SUPPLEMENT DATED 4 AUGUST 2014 TO THE BASE PROSPECTUS DATED 30 MAY 2014

REPSOL INTERNATIONAL FINANCE B.V.

(A private company with limited liability incorporated under the laws of The Netherlands and having its statutory seat (statutaire zetel) in The Hague)

EURO 10,000,000,000

Guaranteed Euro Medium Term Note Programme

Guaranteed by

REPSOL, S.A.

(A sociedad anónima organised under the laws of the Kingdom of Spain)

This supplement (the ***Supplement***) to the base prospectus dated 30 May 2014 (the ***Base Prospectus***), constitutes a supplement, for the purposes of Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter 1 of Part II of the and *loi relative aux prospectus pour valeurs mobilières du 10 juillet 2005* (the Luxembourg law on prospectuses for securities of 10 July 2005), as amended by the Luxembourg law of 3 July 2012 (the ***Luxembourg Act***), to the Base Prospectus and is prepared in connection with the EURO 10,000,000,000 Guaranteed Euro Medium Term Note Programme established by Repsol International Finance B.V. (the ***Issuer***) and guaranteed by Repsol, S.A. (the ***Guarantor***). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with the Base Prospectus issued by the Issuer and the Guarantor.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The information incorporated by reference to the Base Prospectus by virtue of this Supplement has been translated from the original Spanish.

The Dealers, the Trustee and the Arranger have not separately verified the information contained in the Base Prospectus, as supplemented by this Supplement. None of the Dealers or the Arranger or the Trustee makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in the Base Prospectus, as supplemented by this Supplement.

Risk Factors

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in connection with **Section "RISK FACTORS"** to replace the information contained under "**Uncertainty in the current economic context**" in pages 6 and 7 of the Base Prospectus with the following information in order to provide with the information obtained from the latest published financial statements:

"Uncertainty in the current economic context

Despite the risks resulting from the 2009 financial crisis having lessened slightly, global economic recovery continues to be too weak to significantly reduce levels of debt in many sectors of advanced economies, and increasingly so in emerging economies. This, together, with historically low interest rates during the past five years, which could have led to some agents assuming excessive risk, is a significant additional source of risk, due to the vulnerability to future interest rate rises.

In the Euro zone, interior market fragmentation could keep unemployment at excessive levels in some countries, driving up deflationary pressures which will have a negative impact on the economic and monetary union as a whole.

Meanwhile, persistent pressure on the sustainability of government finances in advanced economies has led to pronounced tensions in credit markets, and could prompt fiscal reforms or changes in the regulatory framework of the oil and gas industry. Finally, the economic-financial situation could have a negative impact on third parties with whom Repsol does or could do business. Any of the factors described above, whether in isolation or in combination with each other, could have an adverse effect on the financial condition, businesses, or results from Repsol operations."

Information on Repsol International Finance B.V.

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in connection with **Section "INFORMATION ON REPSOL INTERNATIONAL FINANCE B.V."** to replace the last paragraph under "**Selected non-consolidated financial information**" in pages 34 of the Base Prospectus with the following information:

"During the period starting on 1 January 2014 through 30 June 2014, income before tax decreased by U.S.$23.5 million compared to the same period of the previous year mainly due to income from dividends received from Occidental de Colombia LLC (in which the Issuer currently holds a 25% stake), lower interest margin during 2014 and a positive exchange difference in 2013 related to an intercompany balance."

Legal and Arbitration Proceedings

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, to add at the end of the **Section "LEGAL AND ARBITRATION PROCEEDINGS – Other legal and arbitration proceedings"** (page 75 of the Base Prospectus), and just before the Section "LEGAL AND ARBITRATION PROCEEDINGS – Administrative and legal proceeding of a tax nature", the following information in order to provide with the information obtained from the latest published financial statements:

*"**Spain***

Sentences of the National High Court ("Audiencia Nacional") in relation to regulated bottled LPG

On May 9, 2014, Repsol Butano, S.A. was notified of three sentences issued by the Contentious Administrative Court of the National High Court ("Audiencia Nacional") awarding Repsol Butano, S.A. the right of being compensated for the damages caused by the quarterly resolutions issued by the Directorate-General of Energy and Mining Policy determining the maximum retail prices for regulated LPG containers for the second, third and fourth quarters of 2011 and the first quarter of 2012 totalling €63.9 million of principal plus the corresponding late payment interest legally due.

In those sentences, the National High Court declares the existence in these cases of the elements that determine the public administration pecuniary liability and also confirms the quantification of the damages caused by the quarterly resolutions appealed by Repsol Butano, S.A. as stated by the independent experts designated by Repsol Butano, S.A. and the Court.

Even though the State Attorney's Office has announced further appeal in cassation, the fact is that the government did not contend at the National High Court the public administration pecuniary liability but rather questioned the assessment and quantification of the damages with arguments that have been individually dismissed on substantiated grounds by the above mentioned sentences upholding our claims.

Such reasoning of the National High Court, along with the arguments raised by Repsol Butano to defend its claim, make it highly probable that the abovementioned High Court sentences will be upheld by the Supreme Court."

Board of Directors of Repsol, S.A.

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in connection with **Section "BUSINESS DESCRIPTION – 5. Directors, senior management and employees – Directors and officers of Repsol – Board of Directors"** in pages 48-57 of the Base Prospectus:

(i) to replace the table of members of the Board of Directors of Repsol contained in page 48 in order to reflect the resignation of Pemex Internacional España, S.A. as Board member announced on June 4, 2014:

"As of the date of this Base Prospectus, the members of the Board of Directors of Repsol were as follows:

	Position	***Year first appointed***	***Current term expires***
Antonio Brufau Niubó [(1) (2)]	*Chairman and Director*	*1996*	*2015*
Isidro Fainé Casas [(1) (4)]	*Vice-Chairman and Director*	*2007*	*2016*
Manuel Manrique Cecilia [(1) (5)]	*Vice-Chairman and Director*	*2013*	*2017*
Josu Jon Imaz San Miguel [(1) (2 (15)]	*CEO and Director*	*2014*	*2015*
Artur Carulla Font [(1) (3) (9) (13)]	*Director*	*2006*	*2018*
Luís Carlos Croissier Batista [(3) (8) (12)]	*Director*	*2007*	*2015*
Rene Dahan [(1) (6)]	*Director*	*2013*	*2017*
Ángel Durández Adeva [(3) (7)]	*Director*	*2007*	*2015*
Javier Echenique Landiríbar [(3) (8) (12)]	*Director*	*2006*	*2018*
Mario Fernández Pelaz [(3) (10)]	*Director*	*2011*	*2015*
María Isabel Gabarró Miquel [(3) (10) (12)]	*Director*	*2009*	*2017*
Jose Manuel Loureda Mantiñán [(5) (10) (12)]	*Director*	*2007*	*2015*
Juan María Nin Génova [(4) (10) (11)]	*Director*	*2007*	*2016*
Henri Philippe Reichstul [(1) (3) (14)]	*Director*	*2005*	*2018*
Luís Suárez de Lezo Mantilla [(1) (2)]	*Director and Secretary*	*2005*	*2017*

(1) Member of the Delegate Committee (Comisión Delegada).

(2) Executive Director.

(3) Independent outside director as determined in accordance with the Bylaws and the Regulations of the Board of Directors.

(4) Nominated for membership by Caixabank, S.A. (previously named Criteria CaixaCorp, S.A.), member of la Caixa group.

(5) Nominated for membership by Sacyr Vallehermoso, S.A.

(6) Nominated for membership by Temasek

(7) Chairman of the Audit and Control Committee.

(8) Member of the Audit and Control Committee.

(9) Chairman of the Nomination and Compensation Committee.

(10) Member of the Nomination and Compensation Committee.

(11) Chairman of the Strategy, Investment and Corporate Social Responsibility Committee.

(12) Member of the Strategy, Investment and Corporate Social Responsibility Committee.

(13) By resolution of the Board of Directors, Mr. Artur Carulla has been appointed Lead Independent Director with the following functions: (i) to request the Chairman of the Board of Directors to convene that body where deemed appropriate; (ii) to request the inclusion of items in the agenda for the meetings of the Board of Directors; (iii) to coordinate and voice the opinions of the external Directors; (iv) to direct the Board's evaluation of its Chairman's performance; and (v) to call and chair meetings of the independent Directors where deemed necessary or appropriate.

(14) Mr. Henri Philippe Reichstul has irrevocable committed to resign from his position as Director at the date of the general shareholders' meeting 2017, so that the limit of 12 years for being considered an independent external Director is not exceeded.

(15) Mr. Josu Jon Imaz was designated by co-optation (cooptación) by resolution of the Board of Directors dated 30 April 2014 to fill the vacancy existing after the resignation of Ms. Paulina Beato. His appointment as member of the Board will be submitted for ratification at the next annual general shareholders' meeting."

(ii) to delete the overview description of the experience and principal business activities of Mr. Arturo Francisco Henríquez Autrey (representative of Pemex Internacional España, S.A.) contained in pages 53 and 54.

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in connection with **Section "BUSINESS DESCRIPTION – 5. Directors, senior management and employees – Share ownership of directors and officers"** in pages 60 and 61 of the Base Prospectus, to replace the entire section with the following information:

"The total number of shares owned individually by the members of the Board of Directors as of the date of this Base Prospectus is 542,357 which represents 0.040% of the share capital of the Guarantor.

	Number of shares owned	*Number of shares indirectly held*	*Total shares*	*%Total shares outstanding*	*Nominating shareholders*	*Number of shares owned by nominating shareholders*	
						Number[(1)]	*%*
Antonio Brufau Niubó	*330.155*	*924*	*331.079*	*0.025*	—	—	—
Isidro Fainé Casas [(3)]	*280*	---	*280*	*0.000*	*Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona*	*160,629,602*	*11.90*
Manuel Manrique Cecilia[(2)]	*113*	*987*	*1.100*	*0.000*	*Sacyr, S.A.*	*122,208,433*	*9.05*
Josu Jon Imaz San Miguel	*34.773*	---	*34.773*	*0.003*	—	—	—
Artur Carulla Font	*54.096*	---	*54.096*	*0.004*	—	—	—
Mario Fernández Pelaz	*4.657*	---	*4.657*	*0.000*	—		
Luis Carlos Croissier Batista	*1.395*	*571*	*1.966*	*0.000*	—	—	—
Ángel Durández Adeva	*6.926*	---	*6.926*	*0.001*	—	—	—
Javier Echenique Landiribar	---	*20.025*	*20.025*	*0.002*	—	—	—
María Isabel Gabarró Miquel	*9.745*	*4.554*	*14.299*	*0.001*	—	—	—
José Manuel Loureda Mantiñán [(2)]	*61*	*31.673*	*31.734*	*0.002*	*Sacyr, S.A.*	*122,208,433*	*9.05*
Juan María Nin Génova [(3)]	*280*	---	*280*	*0.000*	*Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona*	*160,629,602*	*11.90*
Henri Philippe Reichstul	*50*	---	*50*	*0.000*	—	—	—
Rene Dahan.[(4)]	*10.810*	---	*10.810*	*0.001*	*Temasek*	*82,949,191*	*6.14*
Luís Suárez de Lezo Mantilla	*30.282*	---	*30.282*	*0.002*	—	—	—
Total	***483.623***	***58.734***	***542.357***	***0.040***	**—**	**—**	**—**

(1) *According to the latest information available to Repsol.*

(2) *Nominated for membership by Sacyr, S.A.*

(3) *Nominated for membership by Fundación Bancaria Caixa d'Estalvis y Pensions de Barcelona, "la Caixa".*

(4) *Nominated for membership by Temasek.*

Those current members of the Executive Committee who are not also directors of Repsol, S.A. together hold 363,211 outstanding shares of Repsol, S.A., representing 0.027% of its share capital."

