. (the "Company") is filing the attached English translations of the official notices published by Repsol, S.A., Guarantor of the Euro 10,000,000,000 Guaranteed Euro Medium Term Note Programme of the Company, related to the Annual General Meeting of Shareholders of Repsol, S.A. held on March 28, 2014.

The Spanish versions of the official notices were filed by Repsol, S.A. with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) on 28 March 2014.

# *General Shareholders Meeting 2014*

*March 28<sup>th</sup>, 2014*



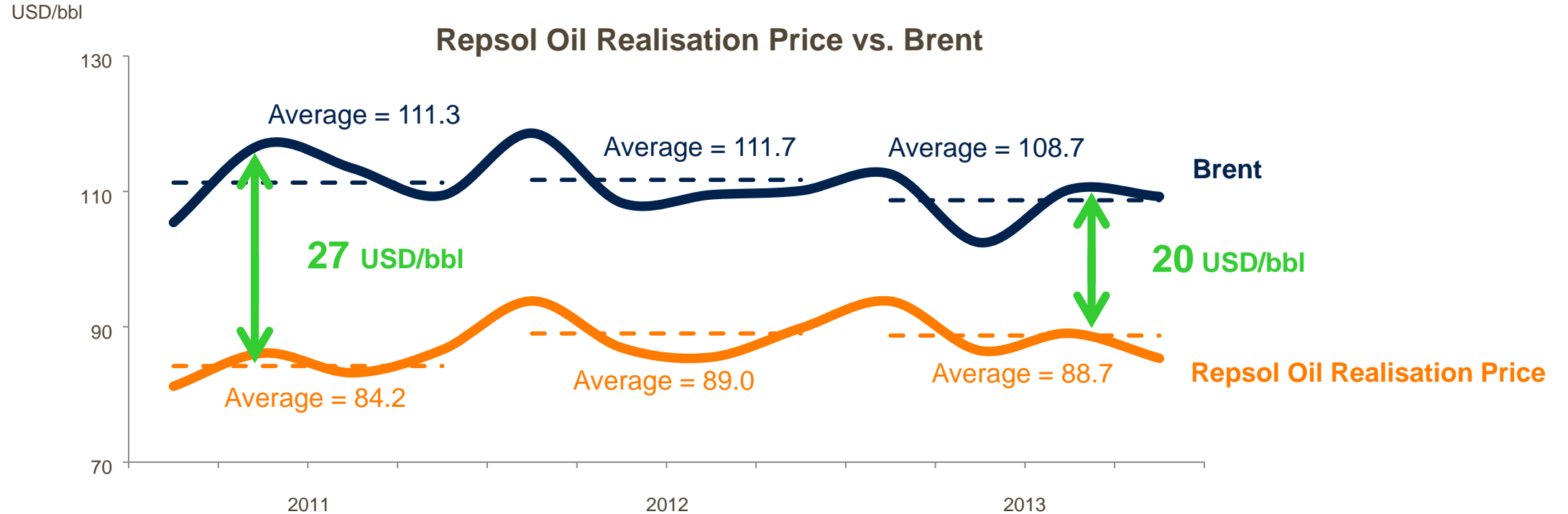
- **Scenario**
- **2013 Milestones**
- **YPF Agreement**
- **2013 Results**
- **Commitment to shareholders**
- **Outlook 2014**
- **Repsol in society**
- **Our Future**