Major shareholders of Repsol, S.A.

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in connection with **Section "BUSINESS DESCRIPTION – 6. Major shareholders and related party transactions – Major shareholders of Repsol** in pages 61-62 of the Base Prospectus, to replace the entire section with the following information:

"In accordance with the latest information available to Repsol, Repsol's major shareholders beneficially owned the following percentages of ordinary shares of Repsol, S.A.

Shareholder	*Percentage ownership (direct)*	*Percentage ownership (indirect)*	*Total number of shares*	*Total percentage ownership*
	%	*%*		*%*
Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona.[(1)]	*0.00*	*11.90*	*160,629,602*	*11.90*
Sacyr, S.A.[(2)]	*0.00*	*9.05*	*122,208,433*	*9.05*
Temasek [(3)]	*0.00*	*6.14*	*82,949,191*	*6.14*
Blackrock [(4)]	*0.00*	*3.03*	*40,939,119*	*3.03*

(1) Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona holds its interest through CaixaBank, S.A., a company in which it in turn has a 58.844% shareholding.

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

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

(4) Blackrock holds its interest through several controlled subsidiaries, all of which are subject to the same voting policy. This information is based on the statement filed by Blackrock with the CNMV on June 25, 2014 and therefore prior to the closing of the last paid up capital increase."

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in connection with **Section "BUSINESS DESCRIPTION – 6. Major shareholders and related party transactions – Related party transactions** in pages 62 of the Base Prospectus, to replace the entire section with the following information:

"Information related to transactions between Repsol and its related parties can be found at Note 32 to the consolidated financial statements for the year ended 31 December 2013 and Note 33 to the consolidated financial statements for the year ended 31 December 2012, all of which are incorporated by reference into, and form part of, this Base Prospectus. Additional information on this item is also contained in Section D of the Annual Report on Corporate Governance for the year ended 31 December 2013 and in section C of the Annual Report on Corporate Governance for the year ended 31 December 2012, respectively, which are incorporated by reference into, and form part of, this Base Prospectus.

This information is updated in Note 8 of the interim condensed consolidated financial statements for the six-month period ended June 30, 2014, which are incorporated by reference into, and form part of, this Base Prospectus."

Material Contracts.

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in connection with Section **"BUSINESS DESCRIPTION – 7. Material Contracts – Agreement with Argentina** in pages 62-65 of the Base Prospectus, to incorporate the following information at the end of the section:

"As of December 31, 2013, the balance recognized in "Non-current assets held for sale subject to expropriation" in respect of the Repsol Group's shares in YPF S.A. and YPF Gas S.A. amounted to €3,625 million euros.

On May 8, 2014, upon entry into force and full effectiveness of the Agreement, the shares corresponding to 51% of YPF S.A. and YPF GAS S.A. were derecognized and a pre-tax loss of €42 million, relating to the cumulative effect of the trend in the dollar/euro exchange rate previously registered under "Adjustments for changes in value" in equity, was transferred to profit and loss ("Net income for the period from discontinued operations").

As of the same date, the Group recognized U.S.$5,000 million within "Non-current financial assets" corresponding to the debt collection right awarded by the Argentine Republic as stated in the Agreement."

Business description – Recent Development

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in relation to **Section** "**BUSINESS DESCRIPTION – 8. Recent developments**", to replace the information regarding "**Sale of remaining interest in YPF**" in pages 69 of the Base Prospectus with the following information:

"*On 6 May 2014, Repsol sold to Morgan Stanley & Co. LLC 11.86% of the share capital of YPF S.A. represented by 46,648,538 ordinary Class D Shares for U.S.$1,255 million, pursuant to Rule 144 under the U.S. Securities Act of 1933. Each share sold was in the form of American Depositary Shares (ADSs).*

On 12 May 2014, Repsol sold to JMB Capital Partners Master Fund, L.P. and Scoggin International Fund Ltd. 0.48% of the share capital of YPF S.A., represented by 1,887,362 ordinary Class D shares in the form of ADSs for U.S.$56 million. The ADSs sold were acquired by Repsol Group from Petersen Group on 8 May 2014 as a result of the enforcement of the share pledge over such ADSs.

Finally, Repsol sold 150,000 ordinary Class D shares on the market in the form of American Depositary Shares (ADSs), for U.S.$ 5 million.

The above-listed transactions have generated a pre-tax income of €453 million, which has been recorded under Financial Result."

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in relation to **Section** "**BUSINESS DESCRIPTION – 8. Recent developments**", to replace the information regarding "**Sale of Argentinean bonds**" in pages 69 of the Base Prospectus with the following information:

"On 9, 13 and 22 of May 2014, Repsol agreed with JP Morgan Securities plc several transactions relating to the sale of the whole portfolio of bonds delivered by the Republic of Argentina pursuant to the Agreement as a means of payment of the compensation for the expropriation of the controlling stake of the Group in YPF and YPF Gas, for a total of U.S.$4,997 million. These sales extinguished the debt recognised by the Republic of Argentina to Repsol in the Agreement and have generated in the six-month period ended 30 June 2014 a pre-tax gain of €59 million that includes the inherent costs of the operation)."

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in relation to **Section** "**BUSINESS DESCRIPTION – 8. Recent developments**", to replace the information regarding "**Repsol Flexible Dividend (in substitution of final dividend 2013) and interim dividend 2014**" in pages 69 and 70 of the Base Prospectus with the following information:

*"**Repsol Flexible Dividend (in substitution of final dividend 2013) and extraordinary interim dividend 2014***

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 7 July 2014, Repsol, S.A. reported the closure and final figures related to the capital increase. 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 to purchase 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."

Both the Issuer and the Guarantor consider advisable, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, and in relation to **Section** "**BUSINESS DESCRIPTION – 8. Recent developments**", to add at the end of the Section (page 70 of the Base Prospectus) the following information:

*"**Sale by PEMEX of 7.86% of Repsol, S.A. share capital***

On 4 June 2014, the closure of an accelerated book building of a total amount of de 104,057,057 Repsol, S.A. shares, ownership of PMI Holdings, B.V. (subsidiary of PEMEX), representing a 7.86% of Repsol, S.A. share capital was announced. 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, effective immediately.

Early redemption of Bonds Series I/2013 of Repsol, S.A.

On 17 June 2014, Repsol, S.A. announced the early redemption of the Bonds Series I/2013 (ISIN code ES0273516007) in whole on July 1, 2014, which was the next interest payment date. The Bonds were redeemed in cash and at par value. The redemption beard 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 – CNMV) 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."

2014 Half year reports and regulatory announcements

On 24 July 2014, the Guarantor filed its unaudited condensed consolidated interim financial statements, prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union (**IFRS-EU**), as of and for the six-month period ended 30 June 2014 (the **Interim Financial Statements**) ,its interim management report for the six-month period ended 30 June 2014 (the **Interim Management Report**) and the auditor´s Limited Review Report with the CNMV. On the same date, the Guarantor also filed an unaudited preview of its income statement for the second quarter of the year 2014 (the **Preview of Income Statement 2Q2014**) with the CNMV. An English-language translation of the Interim Financial Statements, the Interim Management Report and the Income Statement Preview have been filed with the Luxembourg Financial Sector Surveillance Commission (*Commission de Surveillance du Secteur Financier* or ***CSSF***) and, by virtue of this Supplement, are incorporated by reference in, and form part of, the Base Prospectus. This Supplement also incorporates by reference certain regulatory announcement released by the Guarantor since the date of the Base Prospectus.

To the extent there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by virtue of this Supplement, and (b) any other statement, pre-dating this Supplement, in, or incorporated by reference into, the Base Prospectus, the statements in (a) above shall prevail.

Documents incorporated by reference

Both the Issuer and the Guarantor consider advisable to incorporate by reference into the Base Prospectus via this Supplement (i) the Limited Review Report of the Interim Financial Statements and the Interim Management Report of the Guarantor; (ii) the Guarantor's Interim Financial Statements, (iii) the Guarantor's Interim Management Report; (iv) the Preview of Income Statement 2Q2014, and (v) certain regulatory announcements of the Guarantor; and therefore, pursuant to Article 16 of the Prospectus Directive as implemented by Article 13 of Chapter I of Part II of the Luxembourg Act, to amend the **Section "DOCUMENTS INCORPORATED BY REFERENCE"** (pages 19-23 of the Base Prospectus) by the inclusion of the following documents to the list "**Information incorporated by reference**" (page 19 of the Base Prospectus). The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Prospectus Regulation.

As long as any of the Notes are outstanding, this Supplement and each document incorporated by reference into the Base Prospectus via this Supplement will be available for inspection, free of charge, at the offices of the Issuer at Koninginnegracht 19, 2514 AB The Hague, The Netherlands during normal business hours and on the website of the Luxembourg Stock Exchange at www.bourse.lu. In addition, copies of the documents incorporated by reference referred to above can be obtained from the website of the Issuer at http://www.repsol.com/es_en/corporacion/accionistas-inversores/informacion-financiera/financiacion/repsol-international-finance/programa-emision-continua.aspx

The paragraph 2 in the "General Information" section on page 126 of the Base Prospectus shall be deleted and replaced with the following text to take into account of the publication and incorporation by reference into the Base Prospectus of the Guarantor's 2014 Half year reports:

"To the best of the knowledge of the Issuer, there has been no material adverse change in its prospects since 31 December 2013 (being the date of the last published audited financial statements) nor has there been, save as disclosed on page 34 and under headings "Agreement with Argentina" in section "Business Description—7. Material Contracts" and "Sale of Argentinian sovereign bonds" in Section "Business Description—8. Recent

Developments", any significant change in the financial or trading position of the Issuer and its consolidated subsidiaries since 31 December 2013.

To the best of the knowledge of the Guarantor, there has been no material adverse change in its prospects since 31 December 2013 (being the date of the last published audited financial statements) nor has there been, save as disclosed in under headings "Early redemption of Bonds Series I/2013 of Repsol, S.A" in Section "Business Description—8. Recent Developments" any significant change in the financial or trading position of the Group since 30 June 2014."

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has been noted or, to the best of the knowledge of the Issuer and the Guarantor, has arisen, as the case may be, since the publication of the Base Prospectus.

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

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Repsol, S.A.:

Report on the interim condensed consolidated financial statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Repsol, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated balance sheet at 30 June 2014 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

Our limited review was performed in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which under no circumstances may be considered an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2014 were not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

Emphasis of matter paragraph

We draw attention to Note 2 to the accompanying interim condensed consolidated financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2013. This matter does not affect our conclusion.

Report on other legal and regulatory requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2014 contains the explanations which the Parent's directors consider appropriate about the significant events which took place in this period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2014. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Repsol, S.A. and Subsidiaries.

Other matters paragraph

This report was prepared at the request of the Company's directors in relation to the publication of the half-yearly financial report required by Article 35 of Spanish Securities Market Law 24/1988, of 28 July, implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Javier Ares San Miguel
23 July 2014

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2014

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

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

Repsol, S.A. and investees comprising the Repsol Group
Consolidated balance sheet at June 30, 2014 and December 31, 2013

		Millions of euros	
ASSETS	Note	**06/30/2014**	**12/31/2013 (1)**
Intangible Assets:		1,694	1,729
a) Goodwill		486	490
b) Other intangible assets		1,208	1,239
Property, plant and equipment	3	15,982	16,026
Investment property		39	24
Investment accounted for using the equity method	3	10,652	10,340
Non-current assets held for sale subject to expropriation	3	-	3,625
Non-current financial assets	5	520	1,888
Deferred tax assets		4,097	4,079
Other non-current assets		119	60
NON-CURRENT ASSETS		**33,103**	**37,771**
Non current assets held for sale	3	87	1,692
Inventories		5,388	4,938
Trade and other receivables:		6,120	4,935
a) Trade receivables		3,957	3,219
b) Other receivables		1,469	1,330
c) Income tax assets		694	386
Other current assets		151	141
Other current financial assets	5	1,616	354
Cash and cash equivalents	5	6,845	5,716
CURRENT ASSETS		**20,207**	**17,776**
TOTAL ASSETS		**53,310**	**55,547**

(1) Includes the necessary modifications with respect to the consolidated financial statements for the year ended December 31, 2013 in relation to the application of IFRS 11 (see Note 2 "*Basis of presentation*").

Notes 1 to 13 are an integral part of the consolidated balance sheet at June 30, 2014.

Repsol, S.A. and investees comprising the Repsol Group
Consolidated balance sheet at June 30, 2014 and December 31, 2013

		Millions of euros	
LIABILITIES AND EQUITY	Note	**06/30/2014**	**12/31/2013** [(1)]
NET EQUITY			
Issued share capital	3	1,350	1,324
Share premium		6,428	6,428
Legal Reserve		259	259
Treasury shares and own equity instruments	3	(3)	(26)
Retained earnings and other reserves		19,550	19,785
Total net income attributable to the parent		1,327	195
Dividends and remunerations		(1,324)	(232)
EQUITY		**27,587**	**27,733**
Financial assets available for sale		(6)	488
Hedge transactions		(87)	(60)
Translation differences		(795)	(954)
ADJUSTMENTS FOR CHANGES IN VALUE		**(888)**	**(526)**
EQUITY ATTRIBUTABLE TO THE PARENT		**26,699**	**27,207**
MINORITY INTERESTS		**255**	**243**
TOTAL EQUITY		**26,954**	**27,450**
Grants		10	10
Non-current provisions		2,710	2,700
Non-current financial liabilities:	5	7,222	8,469
a) Bank borrowings, bonds and other securities		7,153	8,413
b) Other financial liabilities		69	56
Deferred tax liabilities		1,834	1,866
Other non-current liabilities		1,709	1,676
NON-CURRENT LIABILITIES		**13,485**	**14,721**
Liabilities related to non-current assets held for sale	3	-	1,457
Current provisions		168	249
Current financial liabilities:	5	6,206	5,833
a) Bank borrowings, bonds and other securities		6,122	5,780
b) Other financial liabilities		84	53
Trade payables and other payables:		6,497	5,837
a) Trade payables		3,046	2,588
b) Other payables		3,196	3,114
c) Current income tax liabilities		255	135
CURRENT LIABILITIES		**12,871**	**13,376**
TOTAL EQUITY AND LIABILITIES		**53,310**	**55,547**

(1) Includes the necessary modifications with respect to the consolidated financial statements for the year ended December 31, 2013 in relation to the application of IFRS 11 (see Note 2 *"Basis of presentation"*).

Notes 1 to 13 are an integral part of the consolidated balance sheet at June 30, 2014.

Repsol, S.A. and investees comprising the Repsol Group
Consolidated income statement corresponding to the interim periods ended June 30, 2014 and 2013

	Note	06/30/2014	06/30/2013 [1]
		Millions of euros	
Sales	3	23,531	22,907
Services rendered and other income	3	178	487
Changes in inventories of finished goods and work in progress inventories		28	(297)
Income from reversal of impariment losses and gains on disposal of non-current assets		4	8
Allocation of grants on non-financial assets and other grants		-	-
Other operating income	3	515	400
OPERATING REVENUE		**24,256**	**23,505**
Supplies		(19,648)	(18,807)
Personnel expenses		(860)	(829)
Other operating expenses		(2,142)	(2,305)
Depreciation and amortization of non-current assets		(942)	(725)
Impairment losses recognised and losses on disposal of non-current assets	3	(234)	(44)
OPERATING EXPENSES		**(23,826)**	**(22,710)**
OPERATING INCOME		**430**	**795**
Finance income		65	53
Finance expenses		(322)	(368)
Changes in the fair value of financial instruments		27	49
Net exchange gains/ (losses)		72	(55)
Impairment and gains/ (losses) on disposal of financial instruments		368	76
FINANCIAL RESULT		**210**	**(245)**
Share of results of companies accounted for using the equity method-net of tax	3	679	404
NET INCOME BEFORE TAX		**1,319**	**954**
Income tax	7	(250)	(285)
Net income from continuing operations		**1,069**	**669**
Net income from continuing operations attributable to minority interests		(10)	16
NET INCOME FROM CONTINUING OPERATIONS ATTRIBUTED TO THE PARENT		**1,059**	**685**
Net income from discontinued operations after taxes		**268**	**216**
Net income from discontinued operations attributable to minority interests		-	-
NET INCOME FROM DISCONTINUED OPERATIONS ATRIBUTTABLE TO THE PARENT	3	**268**	**216**
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT		**1,327**	**901**
EARNINGS PER SHARE ATTRIBUTABLE TO THE PARENT		**Euros**	**Euros [2]**
Basic	3	0.98	0.68
Diluted	3	0.98	0.68

[1] Includes the necessary modifications with respect to the interim condensed consolidated financial statements for the six-month period ended June 30, 2013 in relation to the application of IFRS 11 and the sale of part of the LNG assets and businesses (see Note 2 *"Basis of presentation"*).

[2] Includes the necessary modifications with respect to the interim condensed consolidated financial statements for the six-month period ended June 30, 2013 in connection with the paid-up capital increase carried out as part of the shareholder compensation scheme known as the "Repsol Flexible Dividend", detailed in section f) of "Equity" within Note 3.

Notes 1 to 13 are an integral part of the consolidated income statement for the six-month period ended June 30, 2014.

Repsol, S.A. and investees comprising the Repsol Group
Consolidated statement of recognised income and expenses corresponding to the interim periods ended June 30, 2014 and 2013

	Millions of euros	
	06/30/2014	**06/30/2013 (2)**
CONSOLIDATED NET INCOME FOR THE INTERIM PERIOD (1) (from the Consolidated Income Statement)	**1,337**	**885**
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY:		
From actuarial gains and losses and other adjustments	-	-
Tax effect	-	-
Total items that will not be reclassified to the income statement	-	-
From measurement of financial assets available for sale	(224)	(1)
From measurement of other financial instruments	(42)	45
From cash flow hedges	(41)	38
Translation differences	120	59
Entities accounted for using the equity method	17	(28)
Tax effect	78	(10)
Total items that may be reclassified to the income statement	**(92)**	**103**
TOTAL	**(92)**	**103**
AMOUNTS TRANSFERRED TO THE CONSOLIDATED INCOME STATEMENT:		
From measurement of financial assets available for sale	(452)	-
From measurement of other financial instruments	42	-
From cash flow hedges	8	1
Translation differences	(5)	94
Entities accounted for using the equity method	8	-
Tax effect	112	(2)
TOTAL	**(287)**	**93**
TOTAL RECOGNIZED INCOME/ (EXPENSES)	**958**	**1,081**
a) Attributable to the parent	947	1,096
b) Attributable to minority interests	11	(15)

(1) Corresponds to the addition of the following consolidated income statement headings: "*Net income for the period from continuing operations*" and "*Net income for the period from discontinued operations after taxes*".

(2) Includes the necessary modifications with respect to the interim condensed consolidated financial statements for the six-month period ended June 30, 2013 in relation to the application of IFRS 11 and the sale of part of the LNG assets and businesses (see Note 2 *"Basis of presentation"*).

The accompanying explanatory Notes 1 to 13 are an integral part of the consolidated statement of recognized income and expenses for the six-month period ended June 30, 2014.