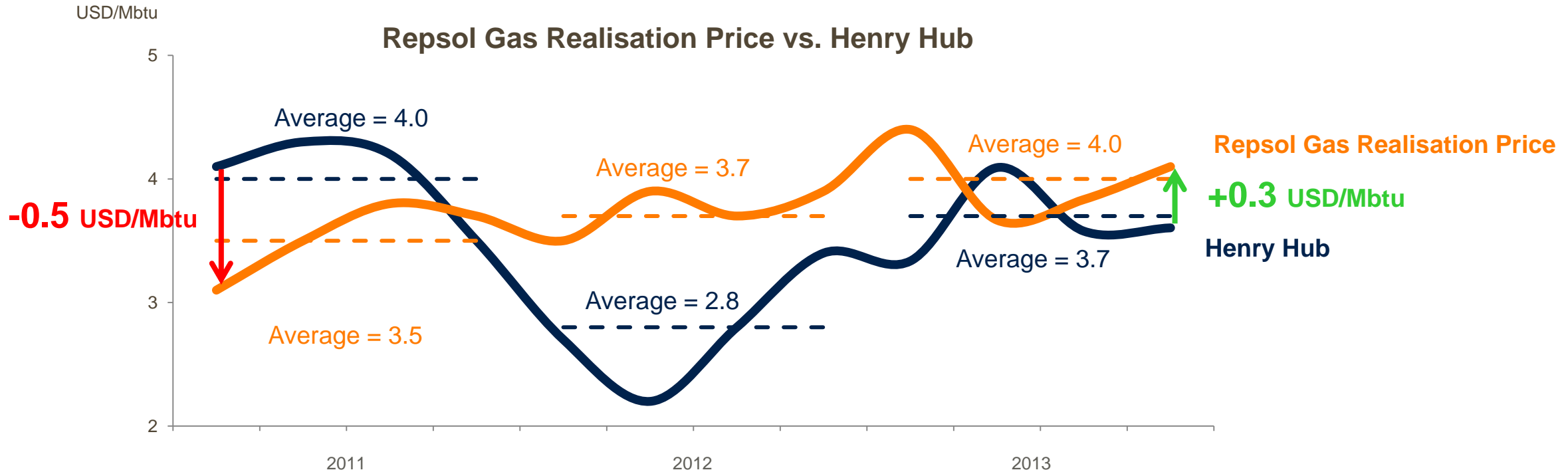
# Scenario



# Increasing the value of Repsol's Oil Realisation Price

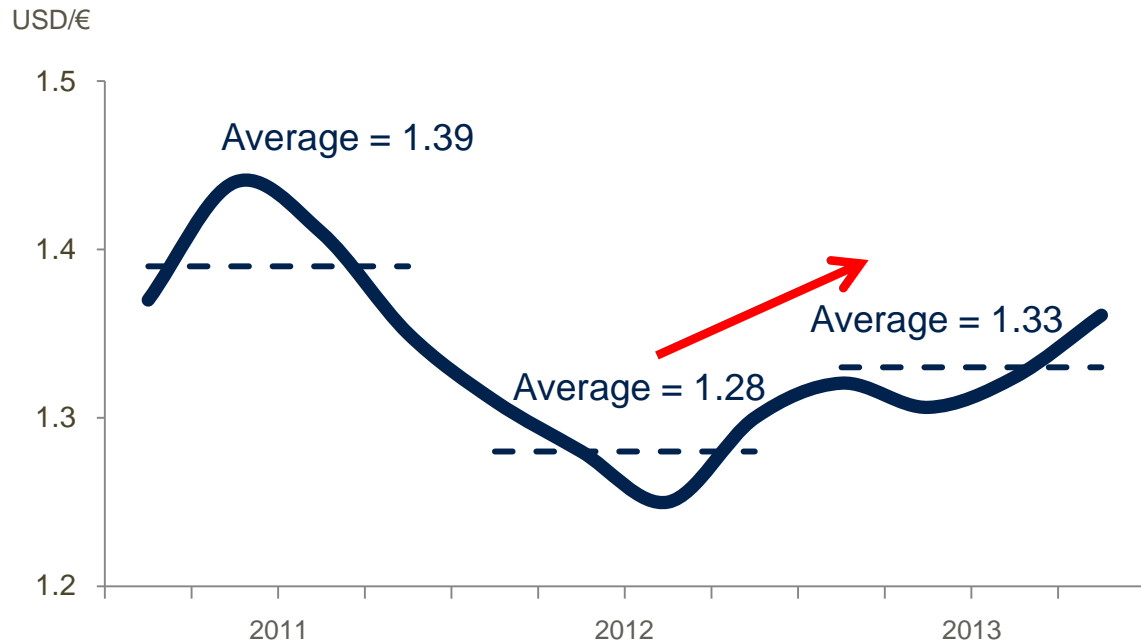


# Increasing the value of Repsol's Gas Realisation Price

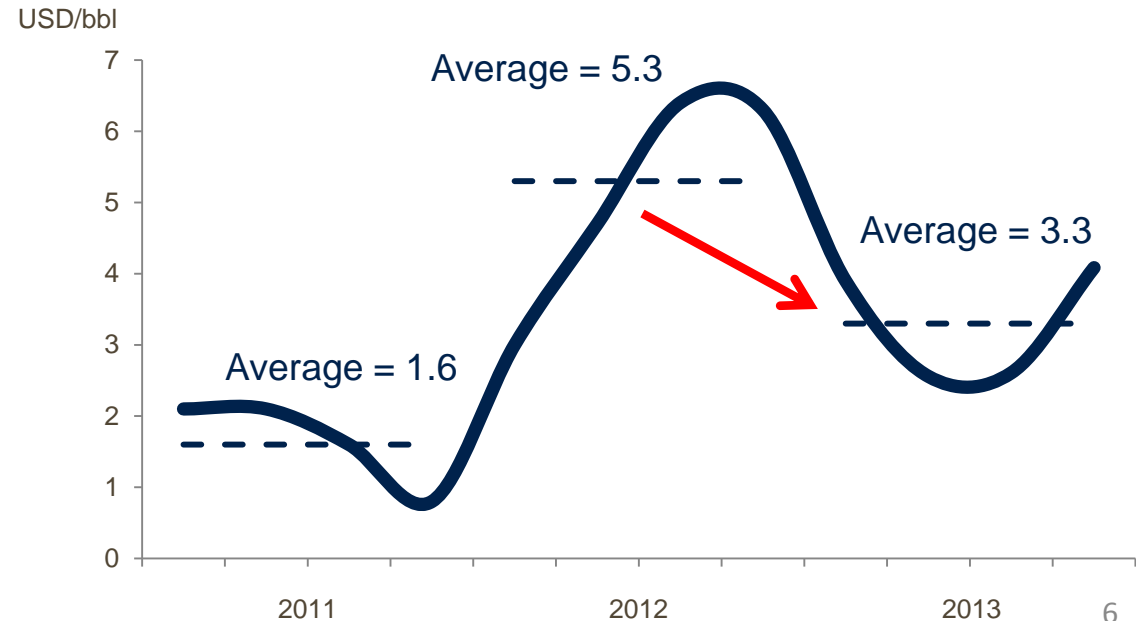


# Complex international context

### Dollar/Euro Exchange rate



### Repsol Refining Margin Indicator



# 2013 Milestones





# Strategic Priorities

**Profitable growth in  
Upstream**

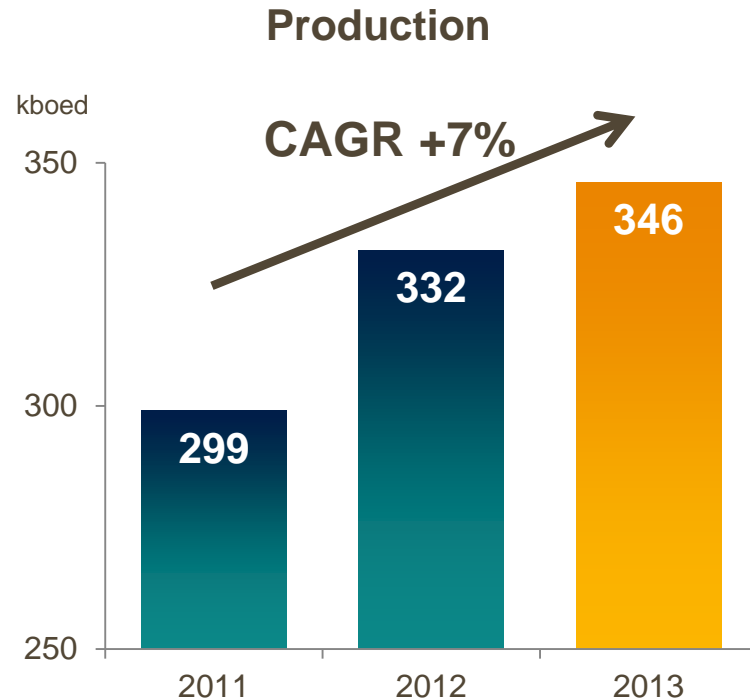
**Maximise return on capital  
in Downstream**

**Strategic Priorities**

**Financial Strength**

**Competitive Shareholders'  
Remuneration**

## Production growth over 7%



**Average production growth over 7%**

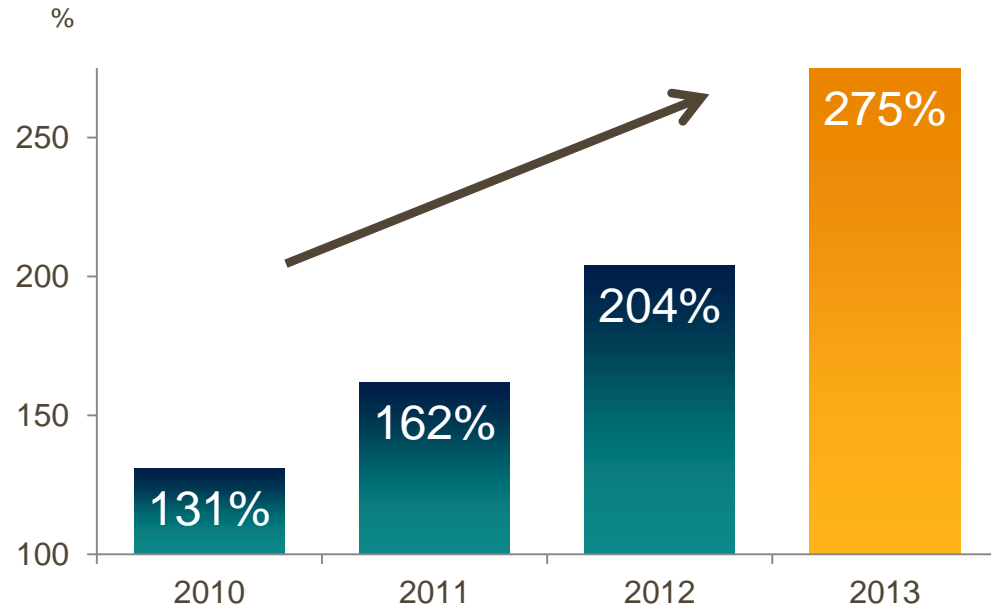
**4% increase in 2013**

■ Key projects onstream

■ 8% with Libya at normal levels

## Historical record in reserve replacement

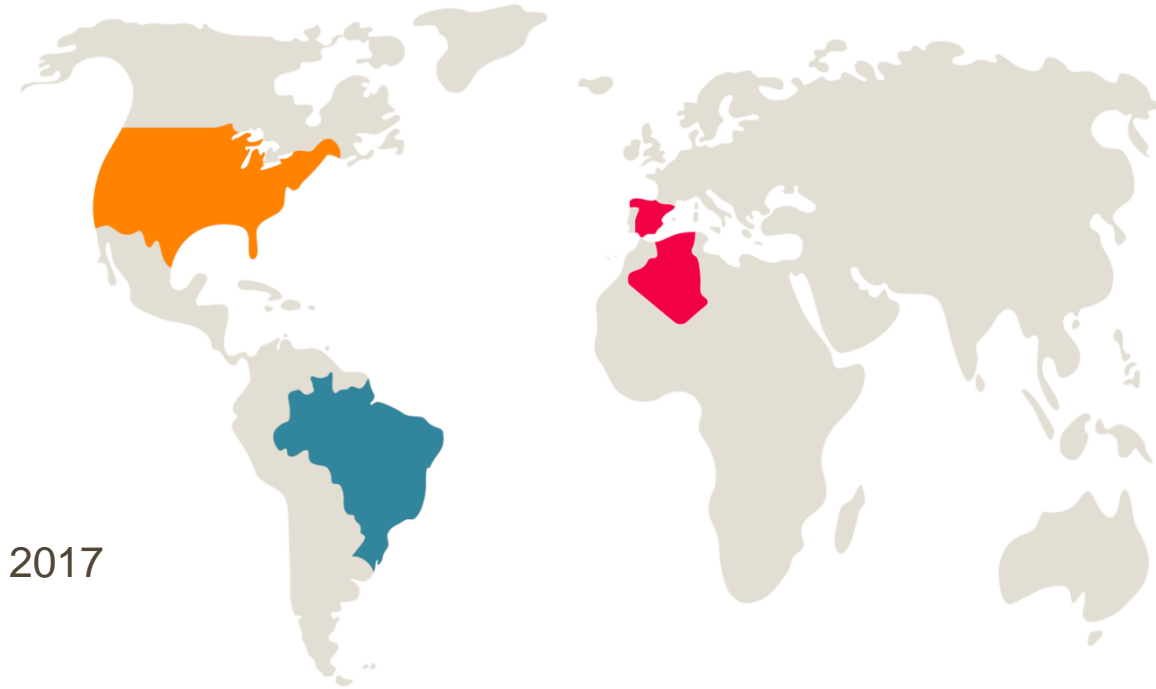
Reserves Replacement Ratio



- **275%: Historical record**
- **4 years in-a-row above 120%**
- **Proven reserves over 1,500 Mboe**
- **Addition of more than 300 Mboe to contingent resource base**

## Progress in key projects

- ✓ **1 Brazil – Sapinhoá (Guará): currently onstream**
  - Production reached **30 kboed**
  - In 2014 will reach **120** and in 2017 **300 kboed**
- 2 Brazil – Carioca: onstream in 2016**
  - Declaration of commerciality obtained
  - Will reach **76 kboed** in 2020
- ✓ **3 USA – Midcontinent: currently onstream**
  - Average production of **60 kboed** in 2013
  - Will reach **200-250 kboed** in 2016
- 4 Algeria – Reggane**
  - Development phase. Will produce **7.6 Mm<sup>3</sup>/day** in 2017
- ✓ **5 Spain – Lubina and Montanazo:**
  - Average production in 2013 of **5.9 kboed**



## Progress in key projects

✓ **6** **Russia – AROG – Syskonsyninskoye (SK): currently onstream**

- Gas Production onstream since February. Current production of **1,7 Mm<sup>3</sup>/day**
- Production of **2,2 Mm<sup>3</sup>/day** in 2014