Repsol, S.A. and investees comprising the Repsol Group
Consolidated statement of changes in equity corresponding to the interim periods ended June 30, 2014 and 2013

	Equity attributable to equity holders of the parent							
	Equity							
Millions of euros	Issued share capital	Share premium and reserves	Treasury shares and own equity instruments	Total net income attributable to the parent	Adjustments for changes in value	Total equity attributable to the parent	Minority interests [1]	Total equity
Closing balance at 12/31/2012	**1,282**	**24,956**	**(1,245)**	**2,060**	**(351)**	**26,702**	**770**	**27,472**
Adjustments	-	-	-	-	-	-	(485)	(485)
Initial adjusted balance	**1,282**	**24,956**	**(1,245)**	**2,060**	**(351)**	**26,702**	**285**	**26,987**
Total recognized income/ (expense)	-	-	-	901	195	1,096	(15)	1,081
Transactions with shareholders or owners						-		-
Increase/ (decrease) of share capital	20	(20)	-	-	-	-	-	-
Dividend payments	-	(51)	-	-	-	(51)	(3)	(54)
Transactions with treasury shares or own equity instruments (net)	-	(206)	1,223	-	-	1,017	-	1,017
Changes in the scope of consolidation	-	-	-	-	-	-	-	-
Other transactions with shareholders and owners	-	(232)	-	-	-	(232)	-	(232)
Other changes in equity						-		-
Share based payments	-	-	-	-	-	-	-	-
Transfers between equity accounts	-	2,060	-	(2,060)	-	-	-	-
Other changes	-	(7)	-	-	3	(4)	-	(4)
Closing balance at 06/30/2013	**1,302**	**26,500**	**(22)**	**901**	**(153)**	**28,528**	**267**	**28,795**
Total recognized income/ (expense)	-	(1)	-	(706)	(375)	(1,082)	(18)	(1,100)
Transactions with shareholders or owners						-		-
Increase/ (decrease) of share capital	22	(22)	-	-	-	-	-	-
Dividend payments	-	-	-	-	-	-	-	-
Transactions with treasury shares or own equity instruments (net)	-	-	(4)	-	-	(4)	-	(4)
Changes in the scope of consolidation	-	-	-	-	-	-	-	-
Other transactions with shareholders and owners	-	(232)	-	-	-	(232)	-	(232)
Other changes in equity						-		-
Share based payments	-	-	-	-	-	-	-	-
Transfers between equity accounts	-	-	-	-	-	-	-	-
Other changes	-	(5)	-	-	2	(3)	(6)	(9)
Closing balance at 12/31/2013	**1,324**	**26,240**	**(26)**	**195**	**(526)**	**27,207**	**243**	**27,450**
Adjustments								
Initial adjusted balance	**1,324**	**26,240**	**(26)**	**195**	**(526)**	**27,207**	**243**	**27,450**
Total recognized income/ (expense)	-	-	-	1,327	(380)	947	11	958
Transactions with shareholders or owners								
Increase/ (decrease) of share capital	26	(26)	-	-	-	-	-	-
Dividend payments	-	(1,324)	-	-	-	(1,324)	-	(1,324)
Transactions with treasury shares or own equity instruments (net)	-	2	23	-	-	25	-	25
Changes in the scope of consolidation	-	-	-	-	-	-	-	-
Other transactions with shareholders and owners	-	(155)	-	-	-	(155)	-	(155)
Other changes in equity								
Share based payments	-	-	-	-	-	-	-	-
Transfers between equity accounts	-	195	-	(195)	-	-	-	-
Other changes	-	(19)	-	-	18	(1)	1	-
Closing balance at 06/30/2014	**1,350**	**24,913**	**(3)**	**1,327**	**(888)**	**26,699**	**255**	**26,954**

[1] Includes the necessary modifications with respect to the consolidated financial statements for the year ended December 31, 2013 and the interim condensed consolidated financial statements for the six-month period ended June 30, 2013 in relation to the application of IFRS 11 (see Note 2 *"Basis of presentation"*).

Notes 1 to 13 are an integral part of the consolidated statement of changes in equity for the six-month period ended June 30, 2014.

Rpsol, S.A. and investees comprising the Repsol Group
Consolidated cash flow statement corresponding to the interim periods ended June 30, 2014 and 2013

	Millions of euros	
	06/30/2014	**06/30/2013 (1)**
Net income before tax	**1,319**	**954**
Adjustments to net income:	**240**	**660**
Depreciation and amortization of non-current assets	942	725
Other adjustments to results (net)	(702)	(65)
Changes in working capital	**(466)**	**(72)**
Other cash flows from operating activities:	**(326)**	**(322)**
Dividends received	199	170
Income tax received / (paid)	(394)	(440)
Other proceeds from / (payments for) operating activities	(131)	(52)
Cash flows from operating activities (2)	**767**	**1,220**
Payments for investing activities:	**(2,104)**	**(1,104)**
Group companies, associates and business units	(18)	(130)
Property, plant and equipment, intangible assets and investment properties	(1,171)	(870)
Other financial assets	(915)	(104)
Proceeds from divestments:	**4,725**	**147**
Group companies, associates and business units	109	134
Property, plant and equipment, intangible assets and investment properties	24	13
Other financial assets	4,592	-
Other cash flows	**-**	**-**
Cash flows used in investing activities (2)	**2,621**	**(957)**
Proceeds from/ (payments for) equity instruments:	**22**	**1,025**
Acquisition	(50)	(37)
Disposal	72	1,062
Disposals of ownership interests in subsidiaries without loss of control	-	-
Proceeds from / (payments for) financial liabilities:	**(900)**	**597**
Issues	2,358	2,788
Return and depreciation	(3,258)	(2,191)
Payments for dividends and payments on other equity instruments	**(1,350)**	**(238)**
Other cash flows from financing activities:	**(498)**	**(480)**
Interest payments	(410)	(356)
Other proceeds from/ (payments for) financing activities	(88)	(124)
Cash flows used in financing activities (2)	**(2,726)**	**904**
Effect of changes in exchange rates	**27**	**(12)**
Net increase / (decrease) in cash and cash equivalents	**689**	**1,155**
Cash Flows from operating activities from discontinued operations	(72)	435
Cash Flows from investment activities from discontinued operations	513	16
Cash Flows from financing activities from discontinued operations	(1)	(102)
Effect of changes in exchange rates from discontinued operations	-	(2)
Net increase / (decrease) in cash and discontinued operations	**440**	**347**
Cash and cash equivalents at the beginning of the year	5,716	4,108
Cash and cash equivalents at the end of the year	6,845	5,610

COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**06/30/2014**	**06/30/2013 (1)**
(+) Cash and banks	4,882	5,225
(+) Other financial assets	1,963	385
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**6,845**	**5,610**

(1) Includes the necessary modifications with respect to the interim condensed consolidated financial statements for the six-month period ended June 30, 2013 in relation to the application of IFRS 11 and the sale of part of the LNG assets and businesses (see Note 2 *"Basis of presentation"*).

(2) Includes cash flows from continuing operations.

Notes 1 to 13 are an integral part of the consolidated statement of cash flows for the interim period ended June 30, 2014.

REPSOL, S.A. AND INVESTEES COMPRISING THE REPSOL GROUP

Explanatory notes to the interim consolidated financial statements for the six-month period ended June 30, 2014.

INDEX

(1) GENERAL INFORMATION

Repsol, S.A. and the investees comprising the Repsol Group (hereinafter “Repsol” the “Repsol Group” or the “Group”) constitute an integrated group of oil and gas companies which commenced operations in 1987.

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

The Group operates in more than 40 countries and its Headquarter is in Spain.

The corporate name of the parent of the Group of companies that prepares and files these financial statements is Repsol, S.A., which is registered at the Madrid Commercial Registry in sheet no. M-65289. Its Tax Identification Number (C.I.F) is A-78/374725.

Its registered office is in Madrid, calle Méndez Álvaro, 44, where the Shareholder Service Office is also located, the telephone number of which is 900.100.100.

Repsol S.A. is a private entity incorporated in accordance with Spanish legislation, which is subject to the Companies Act (Ley de Sociedades de Capital) approved by Legislative Royal Decree 1/2010 of July 2nd, and all other legislation related to listed companies.

Repsol, S.A.’s shares are represented by book entries and are all admitted to trading on the Spanish Stock Exchanges (Madrid, Barcelona, Bilbao, and Valencia) and the Buenos Aires Stock Exchange (Bolsa de Comercio de Buenos Aires). The Company also has a program of American Depositary Shares (ADS), currently traded on the OTCQX market, a platform within the OTC market (over-the-counter) in the United States which distinguishes issuers with improved market information and solid business activities.

At June 30, 2014, the share capital of Repsol amounted to €1,324,516,020 fully subscribed and paid in, consisting of 1,324,516,020 shares with a nominal value of 1 euro each.

The paid-up capital increase approved by the Annual Shareholders' Meeting held on March 28, 2014 under item 5 of the Agenda was closed last July 7 as part of the compensation scheme to shareholders known as the "Repsol Flexible Dividend”. The main terms of the capital increase are described in section f) “*Equity - 1. Share capital and Reserves*” in Note 3. In accordance with applicable accounting regulations, this capital increase was recognized in the financial statements at June 30, 2014.

These interim condensed consolidated financial statements for the six-month period ended June 30, 2014, have been prepared by the Board of Directors of Repsol, S.A. at their meeting on July 23, 2014.

(2) BASIS OF PRESENTATION

The accompanying interim condensed consolidated financial statements are presented in millions of euros (except for any other information in which another currency or parameter is specified), and were prepared based on the accounting records of Repsol, S.A. and its investees. They are presented in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union at June 30, 2014, and particularly, pursuant to the

requirements established in IAS 34 *Interim Financial Reporting* which establishes the accounting principles in relation with interim financial statements, and in conformity with Art. 12 of RD 1362/2007, and the disclosures of information required by the Circular 1/2008, of January 30, issued by the Spanish securities market regulator (abbreviated CNMV in Spanish).
In this regard, the interim financial statements present fairly the Group's consolidated equity and the financial position at June 30, 2014, as well as the results of operations, the changes in consolidated equity and consolidated cash flows that have occurred during the six-month period ended on that date.

Pursuant to the provisions of IAS 34, interim financial information is prepared only with the intention of updating the content of the last annual consolidated financial statements prepared by the Company, emphasizing new activities, events and circumstances that occur during the half-year and not duplicating the information previously published in the consolidated financial statements for the prior financial year. Therefore, for an adequate understanding of the information that is included in these interim financial statements, they must be read in conjunction with the condensed consolidated financial statements of the Repsol Group for the financial year 2013, which were approved by the General Shareholders' Meeting of Repsol, S.A., held on March 28, 2014.

Accounting standards: new standards and interpretations issued or amended

A) With respect to the accounting framework applicable as of December 31, 2013, below is a list of the standards and amendments that have been issued by the International Accounting Standards Board (IASB) and adopted by the European Union and are applicable from January 1, 2014:

- IFRS 10 *Consolidated Financial Statements.*
- IFRS 11 *Joint Arrangements.*
- IFRS 12 *Disclosure of Interests in Other Entities.*
- IAS 27 *Separate Financial Statements.*
- IAS 28 *Investments in Associates and Joint Ventures.*
- Amendments to IFRS 10, IFRS 11 and IFRS 12 - *Transition Guidance.*
- Amendments to IFRS 10, IFRS 12 and IAS 27 - *Investment Entities.*
- Amendments to IAS 32 - *Offsetting Financial Assets and Financial Liabilities.*
- Amendments to IAS 39 - *Novation of Derivatives and Continuation of Hedge Accounting.*

Except as indicated below, application of these new and amended standards has not had a significant impact on the Group's interim condensed consolidated financial statements.