✓ **7** **Bolivia - Margarita / Huacaya:**

- Phase II of Margarita completed. Production rises to **15 Mm<sup>3</sup>/day**

**8** **Peru – Kinteroni:**

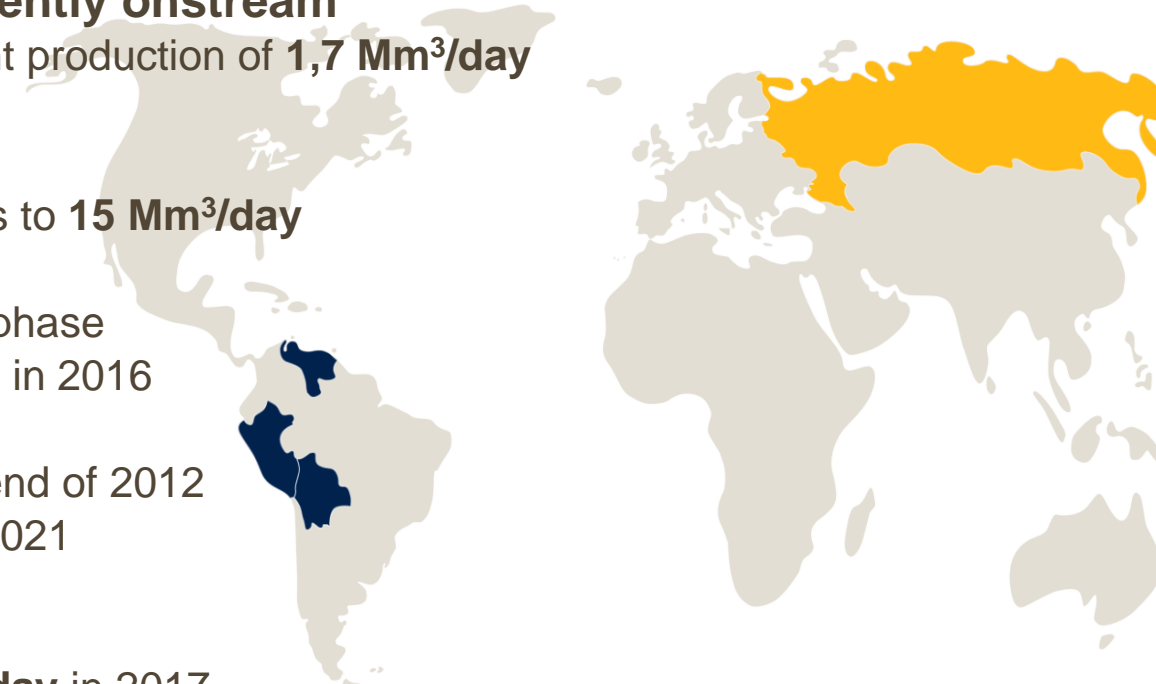
- Project completed, in production commissioning phase
- Production of **20 kboed** in 2014 and of **38 kboed** in 2016

**9** **Venezuela – Carabobo:**

- Development phase. Early production since the end of 2012
- **11 kboed** in December 2014 and **400 kboed** in 2021

**10** **Venezuela – Cardón IV:**

- Will start production at the end of 2014
- Will reach **12.7 Mm<sup>3</sup>/day** in 2015 and **22.7 Mm<sup>3</sup>/day** in 2017



# Exploration: 9 discoveries in 2013



■ Exploratory success ratio above sector average. 9 positive wells out of 25<sup>(\*)</sup>:

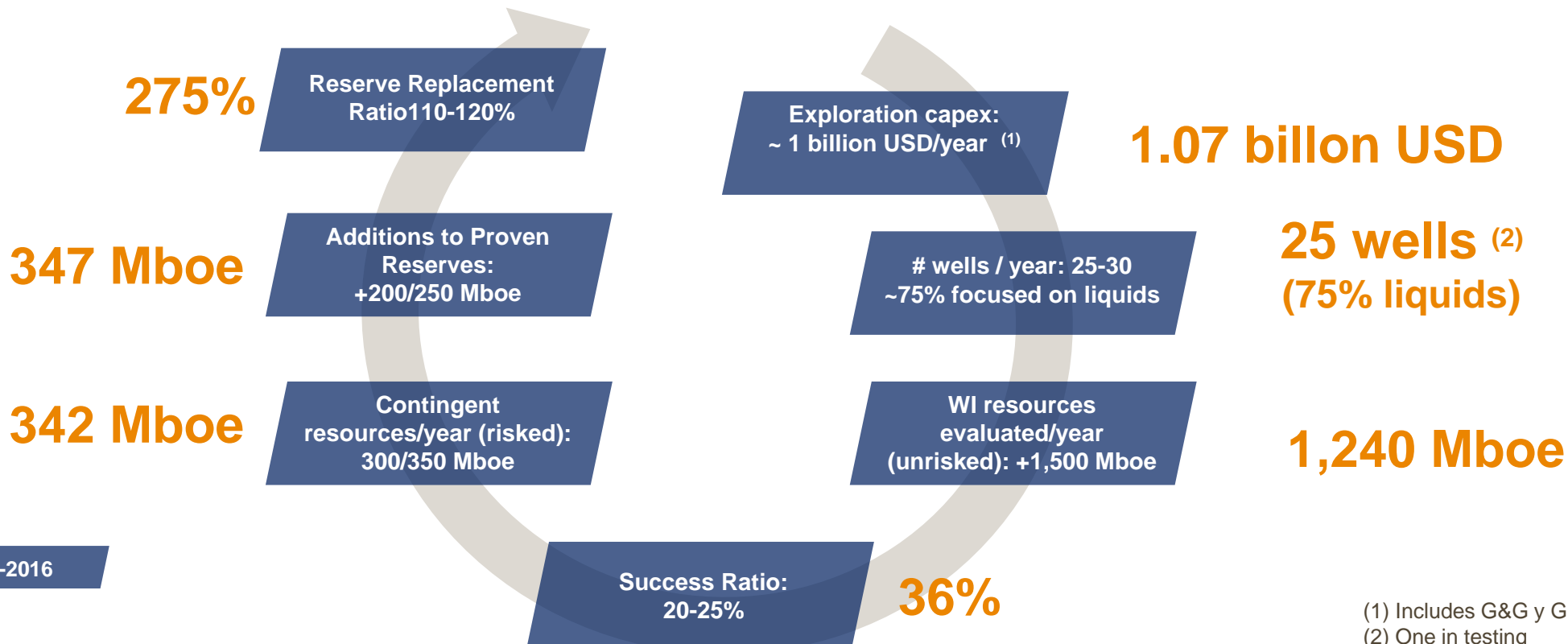
- Algeria: gas in SE Illizi
- Alaska: 3 discoveries in the North Slope
- Brazil: discovery in BM-S-50
- Russia: two discoveries in Karabashsky
- Colombia: Cosecha block
- Libya: NC115