The application by the Group as of January 1, 2014 of IFRS 11 *Joint Arrangements* has not had a significant impact on equity in the interim condensed consolidated financial statements. However, the mentioned application has implied important changes in how the Group presents its interim condensed consolidated financial statements since as of December 31, 2013, the Group aplied the proportionate method of accounting to consolidate its interests in joint ventures. This accounting treatment is no longer applicable as of January 1, 2014 (see d section) "*Investments accounted using the equity method*" of Note 3 where the main affected companies by this accounting standard are disclosed.

The Group has performed an analysis to identify the joint arrangements and to classify them either as joint operation or joint venture and determine the necessary balance sheet, income statement and cash flow statement line item reclassifications.

In this respect, below is a table outlining the impact of the accounting standard change with respect to the consolidated balance sheet at December 31, 2013, the consolidated income statement and the consolidated cash flow Statement as of June 30, 2013:

	Millions of euros		
	Stated (IAS 31)	Restated (IFRS 11)	
Balance sheet	**31/12/2013**	**31/12/2013**	**Change**
Non-current assets	42,582	37,771	(4,811)
Current assets	22,504	17,776	(4,728)
TOTAL ASSETS	**65,086**	**55,547**	**(9,539)**
Total equity attributable to equity holders of the parent	27,207	27,207	-
Minority interest	713	243	(470)
Non-current liabilities	22,347	14,721	(7,626)
Current liabilities	14,819	13,376	(1,443)
TOTAL EQUITY AND LIABILITIES	**65,086**	**55,547**	**(9,539)**

	Millions of euros		
	Stated (IAS 31)	Restated (IFRS 11)	
Income statement	**06/30/2013**	**06/30/2013**	**Change**
Operating revenue	29,244	24,706	(4,538)
Operating expenses	(27,253)	(23,628)	3,625
Financial result	(385)	(262)	123
Share of results of companies accounted for using the equity method-net of tax	74	477	403
Income tax	(717)	(364)	353
Minority interests	(18)	16	34
Net income for the period from continuing operations attributable to the parent	**945**	**945**	**-**

	Millions of euros		
	Stated (IAS 31)	Restated (IFRS 11)	
Cash flow statement	**06/30/2013**	**06/30/2013**	**Change**
Cash flows from operating activities (1)	2,579	1,655	924
Cash flows used in investing activities (1)	(1,534)	(941)	(593)
Cash flows used in financing activities (1)	766	802	(36)
TOTAL CASH AND CASH EQUIVALENTS	**7,693**	**5,610**	**2,083**

(1) Includes cash flows from discontinued operations.

Appendix III to these interim condensed consolidated financial statements presents the consolidated balance sheet at December 31, 2013, the consolidated income statement and cash flow statement for the six-months ended June 30, 2013 restated due to the application of IFRS 11 and the sale of part of LNG assets and businesses (see Note 2, "*Comparison of information*").

B) The standards that have been published by the IASB, adopted by the European Union and that the Group will be obligated to apply in 2015 are listed as follows:

- IFRIC 21 – *Levies.*

The Group believes that application of this interpretation will not have a significant impact on its consolidated financial statements.

C) At the date of issuance of these interim condensed financial statements, the standards and amendments that have been issued by the IASB but not yet approved by the European

Union, are the following:

Mandatory application in 2014

- Improvements to IFRSs 2010-2012[(1)].

Mandatory application in 2015

- Amendments to IAS 19 - *Employee Contributions*.
- Improvements to IFRSs 2010-2012[(1)].
- Improvements to IFRSs 2011-2013.

Mandatory application in 2016:

- IFRS 14 *Regulatory deferral accounts* [(2)].
- Amendments to IAS 16 and IAS 38 – *Clarification of acceptable methods of depreciation and amortization*.
- Amendments to IFRS 11 – *Acquisitions of interests in joint operations.*
- Amendments to IAS 16 and IAS 41 – *Agriculture: fruit producing plants.*

Mandatory application in subsequent years

- IFRS 9 *Financial Instruments* [(3)].
- IFRS 15 *Revenue from contracts with customers* [(4)].

(1) The document "*Annual Improvements to IFRSs 2010-2012*" introduces amendments to several IFRSs. Some of these amendments have been issued with a first-time application date of July 1, 2014, while others have been issued for first-time application in annual periods beginning on or after July 1, 2014 which, in the case of the Group, implies a first-time application date of January 1, 2015.

(2) This standard only applies to entities that carry out regulated activities and are applying IFRSs for the first time.

(3) Corresponding to the "*Classification and Measurement*" and "*Hedge Accounting*" phases of IFRS 9, part of the project to replace the current IAS 39 "*Financial Instruments – Recognition and Measurements*", and including the subsequent amendment issued by the IASB in November 2013 by virtue of which IFRS 9 shall apply from a future date still pending definition but later than January 1, 2015, as had been originally envisaged in IFRS 9 prior to this amendment. At the date of authorizing the accompanying interim financial statements for issue, the most recent tentative decision by the IASB in this regard implies that the date of mandatory first-time application of IFRS 9 will be annual periods beginning on or after January 1, 2018.

(4) This standard was issued by the IASB with the date of first-time application being established as January 1, 2017.

With regard to the other standards, interpretations and amendments identified in the current section C), the Group is currently analyzing the impact their application may have on the consolidated financial statements.

Accounting Policies

As described in Note 2.2 of the notes to the consolidated financial statements for the year 2013, in the preparation of these interim condensed consolidated financial statements, Repsol has applied the same accounting policies applied in 2013, except as indicated in section A) above.

Comparison of information

As a result of application of IFRS 11 from January 1, 2014 (see "*Accounting standards: new standards and interpretations issued or amended*", Note 2) and the sales in October and December 2013 and January 2014 of part of the liquified natural gas (LNG) assets and businesses (see "*Changes in the Group's composition*", Note 2), the comparative information for 2013 has been restated to enable a comparable reading with that presented at June 30, 2014.

The earnings per share figures for the six months ended June 30, 2013 have been restated with respect to the figures presented in the interim condensed consolidated financial statements at June 30, 2013, in accordance with the applicable accounting standard, as the average number of outstanding shares considered in the calculation should be based on the new number of shares issued after the capital increase, carried out as part of the shareholder remuneration scheme denominated "Repsol Flexible Dividend". This scheme is described in "*f) Equity – 1. Share capital and reserves*" in Note 3 and has been registered as of June 30, 2014.

Changes in accounting estimates and judgments

Management estimates have been used to quantify certain assets, liabilities, income, and expenses that are recorded in the interim condensed consolidated financial statements. These estimates are made based on the best available information and they refer to:

1) Crude and gas reserves;
2) The provision for legal and arbitration proceedings and other contingencies;
3) The expense for income tax, which, pursuant to IAS 34, is recognized in interim periods based on the best estimate of the average weighted tax rate that the Group expects for the annual period as well as deferred tax assets;
4) The evaluation of possible impairment losses on certain assets (see Note 3, section g)); and
5) The market value of certain derivative financial instruments.

Despite the fact that the estimates described above are made based on the best available information on the date on which the facts are analyzed, possible future events might require their revision (upward or downward) at year end 2014 or in subsequent years.

During the six-month period ended June 30, 2014, non-significant changes have been made in the methodology for calculating the estimates made at year end 2013.

Relative importance

When determining the information to be included in these interim condensed consolidated financial statements under the different items in the financial statements or other matters, the Repsol Group, pursuant to IAS 34, has taken into account their relative importance in relation to the interim condensed consolidated financial statements for the six-month period.

Seasonality

Among the activities of the Group, LPG and natural gas businesses are the most affected ones by seasonality due to their connection to weather conditions, with more activity in the winter and less in the summer in the northern hemisphere.

Changes in the Group's composition

Repsol prepares its consolidated financial statements including its investments in all its subsidiaries, associates and joint arrangements. Appendix I of the consolidated financial statements at December 31, 2013 details the main companies that comprise Repsol Group, which were included in the scope of consolidation at that date.

Appendix I to these interim condensed consolidated financial statements details the changes in the scope of consolidation of the Group that have taken place during the first half of 2014.

The principal changes in the scope of consolidation that have taken place during the interim period ended at June 30, 2014 and their impact on the accompanying interim condensed consolidated financial statements are detailed below:

- The last transaction relating to the sale of part of the LNG assets and businesses to Shell completed on January 1, 2014 (see Note 31 of the 2013 consolidated financial statements) with the sale of Repsol Comercializadora de Gas, S.A., whose main activity was the commercialization, transport and trading of Liquid Natural Gas (LNG), for $730 million. At December 31, 2013 this company's assets and liabilities were classified as assets held for sale (see Note 10 to the consolidated financial statements as of December 31, 2013).

  The carrying amounts of the assets and liabilities derecognized as a result of this disposal are as follows:

	Millions of euros
Cash and cash equivalents	236
Other current assets	210
Non-current assets	1,110
TOTAL ASSETS	**1,556**
Minority interests	
Current liabilities	1,172
Non-current liabilities	284
TOTAL LIABILITIES AND MINORITY INTERESTS	**1,456**
NET ASSETS	**100**

  This transaction generated a pre-tax gain of €433 million (amount which includes the exchange historic differences recorded under "*Adjustments for changes in value*" in equity for €3 million) and has been recognized in "*Net income from discontinued operations*".

- Additionally, in March, Repsol sold its 10% interest in the Transportadora de Gas del Perú (TGP) pipeline to Enagás for €109 million net of purchase price adjustments. As of December 31, 2013 this investment was classified as an asset held for sale.

  The sale implied the derecognition of the carrying amount of this investment, which was recognized under "*Non-current assets held for sale*" in the balance sheet in the amount of €45 million, along with the exchange historic differences recorded under "*Adjustments for changes in value*" in equity in the amount of €7 million. This transaction generated an after-tax gain of €57 million, which is recognized within "*Share of results of entities accounted for using the equity method – net of tax*".

(3) DESCRIPTION OF TRANSACTIONS OF THE PERIOD

The most significant changes recognized in the first six months of 2014 and 2013 under headings in the consolidated balance sheet and the income statement are described below.

a) Property, plant and equipment

The main additions made in the first half of 2014 corresponded to exploration and production assets in United States (€457 million), Peru (€70 million), Trinidad & Tobago (€54 million) and Bolivia (€45 million). In addition, during this period, significant additions were made in refining assets in Spain (€207 million).