■ Investment efforts in exploration: 1,070 million USD

■ Acquisition of exploratory acreage

- 65 blocks, mainly in USA and Norway
- Total area of 64,183 km<sup>2</sup>

# Delivering the strategic targets



Strategic Plan 2012-2016

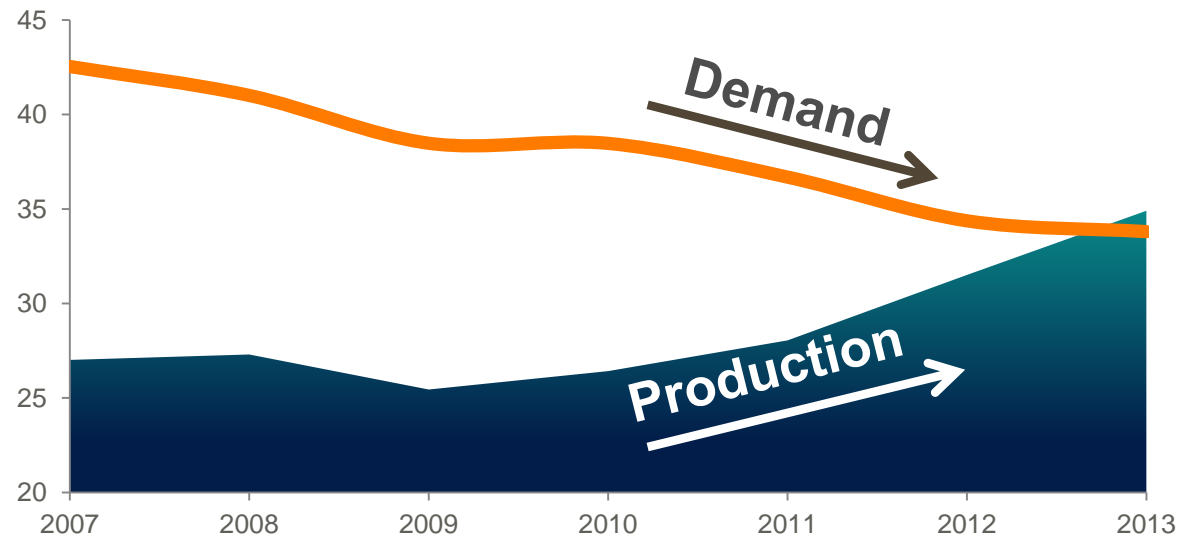
2013 Figures

(1) Includes G&G y G&A  
(2) One in testing

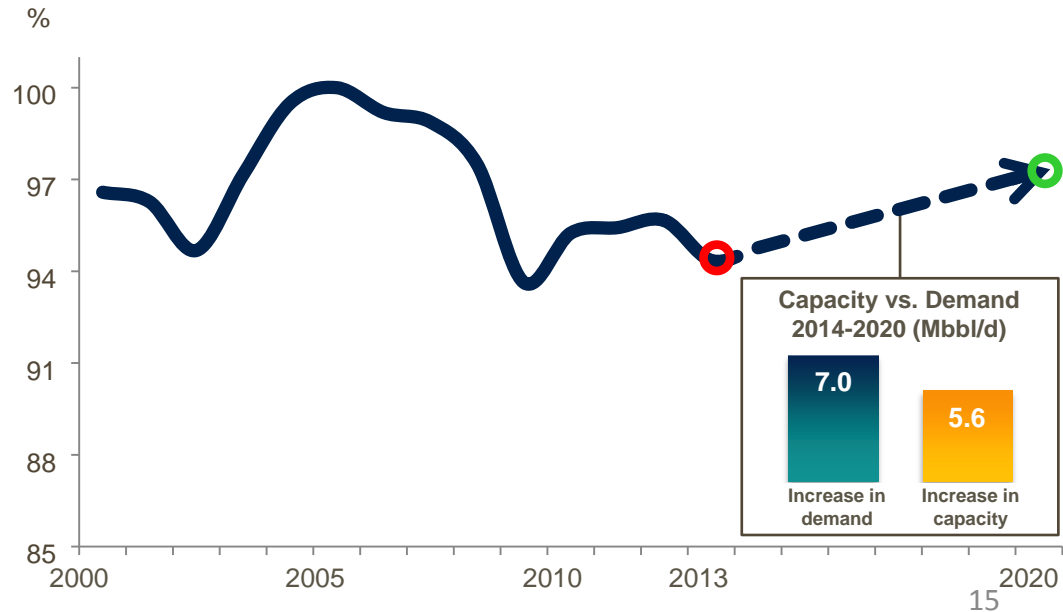
# Weaker demand, with improvement perspectives

### Production and demand of Middle Distillates in Spain since 2007

million Tons



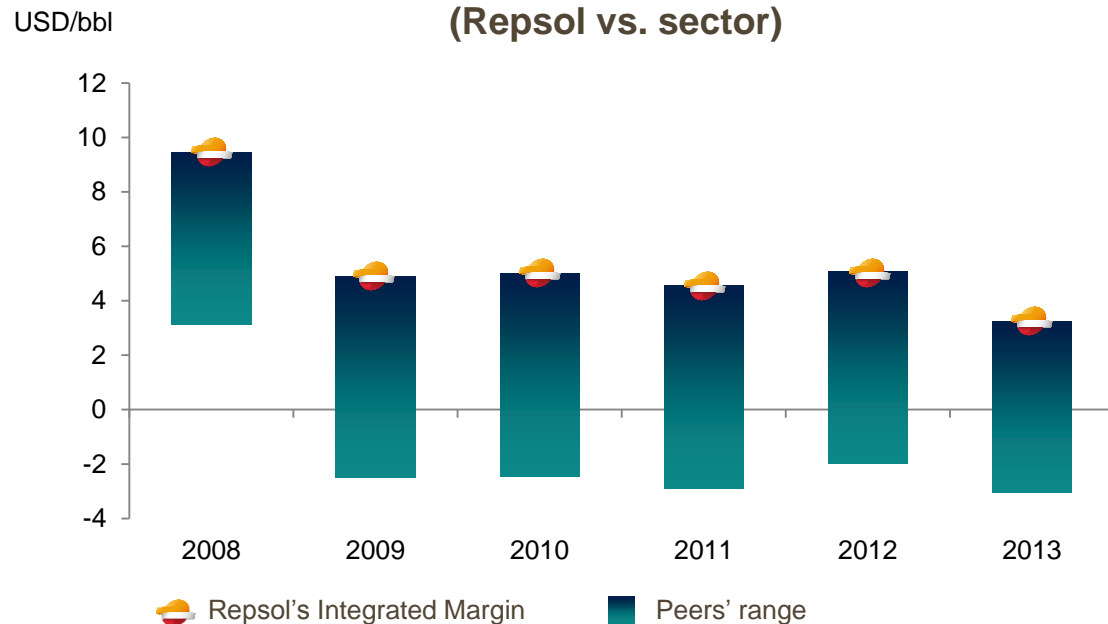
### Utilization of global refining capacity (2005=base 100)





# Leadership in refining and marketing

R&M Integrated Margin<sup>(\*)</sup> in Europe  
(Repsol vs. sector)



- Leadership position in R&M integrated margin
- Excellent quality of the Refining assets (Cartagena and Petronor projects)
- 4,600 service stations and 480 Autogas worldwide
- Increase in sales volumes
- Excellent position in **non-oil** business (shops, El Corte Inglés, Burger-King, ONCE, ...)
- New business models: **Campsa Express**

(\*) Integrated R&M margin calculated as CCS/LIFO-Adjusted operating profit of the R&M Segment in dollars divided by the total volume of crude processed (excludes petrochemical business) of a 10-peer-group: Repsol, Cepsa, Eni, Galp, OMV, MOL, Total, PKN Orlen, Hellenic Petroleum and Saras

# Sale of LNG assets

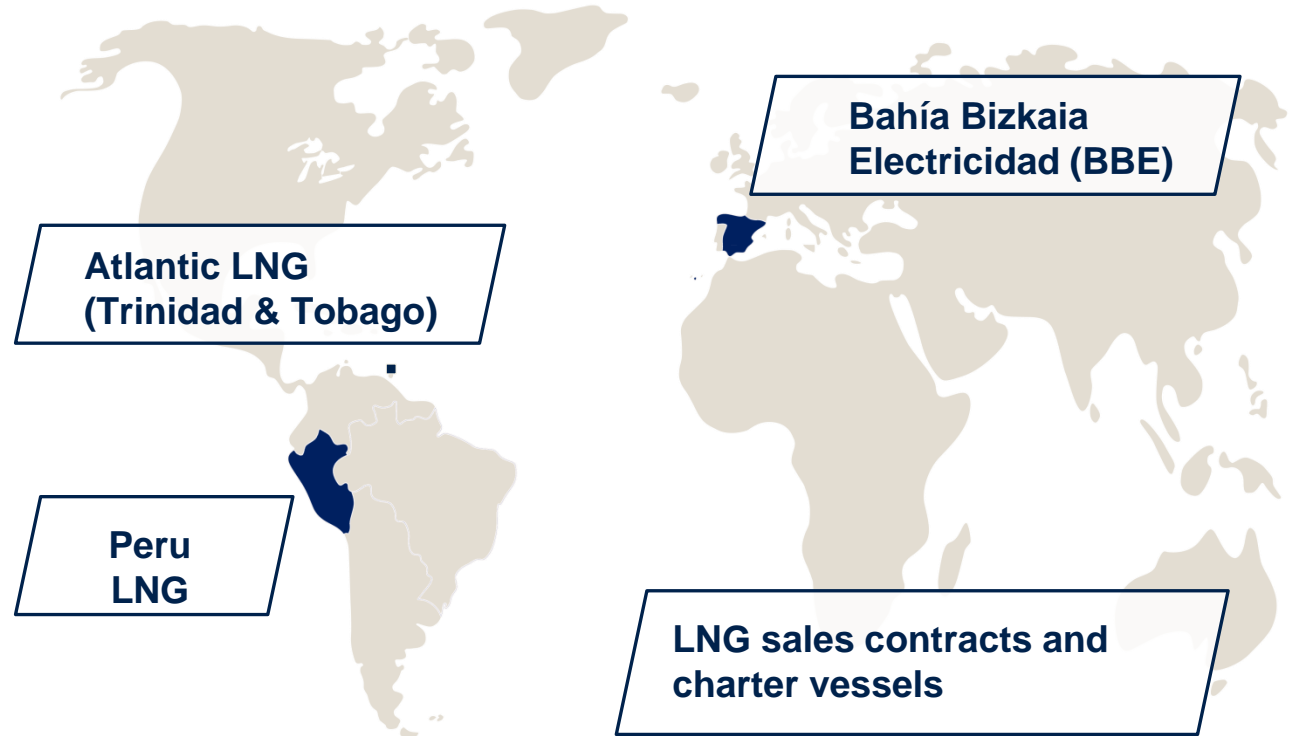
## ■ Sale of LNG assets to Shell

- 2013: licuefaction plants and supply and commercialization contracts
- 2014: other commercialization and transportation assets

## ■ Sale of the stake in BBE to BP

## ■ Figures:

- Proceeds of 4.3 billion USD
- Net debt reduction of 3.3 billion USD





# YPF Agreement

## The Agreement creates value for the shareholder

- **Repsol has been very active since the time of the expropriation**
  - Legal strategy to defend its interests
  - Search for a deal before the resolution of the ICSID
- Agreement that **avoids the normal uncertainty** of a long litigation process
- **Creating value for the shareholder:** higher economic value of the Agreement compared to the estimated value that could be obtained from a long-term litigation
- **No legal constraints to sell the remaining 12% stake in YPF**

**This Agreement will enhance our sound financial position together with the proceeds of the LNG disposal and the option to potentially sell the remaining 12% stake in YPF, in order to continue our sustainable path of growth in the Upstream business, and to continue with the creation of value for our Shareholders.**

## The Agreement creates value for the shareholder

- The Agreement between the parties “*Convenio de Solución Amigable y Avenimiento de Expropiación*” recognises Repsol’s right to receive a **compensation of 5 billion USD for the expropriated shares in YPF**, guarantees for effective payment and the agreement to put an end to the litigation, requiring them to desist from current judicial and arbitral proceedings and waiving claims of liability in the future.
- The Republic of Argentina will deliver to Repsol bonds denominated in United States dollars:
  - An initial **package of bonds with a face value of 5 billion USD** and 500 million USD in additional capitalized interests.
  - A complementary package for a maximum of 1,000 million USD. Its delivery will be adjusted so that the market value of all bonds delivered to Repsol rise at least to 4.670 million, with a maximum of 6,000 million of face value.
- Average interest of the bonds is above 8%
- Repsol may freely dispose of the bonds. Once Repsol has collected the total amount of the Compensation 5 billion USD (not taking into account interests and costs), it must return the excess to the Republic of Argentina.

## The Agreement offers the necessary guarantees

- The titles are delivered to Repsol "*pro solvendo*" ie the Republic of Argentina will not be released from the debt until it pays all maturities of principal and interest arising from the Bonds delivered or until Repsol collects the amount of the Compensation with the sale thereof.
- As an additional guarantee, in case of restructuring or default on the securities, Repsol has the right to accelerate debt payment, and seek payment of the outstanding amount up to \$5 billion through UNCITRAL.
- The Agreement will be protected by the Agreement on the Promotion and Protection of Investments between Spain and Argentina.
- It is agreed between the parties the withdrawal of lawsuits, and a series of resignations and mutual indemnities between Repsol and YPF.

**Subject to the approval of Repsol's General Shareholders Meeting and the Honorable Congress of the Republic of Argentina**

## Positive reaction from analysts

“The outcome of the YPF compensation negotiations looks **outstanding**. This shows management’s ability to navigate a turbulent situation and the desperation of the Argentine government, in our view.”  
(**Exane BNP**, February 2014)



“First of all, congratulations on the deal; really positive what you managed to achieve in terms of compensation and guarantees versus market expectations in your counterparty talks. So well done.”  
(**Banco Espirito Santo**, February 2014)



“Free at last”  
(**Societe Generale**, February 2014)



“Settlement unexpectedly good. Contains some detail/nuance that makes it better than originally reported in media”  
(**UBS**, February 2014)



“The agreement is a positive conclusion in our view”  
(**Goldman Sachs**, February 2014)



“Argentina settlement provides opportunity for next stage of transformation”  
(**UBS**, February 2014)



# 2013 Results





## 2013 Results

# CCS Adjusted Net Income of 1,823 million Euros

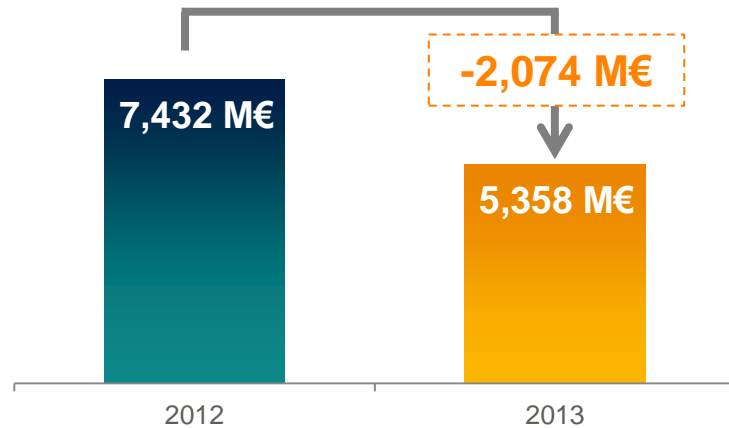
	2012	2013
Upstream	2,303	1,793
Downstream CCS <sup>(1)</sup>	920	491
LNG	535	829
Gas Natural Fenosa	930	925
Corporate and others	(367)	(301)
<b>CCS Adjusted Operating Income from continued operations<sup>(1)</sup></b>	<b>4,321</b>	<b>3,737</b>
<b>Adjusted Operating Income from continued operations</b>	<b>4,322</b>	<b>3,453</b>
<b>Adjusted Operating Income before tax</b>	<b>3,632</b>	<b>2,790</b>
<b>CCS Adjusted Net Income<sup>(1)</sup></b>	<b>1,954</b>	<b>1,823</b>
<b>Net Income<sup>(2)</sup></b>	<b>2,060</b>	<b>195</b>

(1) CCS: Current Cost of Supply. Does not include inventory effects

(2) Includes in 2103: YPF provision (-1,279 M€), inventory effect MIFO/CCS (-187 M€), LNG net gain (+1,263 M€), LNG provisions (-1,105 M€) and others (-320 M€)

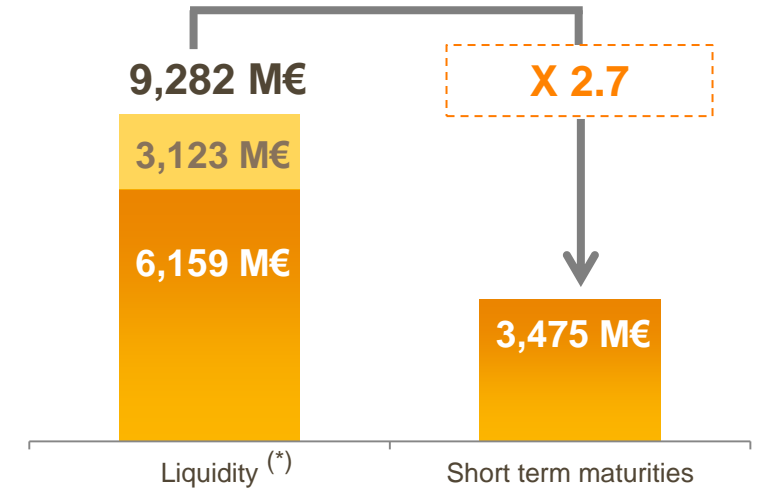
# Sound Financial Position

## Net Debt



- 28% of net debt reduction
- Excellent liquidity position
- Sale of the LNG assets
- Redemption of preferred shares

## Liquidity position



(\*) Cash and equivalents (6,159 M€) and undrawn credit lines (3,123 M€)