The main investments made in the first half of 2013 corresponded to exploration and production assets in United States (€408 million), Peru (€65 million), and Bolivia (€56 million). In addition, during this period, significant additions were made in refining assets in Spain (€172 million).

Exploration and production asset depreciation charges have increased in the first half of 2014 when compared to the first half of 2013 due to higher drilling depreciation charges and higher depreciation associated with the start-up of production at new projects.

b) Assets and liabilities related to the expropriation of the Repsol Group Shares in YPF S.A. and YPF Gas S.A. – Argentina Agreement

On February 27, 2014, Repsol, S.A., Repsol Capital S.L. and Repsol Butano, S.A., on the one hand, and the Republic of Argentina, on the other, signed the agreement known as Agreement for the Amicable Settlement and Compromise of Expropriation (hereinafter, the "Agreement"), designed to put an end to the controversy originated by the expropriation of 51% of the equity of YPF S.A. and YPF Gas S.A.. The Agreement had been approved by the Board of Directors of Repsol on February 25, 2014. Simultaneously to the execution of this Agreement, Repsol, on the one hand, and YPF S.A. and YPF Gas S.A., on the other, signed an agreement (the "Settlement Agreement"), under which the parties principally agreed to withdraw all ongoing legal proceedings and/or claims, providing each other with a series of mutual waivers and indemnities.

Under the terms of the Agreement, the Republic of Argentina recognized an irrevocable debt in favour of Repsol of USD5,000 million as compensation for the expropriation of 200,589,525 Class D YPF S.A. shares and 89,755,383 Class A YPF Gas S.A. shares (the "Expropriated Shares") and any other items contemplated under the Agreement (the "Compensation"). This agreement implies the withdrawal by both parties of all the legal and arbitration proceedings initiated in relation of the expropriation and preservation of the expropriated assets, and a reciprocal undertaking not to file new claims related to the expropriation and management of Repsol in YPF S.A. and YPF Gas S.A., and includes the pertinent indemnity clauses and other legal guarantees to ensure the effective settlement of the Compensation. To settle the Compensation, the Republic of Argentina will give Repsol US dollar-denominated sovereign bonds issued by it (the "Government Bonds"). The Government Bonds would constitute a method for paying the Compensation awarded to Repsol and would be given to Repsol "*pro solvendo*", which means that the Republic of Argentina's payment obligation would not be extinguished by the mere delivery of the Government Bonds to Repsol but rather when the latter collects the amount of Compensation in full, either by disposing of the Government Bonds or via repayment of the bond principal at the respective maturity dates.

Any discrepancies that could arise in relation to the Agreement are subject, exclusively, to international arbitration in accordance with the United Nations Commission on International Trade Law Arbitration Rules ("UNCITRAL") and any arbitration proceedings would be heard in Paris, France.

Effectiveness of the Agreement was subject to certain conditions precedent, notable among which ratification of the Agreement at the General Shareholders' Meeting of Repsol, S.A. (the Agreement was ratified by means of the resolution taken at the General Shareholders' Meeting of Repsol, S.A. of March 28, 2014 under agenda item four) and full and unconditional approval of the Agreement by means of a special-purpose law sanctioned by the Argentine National Congress (Law 26,932, was sanctioned by the Congress on April 23, 2014, promulgated on April 24, 2014 and published in the Official Journal of the Republic of Argentine on April 28, 2014).

On May 8, Repsol and the Republic of Argentina verified compliance of the conditions precedent stipulated in the Agreement and carried out the other actions on which its effectiveness and entry into force depended.

- On the one hand, the Argentine Republic delivered to Repsol a portfolio of Government Bonds with a total nominal value of USD5,317 million, made up of:

  BONAR X: USD500 million of nominal value.
  Discount 33: USD1,250 million of nominal value.
  BONAR 2024: USD3,250 million of nominal value.
  BODEN 2015: USD317 million of nominal value.

  In addition, to ensure the payment of the first three interest payments of BONAR 2024, Repsol will be the beneficiary of a specific guarantee provided by the Argentine Central Bank up to a maximum of USD150 million which will be in force for 18 months.

- On the other hand, Repsol delivered to the Republic of Argentina: (i) the documentation needed to transfer the Expropriated Shares, and (ii) the deeds certifying the withdrawal of the judicial, administrative and arbitration proceedings initiated by the Company and its related persons (as defined in the Agreement) in relation to the expropriation and Repsol's position as shareholder of YPF S.A and YPF GAS S.A.

The Settlement Agreement under which Repsol S.A., on the one hand, and YPF S.A. and YPF Gas S.A., on the other, have dropped all legal action and/or claims initiated against the other party and waived the right to present claims or demand responsibilities in the future took effect on May 9, 2014 (see Note 9, "*Contingencies and guarantees*").

On 9, 13 and 22 of May 2014, Repsol agreed with JP Morgan Securities several transactions relating to the sale of the whole portfolio of bonds delivered by the Republic of Argentina as means of payment of the compensation for the expropriation of the controlling stake in YPF and YPF Gas, for a total amount of USD4,997 million. These sales implied the extinguishment of the debt payable by the Argentine Republic.

Accounting treatment

As of December 31, 2013, the balance recognized in "*Non-current assets held for sale subject to expropriation*" in respect of the Repsol Group's shares in YPF S.A. and YPF Gas S.A. amounted to €3,625 million euros.

On May 8, 2014, upon entry into force and full effectiveness of the Agreement, the shares corresponding to 51% of YPF S.A. and YPF GAS S.A. were derecognized and a pre-tax loss of €42 million, relating to the cumulative effect of the trend in the dollar/euro exchange rate previously registered under "*Adjustments for changes in value*" in equity, was transferred to profit and loss ("*Net income for the period from discontinued operations*").

As of the same date, the Group recognized USD5,000 million within "*Non-current financial assets*" corresponding to the debt collection right awarded by the Argentine Republic as stated in the Agreement. As a result of the sale to JP Morgan Securities of the entire bond portfolio in a series of transactions arranged on May 9, 13 and 22, this collection right has been cancelled, impacting the income statement by €14 million (pre-tax), which is recognized under "*Impairment and gains (losses) on disposal of financial instruments*" and that includes the inherent costs of the operation. In addition, this bond portfolio has generated a pre-tax finance income of €73 million as a result of exchange gains and interest earned during the holding period.

c) *Repsol Group's unexpropriated shares in YPF, S.A. and YPF GAS, S.A.*

At December 31, 2013, the Group held unexpropriated shares in YPF S.A. and YPF Gas S.A., which were carried under "*Non-current financial assets*", in the amount of €1,177 million.

On May 7, Repsol announced the sale of 46,648,538 ordinary Class D shares of YPF, S.A. in the form of American Depositary Shares (ADSs), representing 11.86% of this investee's share capital, to Morgan Stanley & Co for USD1,255 million.

Elsewhere, in relation to the loan which Banco Santander extended to the Petersen group in June 2008 for its acquisition of shares of YPF S.A. and which was guaranteed by Repsol, on May 8, 2014, Repsol executed the pledge over the 1,887,362 ordinary Class D shares, in the form of ADSs and representing 0.48% of YPF S.A. which had been pledged as counter guarantee. These shares were sold to institutional investors, on May 12, 2014 for USD56 million.

Finally, Repsol sold 150,000 ordinary Class D shares on the market in the form of American Depositary Shares (ADSs), for USD 5 million.

The above-listed transactions have generated a pre-tax gain of €453 million, which has been recorded under "*Impairment and gains (losses) on disposal of financial instruments*" of the Financial Result, at the difference between the sale price and the historic value at the expropriation date, previously registered in equity under "*Adjustments for changes in value*".

At June 30, 2014, the Repsol Group owned 155 ordinary Class D YPF S.A. shares and 59,839,034 shares of YPF GAS S.A. with a carrying amount of €11 million.

d) Investments accounted using the equity method

The details of the investments, accounted for using the equity method and the results in each of the periods is as follows:

	Carrying amount of the investment		**Share of profit/(loss) by integration**	
Millions of euros	06/30/2014	31/12/2013	06/30/2014	06/30/2013
Gas Natural Fenosa Group [(1)]	4,503	4,358	279	234
Repsol Sinopec Brasil [(1) (2)]	3,724	3,605	84	(38)
Petroquiriquire [(1)]	723	749	70	42
YPFB Andina [(1)]	405	434	51	51
BPRY [(1)]	308	295	75	85
Petrocarabobo	130	115	3	4
Other companies and gain/(losses) on disposals[(3)]	859	784	117	26
	10,652	**10,340**	**679**	**404**

(1) These jointly controlled entities were accounted for using the proportionate method of consolidation at December 31, 2013.
(2) Includes Repsol Sinopec Brasil, S.A., Repsol Sinopec Brasil B.V., Guará B.V. and Agri Development, B.V.
(3) Includes the gain on the sale of TGP.

e) Non-current assets and liabilities held for sale

Regarding assets and liabilities classified as held for sale at December 31, 2013 and that have been sold during the first half of 2014, see Note 2 "*Changes in the Group's composition*" section.

f) Equity

1. Share capital and reserves

On March 28, 2014, Repsol's Annual Shareholders' Meeting under item nineteen on the agenda, authorized the Board of Directors to increase the share capital on one or more occasions and at any time within 5 years, through monetary contributions and a maximum nominal amount of 662 million euros, equivalent to half of the share capital at the date of adoption of the agreement

On March 28, 2014, Repsol's Annual Shareholders' Meeting approved, under items five and six of the agenda, two paid-up capital increases for articulation of the shareholder remuneration scheme called "Repsol Flexible Dividend", in substitution of the traditional payment of the 2013 final dividend and 2014 interim dividend. Under this scheme, shareholders can chose if they prefer to receive their compensation in cash (by selling their free-of-charge allocation rights in the market or to the Company) or in Company shares.

The first paid-up capital increase was executed between June and July. The key characteristics are detailed below:

- The free-of-charge allocation rights were traded on the Spanish Stock Exchanges between and including June 19 and July 4, 2014. The deadline granted to the shareholders to sell their rights to Repsol at a guaranteed price ended on June 27.

- Holders of 75.84% of the free-of-charge allocation rights (a total of 1,004,498,391 rights) chose to receive new-issue shares of Repsol in the proportion of 1 new share for every 39 rights held, resulting in the issuance of 25,756,369 new shares of €1 par value, which meant an increase of 1.94% over the figure of capital prior to the increase.

- On the other hand, the holders of 24.16% of the free-of-charge allocation rights (320,107,594 rights), accepted the irrevocable commitment assumed by Repsol to purchase rights at a fixed price of €0.485 (gross) per right. Accordingly, Repsol acquired the above mentioned rights for a total amount of €155 million and waived the shares corresponding to the free-of-charge allocation rights acquired by virtue of the above mentioned purchase commitment.