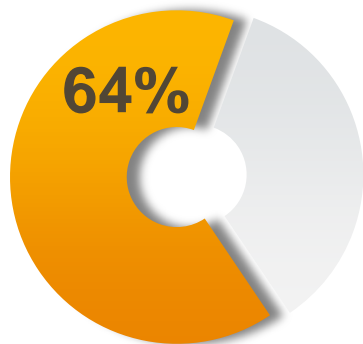


# Commitment to shareholders

# Competitive Shareholder Remuneration

2013 Remuneration: 1 €/share<sup>(\*)</sup>

Successful acceptance of scrip dividend



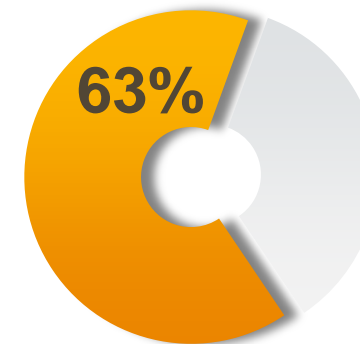
July 2012



January 2013



July 2013

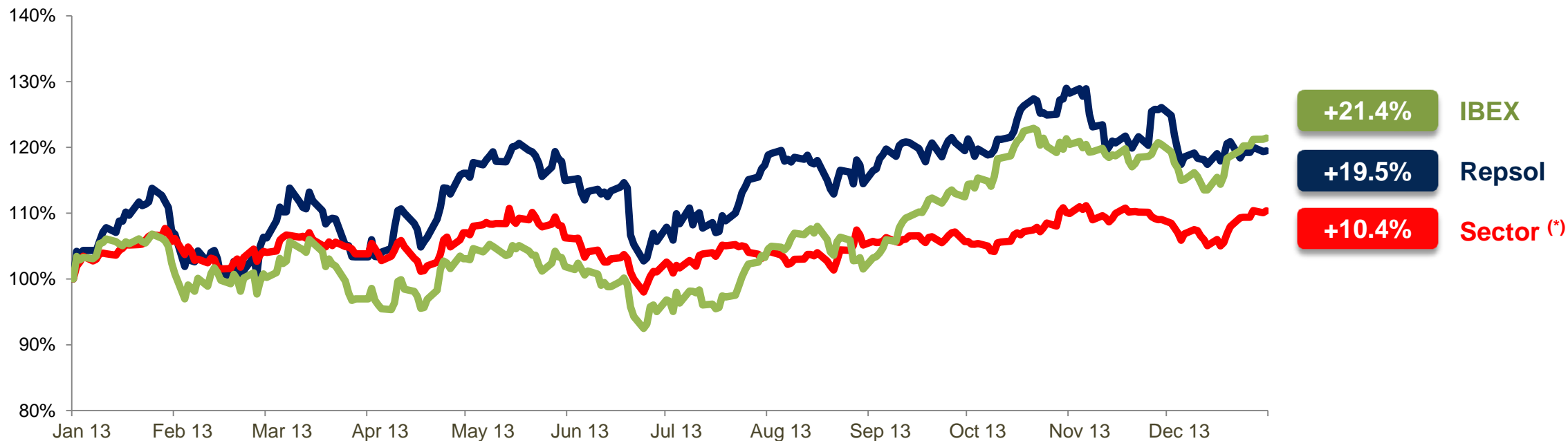


January 2014

Buyback and capital reduction plan of 500 M €

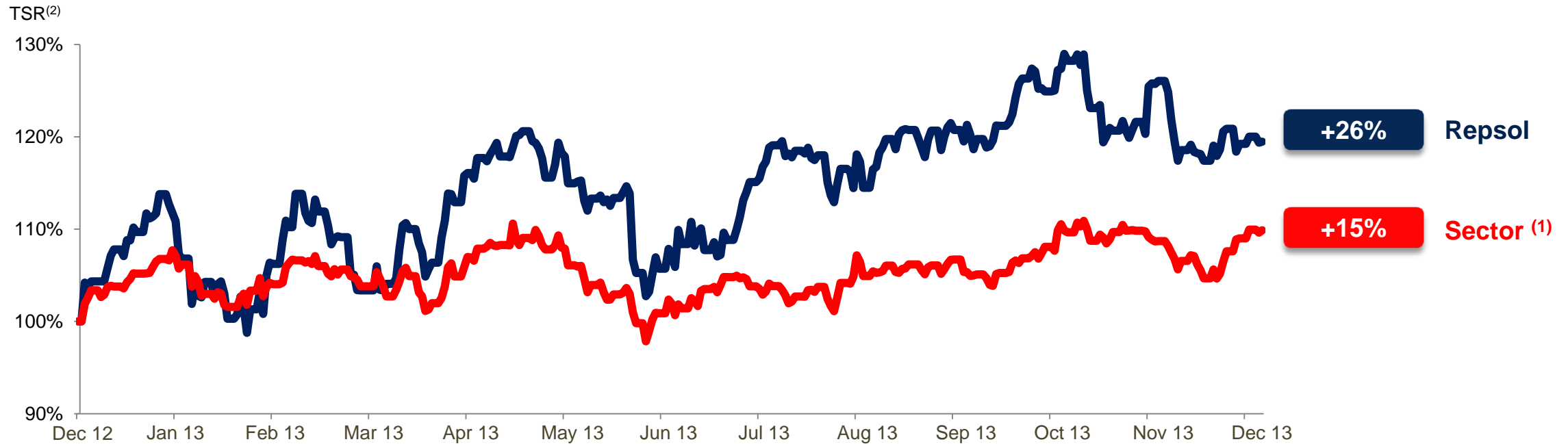
(\*) Includes the amount of the reference value of the scrip in January and July 2014

# Increase in the share price outperforming the sector



(\*) Average of the European Integrated companies: Total, Eni, BP, Shell, OMV and Statoil.

# Increase in Total Shareholder Return outperforming the sector



**Total Shareholder Return increased by 26%**

1. Sector: Total, Eni, BP, Shell, OMV and Statoil 2. TSR data (Total Shareholder Return) provided by Bloomberg.

# Positive analyst recommendations

“Repsol goza de un **posicionamiento muy atractivo** tanto en upstream como en downstream, lo que unido a una **atractiva retribución al accionista** y a una **muy fortalecida estructura financiera** contribuyen a justificar nuestra recomendación.”

(**Beka Finance**, March 2014)

**bekafinance**

“We like Repsol’s growth outlook for upstream volumes and group earnings and cash flow. Exciting exploration”

(**Santander**, March 2014)

**Santander**

“Repsol’s dividend yield is above the **sector average**”

(**Goldman Sachs**, February 2014)

**Goldman  
Sachs**

“The Repsol management team has, in our view, delivered one of the **most improved exploration businesses over the last decade**”

(**Barclays**, January 2014)

**BARCLAYS**

“Repsol has an improving asset base and capital structure and we rate the management team highly”

(**Macquarie**, January 2014)

**MACQUARIE**



**94% of the analysts  
recommends "buy" or  
"hold"**

(\*) Source Bloomberg: As of March 24<sup>th</sup>, 2014

*“Repsol en acción”*: more than 30,000 shareholders

## Innovation

Roadshows

*Accionistas* Magazine

Monthly Newsletter

## Communication

**25** ANIVERSARIO DE  
REPSOL EN BOLSA  
1989-2014

**REPSOL**  
en Acción 

## Transparency

Site visits

Conferences and events

## Proximity

Shareholders Advisory Committee  
Improved dialogue with our shareholders





# Outlook 2014



# Growth engine of the company

## Exploration

- Investments above the sector's average
- 69% intended for drilling
- 31 wells

**Capex of 1.3 billion USD**

## Production

- Increase in production above 7%
- Kinteroni onstream
- Production in Perla (Cardón IV) before year end
- Higher production in Margarita, SK, Sapinhoá and Midcontinent

**Increase in production**

# Operational excellence and competitiveness

## Industrial Businesses

- Maximum conversion capacity utilization
- Energy costs and CO<sub>2</sub> reduction
- Positive result in Petrochemicals
- Commissioning of SKSOL

## Commercial Businesses

- Focus on sales and market shares
- Increase in non-oil businesses
- Internationalization of Lubricants, Specialties and Wholesales sales.
- Optimizing asset portfolio

## Investment effort to ensure the future

**Total: 3,624 M€**



**Upstream: growth vector**

- Investments of **2,721 M€**
- 27% in Exploration
- 47% in USA and Brazil

**Downstream: large investments completed**

- Investments of **783 M€**



# Repsol in society

# Contributing to sustainable development

## Corporate Responsibility

- **12 sustainability plans in eight countries**
  - **More than 540 actions.** 85% linked to the employees' variable retribution.
- **Senior Management Road Show** with ESG investors (Environment, Social and Governance)
- Approval of the **Policy on Respect for Human Rights.**

## Safety and Environment

- One of the **sector's lowest personal accident frequency rate.**
- No fatal accidents
- **353,000 CO<sub>2</sub> tons avoided in 2013**
- 3 million CO<sub>2</sub> tons avoided since 2006

# Leadership in integration and balance

## Balance

- Leader in **balancing work and family life** in Spain (International Political Science Institute)
- Best company in the implementation of **more rational working days** (ARHOE Foundation)
- More than 1,200 people **teleworking** worldwide
- **Flexible** working hours adapted to each country

## Diversity

- More than 24,000 employees
- **80 nationalities**
- 654 employees with **different capacities** (19.5% more than in 2012)
- 2.8% of the workforce in Spain (22% in qualified technical positions)

1,700,000 people benefitted since 2009

- **Almost 60 M€ invested in the last 5 years**
- **700 social projects developed since 2009**

### **Entrepreneurs Fund**

- **1<sup>st</sup> y 2<sup>nd</sup> edition:**
  - **888 projects presented**
  - **17 projects currently being developed**
- **3<sup>rd</sup> edition: 746 projects presented (currently in the selection phase)**



# Setting the bases for the future

## Talent

- **1,062 new employees** in 2013
- **900 scholarships and internships**
- **11,000 training** actions
- **20 M€** in training (40 hours/employee)

## Innovation

- Innovation network and continuous improvement
- **11,000 ideas** in 10 campaigns
- **80 work teams**

## Technology

- **Cutting-edge** projects in **Upstream**
- Advanced fuels and lubricants, **intelligent asphalts**,...
- **Tecnology sales**: polioles, spill detection,...
- **Synthetic biology**, CO<sub>2</sub> as raw material,...
- **400 researchers** in Spain, USA and Brazil
- Working as a network with more than **120 Universities and research centers** worldwide
- **90 M€** of investment in R&D

# Leadership in the rankings of the most prestigious entities

## Environmental commitment



## Technological innovation



## Business strength



## Responsibility with the social environment



## Reliable products and services



## Repsol Team



## Transparency



## Repsol Foundation





# Our Future

# Creating value for our shareholders

**Sound financial and  
business position**

**Ongoing Upstream  
projects to ensure growth**

**High quality  
Downstream Assets**

**Many opportunities arising  
from the exploration**

**Responsible and  
sustainable commitment**

**New options  
to strengthen growth**



# Proposals submitted to the AGM

- **Points regarding the Annual Accounts, Management by the Board and the reelection of the Accounts Auditor**
  - **First.** Review and approval, if appropriate, of the Annual Financial Statements and Management Report of Repsol, S.A., the Consolidated Annual Financial Statements and Consolidated Management Report, for fiscal year ended 31 December 2013, and approval of the proposal for the allocation of profit/losses.
  - **Second.** Review and approval, if appropriate, of the management of the Board of Directors of Repsol, S.A. during 2013.
  - **Third.** Appointment of the Accounts Auditor of Repsol, S.A. and its Consolidated Group for fiscal year 2014.
  
- **Point regarding the ratification of the “*Convenio de Solución Amigable y Avenimiento de Expropiación*” executed between Repsol, S.A. And the Republic of Argentina**
  - **Fourth.** Submission for ratification of the General Shareholders’ Meeting of the “*Convenio de Solución Amigable y Avenimiento de Expropiación*” executed between Repsol, S.A. and the Republic of Argentina, addressed to end the controversy over the expropriation of the controlling stake of Repsol, S.A. and its subsidiaries in YPF, S.A. and YPF Gas, S.A.