- This capital increase was closed on July 7, 2014. The new shares began to trade on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Spanish Automated Quotation System (Mercado continuo, by its name in Spanish) on July 16, 2014. Repsol had also applied for the listing of the new shares in the Buenos Aires Stock Exchange.

Subsequent to the capital increase, Repsol, S.A.'s share capital amounted to €1,350,272,389 fully subscribed and paid up, consisting of 1,350,272,389 shares with nominal value of 1 euro each.

This capital increase was registered with the Commercial Registry of Madrid prior to the approval of these interim condensed consolidated financial statements, and, accordingly, was recognized in the Group financial statements with accounting effects June 30, 2014, in compliance with prevailing accounting regulation.

According to the latest information available at the time of issuance of these condensed consolidated interim financial statements, the significant shareholders of Repsol, SA are:

Significant shareholders	% of total share capital Based on latest available reports
Fundación Bancaria Caixa d'Estalvis y Pensions de Barcelona [(1)]	11.90%
Sacyr, S.A.[(2)]	9.05%
Temasek Holdings (Private) Limited [(3)]	6.14%
Blackrock, Inc. [(4)]	3.09%

[(1)] Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona holds its interest through CaixaBank, S.A., a company in which it in turn has a 58.844% shareholding.
[(2)] Sacyr, S.A. holds its shareholding through Sacyr Participaciones Mobiliarias, S.L.
[(3)] Temasek holds its investment through its subsidiary, Chembra Investment PTE, Ltd.
[(4)] Blackrock holds its interest through several controlled subsidiaries, all of which are subject to a same voting policy.

On June 3, 2014 Petroleos Mexicanos (PEMEX) ceased to be significant shareholder of the Group as a result of the sale of the shares of Repsol, SA representing 7.86% of the share capital at that date.

2. Treasury shares and own equity instruments

Under the framework of the 2014 Share Acquisition Plan approved at the Annual Shareholders' Meeting held on May 31, 2012, during the first six months of 2014, the Group acquired a total of 199,839 shares, at a cost of €3.7 million. These shares have been delivered to the employees of the Repsol Group participating in the plan. In the same period of the previous year, under the framework of the 2013 Share Acquisition Plan, the Company acquired a total of 205,785 shares, at a cost of €3.5 million. These shares were delivered to the Repsol Group employees participating in the plan.

Aditionally, with respect to the completion of the first cycle Loyalty Plan (2011-2014), 57,146 shares were acquired and delivered to employees of Repsol Group at a cost of €1.2 million.

During the first six months of 2014, the Group acquired 2,338,141 treasury shares amounting to €43.9 million. During the same period, the Group sold 3,034,011 treasury shares amounting to €58.5 million. Lastly, 600,000 treasury shares were disposed of as a consequence of options on treasury shares, amounting to €11 million.

In addition, during the first six months of 2013, the Group acquired 2,579,733 treasury shares amounting to €43 million. During the same period, the Group sold 969,036 treasury shares amounting to €16.7 million. Lastly, 377,500 treasury shares were disposed of as a consequence of options on treasury shares, amounting to €7 million.

In July 2014, due to the capital increase described in section 1. "*Share capital and reserves*", the Group received a total of 7,781 new shares corresponding to the shares held as treasury stock.

At June 30, 2014, the treasury shares held by Repsol and/or other companies within the Group, represented 0.011% of its share capital recognized on that same date.

3. Earnings per share

At June 30, 2014 and 2013 earnings per share were the following:

Millions of euros	**2014**	**2013**
Net income attributable to the parent [1]	1,327	901
Weighted average number of outstanding shares at June, 30 (shares)	1,349,453,429	1,327,594,713

Earnings per share attributed to parent *(Euros)*	**2014**	**2013**
Basic EPS [2]	0.98	0.68
Diluted EPS [2]	0.98	0.68

(1) Includes net income from discontinued operations of €268 and €216 million euros in the first six months of 2014 and 2013, respectively.

(2) Includes earnings per share corresponding to income from discontinued operations of €0.20 and €0.16 in the first six months of 2014 and 2013, respectively.

Outstanding issued share capital at June 30, 2013 amounted to 1,282,448,428 shares. However, the weighted average number of shares outstanding at that date had been restated compared to that used to calculate the profit per share in the interim condensed consolidated financial statements at June 30, 2013 to include the effect of the capital increase as part of the compensation scheme to shareholders known as the "Repsol Flexible Dividend" (see section f), "*Equity - 1. Share capital and Reserves*") in accordance with the applicable accounting regulations.

g) Impairment of assets

Repsol performs a valuation of its intangible assets, its property, plant and equipment, and other non-current assets, as well as its goodwill, at least annually, or whenever there are indicators that the assets have become impaired, to determine whether there is an impairment loss.

During the first half of 2014, the field operator reviewed the development plan in place for the non-conventional assets at the Mississippian Lime (Mid-Continent) field located in the states of Kansas and Oklahoma in the US, which are part of the Upstream segment. The Repsol Group, based on the new development plan and applying prudent financial criteria, have adjusted the accounting value of the mentioned assets and recognized a €223 million pre-tax impairment loss under "*Impairment losses recognized and losses on disposal of non-current assets*".

h) Revenue by geographical area

The breakdown of revenue (corresponding to "*Sales*" and "*Services rendered and other income*" in the accompanying income statement), by geographical area based on the destination market, is as follows:

	Millions of euros	
Geographical area	**06/30/2014**	**06/30/2013 [1]**
Spain	12,340	12,242
Other European Union countries	3,655	3,304
Other OECD countries	3,265	2,646
Other countries	4,449	5,202
TOTAL	**23,709**	**23,394**

(1) Includes the necessary modifications with respect to the interim condensed consolidated financial statements for the six-month period ended June 30, 2013 (see Note 2 *"Comparison of information"*) in relation to the application of IFRS 11 and the sale of part of the LNG assets and businesses.

i) Other operating income.

On April 1, 2014, Repsol, S.A. and Naturgas Energía Grupo, S.A. agreed the early cancellation of the long-term maritime shipping agreement covering the transport of specific quantities of LNG acquired by Naturgas. In exchange, Naturgás will pay Repsol, S.A. USD95 million in two installments. As a result, in the first half of 2014 the Group recognized a pre-tax gain of €69 million under "*Other operating income*". As of June 30, 2014, the amount of €34 million related to the second payment which is expected to be received on April 2015, was outstanding.

In addition, in relation with the application in Spain of bottled LPG regulation, the National High Court recognized Repsol's entitlement to damages for the losses derived from application of the price formula for the second, third and fourth quarters of 2011 and the first quarter of 2012. This has resulted, in a post-tax gain €45 million (see "*Litigation*" section in Note 9 in this document).

j) Net income from discontinued operations

The table below provides a breakdown by nature of "*Net income for the period from discontinued operations after tax"*:

		Millions of euros	
	Note	**06/30/2014**	**06/30/2013**
Operating revenue		-	1,201
Operating expenses		(35)	(979)
Operating income		**(35)**	**222**
Financial result		(2)	(19)
Share of results of companies accounted for using the equity method-net of tax		-	72
Net income from discontinued operations before taxes		**(37)**	**275**
Tax expense corresponding to net income from discontinued operations before tax		4	(59)
Net income from discontinued operations after taxes		**(33)**	**216**
After-tax gain on the sale of the LNG assets	**2**	**329**	**-**
After tax gain/(loss) on the valuation of assets classified as non-current assets held for sale subject to expropriation	**3**	**(28)**	**-**
NET INCOME FROM DISCONTINUED OPERATIONS AFTER TAXES		**268**	**216**
Net income for the period from discontinued operations attributable to minority interests		-	-
NET INCOME FROM DISCONTINUED OPERATIONS ATRIBUTTABLE TO THE PARENT		**268**	**216**

(4) SEGMENT REPORTING

The organizational structure of the Group and its operating segments is based on the activities from which the Group may earn revenue or incur in expenses. On the basis of this Board-approved structure, the Group's management team (Repsol Executive Committee) analyzes the main operating and financial indicators in order to make decisions about segment resource allocation and to assess how the Company is performing. The Group has not aggregated any operating segments for presentation purposes.

In this respect, and as a result of the culmination in January 2014 of the sale of the vast majority of LNG assets and businesses, the LNG segment is no longer considered an operating segment.

As from that date, the LNG assets and businesses retained by the Group are analyzed together with the rest of *Downstream* activities.

At June 30, 2014, the operating segments of the Group are:

- *Upstream,* corresponding to oil and gas exploration and development of crude oil and natural gas reserves.
- *Downstream*, corresponding to (i) refining, sales activities for oil products, chemical products and liquefied petroleum gases, (ii) commercialization, transport and regasification of natural gas and liquefied natural gas (LNG), and (iii) renewable energy generation projects; and
- *Gas Natural Fenosa*, though its shareholding in Gas Natural SDG, S.A., whose main activities are the distribution and commercialization of natural gas, and the generation, distribution and commercialization of electricity.

The Company carries out a significant portion of its activities through investments 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 fully consolidated entities. 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 effect.

The adjusted 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 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 effect and excluding non-controlling interests.

The adjusted net profit excludes non-recurring items, referring to items originating from events or transactions falling outside the company's ordinary or usual activities, that are exceptional in nature and result from isolated events.

The financial performance of the Gas Natural Fenosa segment is evaluated 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 and the other metrics are only included the cash flows generated by the Repsol Group as shareholder of Gas Natural SDG, S.A.

For each of the metrics identified as "adjusted" the corresponding income statement headings and figures are indicated to facilitate reconciliation with the corresponding income statement amounts.

The table below details the Repsol Group's main income statement headings broken down into the operating segments defined above:

Adjusted operating revenue from continuing operations by segment

	Millions of euros					
	Operating revenue from customers		**Operating revenue inter segments**		**Total operating revenue**	
Segments	**06/30/2014**	**06/30/2013**	**06/30/2014**	**06/30/2013**	**06/30/2014**	**06/30/2013**
Upstream	1,427	1,723	692	848	2,119	2,571
Downstream	23,196	22,602	3	3	23,199	22,605
Gas Natural Fenosa	-	-	-	-	-	-
Corporate and adjustment	6		9	2	15	2
(-) Inter-segment adjustments and eliminations of operating income [(1)]	(704)	(853)	-	-	(704)	(853)
TOTAL [(2)]	**23,925**	**23,472**	**704**	**853**	**24,629**	**24,325**

NOTE: The adjusted operating revenue has been prepared on the basis of the above-mentioned criteria. The figures corresponding to the six-month period ended June 30, 2013 have been modified with respect to the interim condensed consolidated financial statements for that period to enable a comparable analysis.