### ■ Points regarding shareholder's compensation

- **Fifth.** Increase of share capital in an amount determinable pursuant to the terms of the resolution, by issuing new common shares having a par value of one (1) euro each, of the same class and series as those currently in circulation, charged to voluntary reserves, offering the shareholders the possibility of selling the free-of-charge allocation rights to the Company itself or on the market.
- **Sixth.** Second capital increase in an amount determinable pursuant to the terms of the resolution, by issuing new common shares having a par value of one (1) euro each, of the same class and series as those currently in circulation, charged to voluntary reserves, offering the shareholders the possibility of selling the free-of-charge allocation rights to the Company itself or on the market.
- **Seventh.** Approval of a reduction in share capital by means of the acquisition of treasury shares representing a maximum of 2.05% of the share capital through a buy-back programme, for the retirement thereof, with a maximum investment in treasury shares of 500 million euro.

- **Points regarding the Amendments of the By-laws and of the Regulations of the General Shareholders Meeting**
  - **Eighth.** Amendment with the aim of strengthening the integrated development of the Exploration and Production (Upstream) and Refining and Marketing (Downstream) businesses. Amendments of articles 15 and 22 of the By-Laws and articles 3 and 13 of the Regulations of the Shareholders' Meeting.
  - **Ninth.** Amendment with the aim of strengthening the regulations of the Nomination and Compensation Committee. Addition of a new Article 39 bis and amendment of Article 37 of the By-Laws.
  - **Tenth.** Amendment related to the statutory regulation of the interim dividend, in order to permit the possibility of its payment in kind. Amendment of Article 53 ("Interim dividends") of the By-Laws.
  - **Eleventh.** Amendment concerning regulation of the issuing of attendance, proxy and distance voting cards for General Shareholders' Meetings. Amendment of Article 23 of the By-Laws and of Articles 5 and 7 of the Regulations of the Shareholders' Meeting.
  - **Twelfth.** Amendment in order to adapt Article 45 bis of the By-Laws, related to the Report on the Remuneration Policy, to the legal name of the report. Amendment of Article 45 bis of the By-Laws.



### ■ Points regarding the composition of the Board of Directors

- **Thirteenth.** Re-election of Ms. Paulina Beato Blanco as Director.
- **Fourteenth.** Re-election of Mr. Artur Carulla Font as Director.
- **Fifteenth.** Re-election of Mr. Javier Echenique Landiribar as Director.
- **Sixteenth.** Re-election of Mr. Henri Philippe Reichstul as Director.
- **Seventeenth.** Re-election of Pemex Internacional España, S.A. as Director.

### ■ Points regarding remuneration of the Company Directors

- **Eighteenth.** Advisory vote on the Annual Report on the Remuneration of Directors of Repsol, S.A. for 2013.

### ■ Points regarding authorisation and express delegation required for the Board of Directors

- **Nineteenth.** Delegation to the Board of Directors of the power to resolve the increase of the capital stock, once or on several occasions and at any time within a period of five years, through monetary contributions, up to the nominal maximum amount of 662,258,010 euro. Delegation of the powers to exclude the preferential subscription rights.
- **Twentieth.** Authorization to the Board of Directors, directly or through subsidiaries, within a period of 5 years from the resolution of the Shareholders Meeting.

### ■ Point regarding General Matters

- **Twenty-first.** Delegation of powers to interpret, supplement, develop, execute, rectify and formalize the resolutions adopted by the General Shareholders' Meeting.

# *General Shareholders Meeting 2014*

*March 28<sup>th</sup>, 2014*



Repsol shareholders back the agreement between the Government of Argentina and the company

## **REPSOL'S ANNUAL GENERAL MEETING APPROVES YPF COMPENSATION AGREEMENT**

- **Repsol's Annual General Meeting today ratified the "Convenio de Solución Amigable y Avenimiento de Expropiación" which recognises the company's right to receive \$5 billion as compensation for the expropriation of the 51% shareholding in YPF and YPF GAS, together with payment guarantees.**
- **With the ratification of Repsol's Annual General Meeting, the agreement is subject to the approval by the National Congress of Argentina.**
- **Antonio Brufau: "We have worked very hard to obtain a just compensation. Our efforts have been rewarded with a guaranteed agreement that creates value for our shareholders and strengthens the company's financial position. Today we embark on a new phase, full of hope and growth prospects for Repsol.**
- **The AGM approved Repsol's 2013 earnings, during which the company posted a recurring net income of 1.823 billion euros at current cost of supply, increased hydrocarbons production by 4% and achieved a record reserve replacement ratio of 275%, the highest in the industry worldwide.**
- **Over the last year Repsol has continued to strengthen its international presence in OECD countries, acquiring exploration assets in the United States and Norway. The company also made nine important discoveries, achieving an exploration success rate which exceeded that of its peers.**
- **Repsol's market value gained 19.5% in 2013, beating the average rise of international oil companies (10.4%). In addition, the agreement reached in relation to YPF was applauded by international financial**

**analysts, 94% of whom have “buy” or “hold” recommendations for Repsol shares.**

- **Bearing in mind the dividends paid and the increase in share price, the returns for Repsol shareholders during the last year increased by 26%, considerably more than the industry’s average (15%.)**
- **In line with the policy that has been followed in recent years, the AGM approved two proposals for a paid-up capital increase to maintain the “Repsol Flexible Dividend” program as a way of remunerating shareholders, a program which is backed by the majority of shareholders.**
- **The AGM approved the re-election of Paulina Beato Blanco, Artur Carulla Font, Javier Echenique Landiribar, Henri Philippe Reichstul and Pemex Internacional España, S.A. as members of the Board of Directors.**
- **The AGM also voted to change the company’s bylaws and shareholders’ meeting regulations to incorporate measures that reinforce the necessary majority in key decisions and protect the integrated development of the company’s business units.**
- **Brufau highlighted that “the structural reforms adopted by the Government have been key to Spain’s changing economic situation, resulting in renewed trust from both foreign and domestic investors.”**

Repsol’s Executive Chairman, Antonio Brufau today presented the “Convenio de Solución Amigable y Avenimiento de Expropiación” to the company’s shareholders attending the Annual General Meeting which was unanimously approved by the Board of Directors on 25 February. The agreement reached with the Government of Argentina recognises the company’s right to receive \$5 billion in compensation for the expropriation of 51% of YPF and YPF GAS and stipulates guarantees for effective payment as well as the termination of current judicial and arbitration proceedings and the reciprocal waiver of future claims.

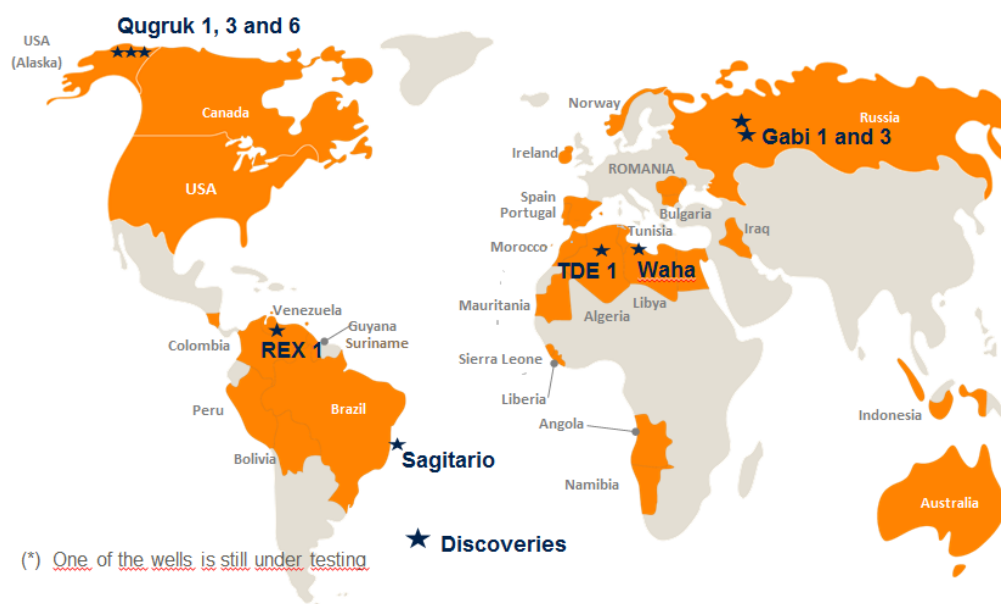
The Annual General Meeting overwhelmingly backed the agreement with Argentina, with the vast majority of its shareholders voting in favour. Thus, the agreement is definitively ratified by the company. The agreement now requires approval by the National Congress of Argentina.

Antonio Brufau, on behalf of the Board of Directors, thanked the shareholders for supporting the agreement reached with the Government of Argentina which he described as historic. "We have worked very hard to obtain a just compensation. Our efforts have been rewarded with an agreement that creates value for our shareholders and strengthens the company's financial position. Today we embark on a new phase, full of hope for future growth opportunities for Repsol."

The Annual General Meeting also approved the year-end results. The company posted a recurring net income of 1.823 billion euros at current cost of supply (CCS), and continued to increase its hydrocarbons production by 4% as a result of the start-up of three new strategic projects for the Group in Brazil, Russia and Bolivia. In 2013 Repsol also achieved a record reserve replacement ratio, of 275%, which was the highest in the industry worldwide.

During his presentation to the shareholders, Antonio Brufau highlighted the main achievements of 2013, a year in which Repsol has continued to strengthen its international presence in OECD countries with several acquisitions of exploration assets mainly in the United States and Norway. The company also made nine important hydrocarbon discoveries, achieving an exploration success rate which exceeds that of its international peers.

### Nine discoveries with an exploration success rate exceeding that of its peers



The company led its European competitors in integrated refining and marketing margins, thanks to the excellent quality of its refining assets resulting from the historic investment made in the Cartagena and Bilbao refineries. The company has an excellence plan for its service stations which are a benchmark in Spain thanks to the quality and customer service they offer.

These results are part of a company strategy based on four pillars: profitable upstream growth, maximisation of profitability downstream, financial solidity and competitive remuneration for shareholders.

Amongst the highlights of 2013, Brufau referred to the sale of LNG (liquefied natural gas) assets to Shell which was completed in January and, previously, the sale to BP of Repsol's Bahía Bizkaia Electricidad stake. The transactions represented approximately \$4.3 billion of income as well as the liberation from financial obligations and unconsolidated debt and a reduction in the company's net debt of \$3.3 billion. With these transactions the company exceeded the divestment objectives outlined in its 2012-2016 Strategic Plan.

For 2014, Antonio Brufau noted that the total investment of the company will exceed 3.6 billion euros, destined mainly to exploration and production. The company anticipates drilling 31 exploratory wells and it will continue to increase production at an annual average rate of 7%, thanks to the start-up of its projects in Kinteroni (Peru) and Perla (Venezuela,) and the increase in its production from assets in Russia, Brazil, United States and Bolivia.

## **Better outlook for the Spanish economy**

As an introduction to his review on the company's progress, the Chairman of Repsol made reference to the recent developments and positive outlook of the Spanish economy, which in the third quarter of 2013 registered economic indications that confirm a recovery from the recession and improved prospects for 2014.

Brufau highlighted that the structural reforms adopted by the Government have been key to Spain's changing economic situation, resulting in greater confidence from both foreign and domestic investors.

"The efforts of the Government and of companies such as our own should be directed at reducing the unemployment rate, society's main concern and one of the pillars for future economic growth," said Brufau.

## **Competitive remuneration for shareholders**

Repsol's Chairman explained to shareholders that the company will continue with the scrip dividend with an approximate value of one euro per share. Bearing in mind the dividends paid in 2013 and the increase in share value, the returns for the company's

shareholders are far higher than those offered by Repsol's competitors. Specifically, the total return for shareholders was 26%, compared to the sector's average of 15%.

The company's improved share-price performance was supported by the positive recommendations of international analysts: 94% have either "buy" or "hold" recommendations for Repsol shares.

As an addition to the shareholder remuneration, the AGM approved a reduction of the company's share capital through a share buyback program representative of up to 2.05% of the total, which will then be amortised as part of a repurchase programme.

### **Compensation agreement for the expropriation of YPF**

The Executive Chairman of Repsol gave a detailed explanation of the "Convenio de Solución Amigable y Avenimiento de Expropiación," which recognises the company's right to receive \$5 billion in compensation for the expropriation of 51% of YPF and YPF GAS and stipulates guarantees for effective payment as well as an agreement to desist from legal action and arbitration claims and a waiver of any new claims.

The agreement stipulates that the Government of Argentina will transfer to Repsol dollar-denominated public debt, through a fixed income portfolio for a nominal value of \$5 billion plus an additional \$500 million in capitalised interest comprised of the following bonds: Bonar X (\$500 million), Discount 33 (\$1.25 billion) and Bonar 2024 (\$3.25 billion); and a complementary portfolio for a maximum nominal value of \$1 billion made up of the following bonds: Boden 2015 (\$400 million), Bonar X (\$300 million) and Bonar 2024 (\$300 million). The transferral of the complementary bonds will be adjusted so that the market value of the bonds is no less than \$4.670 billion and up to a maximum nominal value of \$6 billion.

Brufau explained that since the expropriation, Repsol worked on two different approaches in its attempt to recover the value of the expropriation. One was an intense international judicial strategy, including an appeal to the international arbitration of the ICSID, and the other, to seek possible avenues for dialogue to reach an agreement that would remove inherent uncertainties inherent to any judicial proceeding.

Having obtained the ratification by Repsol's Annual General Meeting, the agreement remains subject, amongst others, to approval of a law especially sanctioned by the National Congress of Argentina. The transaction will be complete upon the delivery of bonds in Repsol's favour with full guarantees in their deposit through an international financial clearing entity. Repsol is free to sell these bonds. If the sale proceeds were to exceed \$5 billion (excluding costs and interest), the excess would revert to the Republic of Argentina.



The Republic of Argentina's debt will be transferred to Repsol "pro solvendo," that is that the debt will not be considered to be extinguished until full payment, be it through the sale of bonds or through ordinary payment through the bonds' maturity. As an additional guarantee, the Republic of Argentina recognises that if the debt were restructured or there were a failure to pay, Repsol has the right to accelerate debt payment and seek payment of the outstanding amount up to \$5 billion through UNCITRAL (United Nations Commission on International Trade Law). The compensation agreement is protected by the Bilateral Treaty between Spain and Argentina for the Protection of Investments (Acuerdo de Promoción y Protección de Inversiones entre España y Argentina).

## **Board renewal**

The Annual General Meeting approved the re-election of independent board members Paulina Beato Blanco, Artur Carulla Font, Javier Echenique Landiribar, Henri Philippe Reichstul and, as an institutional external director, Pemex Internacional España, S.A.

Shareholders voted in favour of changes to the bylaws and regulations of the annual general meeting to include measures that reinforce the majorities needed to approve key decisions that aim to protect the integrated nature of the company's business units.

To conclude his speech, Repsol's Chairman explained to shareholders the positive outlook of the company's main business units for 2014. This year, a 3.6 billion-euro investment plan will be executed to guarantee the company's future. Brufau assures shareholders that Repsol's strong financial and business position guarantees the company's growth and will continue creating value for the shareholder.



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Madrid, March 28, 2014

The Ordinary General Shareholders' Meeting of **Repsol, S.A.**, held today, on first call, has 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 has 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, intended to put an end to the controversy over the expropriation of the controlling stake of Repsol, S.A. and its subsidiaries in YPF S.A. and YPF Gas S.A. With this full and unconditional ratification, Repsol complies with one of the conditions precedent agreed for the Agreement to become effective.

Likewise, the Ordinary General Shareholders' Meeting approved the re-election as Directors of Ms. Paulina Beato Blanco, Mr. Artur Carulla Font, Mr. Javier Echenique Landiribar, Mr. Henri Philippe Reichstul and Pemex Internacional España, S.A, all of them for the statutory term of 4 years. With these agreements and with the ones adopted in the meeting of the Board of Directors held after the Ordinary General Shareholders' Meeting, the composition of the Board of Directors of Repsol and of its Committees is as follows:

**Board of Directors:**

<i>Chairman:</i>	Mr. Antonio Brufau Niubó	(Executive Director)
<i>1<sup>st</sup> Vice-Chairman:</i>	Mr. Isidro Fainé Casas	(External Proprietary Director)
<i>2<sup>nd</sup> Vice-Chairman:</i>	Mr. Manuel Manrique Cecilia	(External Proprietary Director)
<i>Directors:</i>	Mrs. Paulina Beato Blanco	(Independent External Director)
	Mr. Artur Carulla Font	(Independent External Director)
	Mr. Luis Carlos Croissier Batista	(Independent External Director)
	Mr. Rene Dahan	(External Proprietary Director)
	Mr. Ángel Durández Adeva	(Independent External Director)
	Mr. Javier Echenique Landiribar	(Independent External Director)
	Mr. Mario Fernández Pelaz	(Independent External Director)
	Mrs. María Isabel Gabarró Miquel	(Independent External Director)
	Mr. José Manuel Loureda Mantiñán	(External Proprietary Director)
	Mr. Juan María Nin Génova	(External Proprietary Director)
	Pemex Internacional España, S.A.	(External Proprietary Director)
	Mr. Henri Philippe Reichstul	(Independent External Director)
	Mr. Luis Suárez de Lezo Mantilla (*)	(Executive Director)

(\*) Director and Secretary



**Delegated Committee:**

Mr. Antonio Brufau Niubó (Chairman)  
Mr. Isidro Fainé Casas  
Mr. Manuel Manrique Cecilia  
Mr. Artur Carulla Font  
Mr. Rene Dahan  
Mr. Javier Echenique Landiribar  
Pemex Internacional España, S.A.  
Mr. Henri Philippe Reichstul  
Mr. Luis Suárez de Lezo Mantilla

**Audit and Control Committee:**

Mr. Ángel Durández Adeva (Chairman)  
Mrs. Paulina Beato Blanco  
Mr. Luis Carlos Croissier Batista  
Mr. Javier Echenique Landiribar

**Nomination and Compensation Committee:**

Mr. Artur Carulla Font (Chairman)  
Mr. Mario Fernández Pelaz  
Mrs. María Isabel Gabarró Miquel  
Mr. José Manuel Loureda Mantiñán  
Mr. Juan María Nin Génova

**Strategy, Investment and Corporate Social Responsibility Committee:**

Mr. Juan María Nin Génova (Chairman)  
Mr. Luis Carlos Croissier Batista  
Mrs. María Isabel Gabarró Miquel  
Mr. José Manuel Loureda Mantiñán  
Pemex Internacional España, S.A.

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