(1) These correspond primarily to the elimination of commercial transactions between segments.

(2) The adjusted net revenue for the six month periods ended June 30, 2014 and 2013 includes revenue corresponding to other companies operated under equivalent joint control arrangements of €920 and €931 million, respectively.

Adjusted net income by segment

	Millions of euros	
SEGMENTS	**06/30/2014**	**06/30/2013**
Upstream	400	634
Downstream	452	350
Gas Natural Fenosa	282	253
Corporate and adjustments	(212)	(312)
Total operating income pertaining to the reported segments	**922**	**925**
Other results		
Equity effect	(54)	(153)
Non-recurring items	191	(87)
Net income attributable to minority interests	10	(16)
Income Tax		
Income Tax	250	285
NET INCOME BEFORE TAX	**1,319**	**954**

NOTE: The adjusted net income has been calculated on the basis of the above-mentioned criteria. The figures corresponding to the six-month period ended June 30, 2013 have been modified with respect to the interim condensed consolidated financial statements for that period to enable a comparable analysis.

The breakdown of capital employed by operating segment is as follows:

	Millions of euros	
Capital employed	**06/30/2014**	**31/12/2013**
Upstream	10,050	9,526
Downstream	12,435	12,020
Gas Natural Fenosa	4,503	4,357
Corporate and adjustments	2,358	1,711
Total capital employed by segment	**29,346**	**27,614**

NOTE: The 'capital employed' have been prepared on the basis of the above-mentioned criteria and include capital corresponding to joint businesses, the corresponding items in non-current non-financial assets, working capital and other non-financial liability headings.

(5) DISCLOSURES OF FINANCIAL INSTRUMENTS BY NATURE AND CATEGORY

a) Financial assets

The breakdown of the different concepts that are included on the balance sheet and related financial assets is as follows:

	Millions of euros	
	06/30/2014	**12/31/2013 (1)**
Non-current financial assets	520	1,888
Other current financial assets	1,616	354
Current derivatives on trading transactions (2)	59	24
Cash and cash equivalents	6,845	5,716
	9,040	**7,982**

(1) Includes the necessary modifications with respect to the 2013 consolidated financial statements (see Note 2 *"Comparison of information"*) in relation to the application of IFRS 11.

(2) Recognized under the "*Other receivables*" on the balance sheet.

The detail by type of assets of the Group's financial assets by categories as of June 30, 2014 and December 31, 2013, is as follows:

Millions of euros	June 30, 2014						
Nature/Category	**Financial assets held for trading**	**Other financial assets at fair value through profit or loss**	**Financial assets available for sale**	**Loans and receivables (3)**	**Held to maturity investments**	**Hedging derivatives**	**Total**
Equity instruments	-	-	60	-	-	-	60
Derivatives	-	-	-	-	-	-	-
Other financial assets	-	86	-	372	2	-	460
Long Term / Non-current	**-**	**86**	**60**	**372**	**2**	**-**	**520**
Derivatives	70	-	-	-	-	-	70
Other financial assets	-	11	-	1,605	6,834	-	8,450
Short term / Current	**70**	**11**	**-**	**1,605**	**6,834**	**-**	**8,520**
TOTAL (2)	**70**	**97**	**60**	**1,977**	**6,836**	**-**	**9,040**

	December 31, 2013 [1]						
Nature/Category	**Financial assets held for trading**	**Other financial assets at fair value through profit or loss**	**Financial assets available for sale**	**Loans and receivables [3]**	**Held to maturity investments**	**Hedging derivatives**	**Total**
Equity instruments	-	-	1,223	-	-	-	1,223
Derivatives	-	-	-	-	-	-	-
Other financial assets	-	87	-	576	2	-	665
Long Term / Non-current	**-**	**87**	**1,223**	**576**	**2**	**-**	**1,888**
Derivatives	40	-	-	-	-	-	40
Other financial assets	-	11	-	338	5,705	-	6,054
Short term / Current	**40**	**11**	**-**	**338**	**5,705**	**-**	**6,094**
TOTAL [2]	**40**	**98**	**1,223**	**914**	**5,707**	**-**	**7,982**

[1] Includes the necessary modifications with respect to the 2013 consolidated financial statements (see Note 2 *"Comparison of information"*) in relation to the application of IFRS 11.

[2] The balance sheet headings "*Other non-current assets*", "*Trade receivables*" and "*Other receivables*" include non-current and current trade receivables which have not been included in the financial asset breakdown provided in the table above of €119 million and €5,367 million, respectively in 2014, and €60 million and €4,525 million, respectively in 2013. It does not include.the assets presented under "*Non-current assets held for sale subject to expropriation*" in the balance sheet at December 31, 2013 included in the financial asset disclosures provided in the table above.
[3] The carrying amounts of loans and receivables coincide with their fair value.

The column "*Financial assets available for sale*" under "Equity instruments" at December 31, 2013, includes mainly 6.43% of YPF S.A. shares and 33.997% of YPF Gas S.A. shares held by Repsol and that are not subject to expropriation by the Argentinean government, as well as YPF S.A.´s shares acquired via the execution of the loan pledges granted by the Group and other financial entities to the Petersen Group. As of June 30, 2014, all of the shares in YPF S.A. have been derecognized as a result of the sales described in section c) "*Repsol Group's unexpropriated shares in YPF, S.A. and YPF Gas, S.A.*" of Note 3 "*Description of transactions during the period*".

b) Financial liabilities

This note discloses the categories of financial liabilities, included in the balance sheet line-items outlined below:

	Millions of euros	
	06/30/2014	**12/31/2013 [1]**
Non-current financial liabilities	7,222	8,469
Current financial liabilities	6,206	5,833
Current derivatives on trading transactions [2]	146	85
	13,574	**14,387**

[1] Includes the necessary modifications with respect to the 2013 consolidated financial statements (see Note 2 *"Comparison of information"*) in relation to the application of IFRS 11.
[2] Recognized under the heading "*Other payables*" on the balance sheet.

Following is a breakdown of the financial liabilities as of June 30, 2014 and December 31, 2013:

Millions of euros	June 30, 2014				
Nature/Category	**Financial liabilities held for trading**	**Debts and payable items**	**Hedging derivatives**	**Total**	**Fair value**
Bank borrowings	-	1,406	-	1,406	1,406
Bonds and other securities	-	5,747	-	5,747	6,337
Derivatives	-	-	69	69	69
Long term debts / non-current financial liabilities	**-**	**7,153**	**69**	**7,222**	**7,812**
Bank borrowings	-	3,158	-	3,158	3,158
Bonds and other securities	-	2,964	-	2,964	2,975
Derivatives	207	-	23	230	230
Short term debts / current financial liabilites	**207**	**6,122**	**23**	**6,352**	**6,363**
TOTAL [(1)]	**207**	**13,275**	**92**	**13,574**	**14,175**

	December 31, 2013 [(1)]				
Millions of euros	**Financial liabilities held for trading**	**Debts and payable items**	**Hedging derivatives**	**Total**	**Fair value**
Bank borrowings	-	1,282	-	1,282	1,282
Bonds and other securities	-	7,131	-	7,131	7,455
Derivatives	-	-	56	56	56
Long term debts / Non-current financial liabilities	**-**	**8,413**	**56**	**8,469**	**8,793**
Bank borrowings	-	2,954	-	2,954	2,954
Bonds and other securities	-	2,826	-	2,826	2,866
Derivatives	136	-	2	138	138
Short term debts / Current financial liabilites	**136**	**5,780**	**2**	**5,918**	**5,958**
TOTAL [(2)]	**136**	**14,193**	**58**	**14,387**	**14,751**

(1) Includes the necessary modifications with respect to the 2013 consolidated financial statements (see Note 2 *"Comparison of information"*) in relation to the application of IFRS 11.

(2) At June 30, 2014 and December 31, 2013 € 1,263 million were shown in the balance sheet under *"Other non-current liabilities"* and €154 million under *"Other payables"* corresponding to finance leases recorded under the amortized cost method and not included in the above table.

b.1) Bank borrowings

During May and June 2014, the Group received funding for three banks totaling €200 million maturing in May and June 2017 (€150 million) and May 2018 (€50 million).The interest rate of this funding is the 3-month Euribor plus a spread of 2.1 for half the nominal and 2.25% for other.

In May 2013, the Group signed a €200 million financing agreement with the European Investment Bank for Repsol's 2013-2016 research and development program (R&D). The duration of said loan is fixed at ten years, the first three of which constitute a grace period. The loan bears an interest at 3-month Euribor plus a 1.402% spread.

b.2) Bonds and other securities

The chart below discloses issues, buybacks and repayments of debt securities (recognized under current and non-current "*Bonds and other securities*") which took place during the interim periods ended June 30, 2014 and 2013:

Millions of euros	Balance at 12/31/2013	(+) Issuances	(-) Repurchases or reimbursement	(+/-) Exchange rate and other adjustment	Balance at 06/30/2014
Bonds and other debt securities issued in the European Union with prospectus	9,957	847	(2,063)	(29)	8,712
Bonds and other debt securities issued outside the European Union.	-	-	-	-	-
TOTAL	**9,957**	**847**	**(2,063)**	**(29)**	**8,712**

Millions of euros	Balance at 12/31/2012	(+) Issuances	(-) Repurchases or reimbursement	(+/-) Exchange rate and other adjustment	Balance at 06/30/2013 (1)
Bonds and other debt securities issued in the European union with prospectus	9,875	2,060	(617)	(185)	11,133
Bonds and other debt securities issued outside the European Union	19	-	-	-	19
TOTAL	**9,894**	**2,060**	**(617)**	**(185)**	**11,152**

(1) Includes the necessary modifications with respect to the 2013 interim condensed consolidated financial statements and the annual consolidated financial statements (see Note 2 "*Comparison of information*") in relation to the application of IFRS 11.

Main issues, buybacks and repayments carried out during the first half of 2014

Through its subsidiary Repsol International Finance, B.V. (RIF), the Group has a maximum of €1,500 million Euro Commercial Paper (ECP) Program, arranged on March 26, 2010, which is guaranteed by Repsol S.A. The ECP Program was increased to €2,000 million on October 25, 2010. During the first half of 2014, RIF issued ECP in nominal value by €592 million, USD342 million and GBP5 million, making a total of €847 million. The balance outstanding under this program at June 30, 2014 was €273 million and USD135 million, making a total of €372 million (nominal amounts).

A €1,000 million bond issued by Repsol International Finance, B.V. on March 27, 2009 has matured in March 2014. This bond, which carried a 6.50% coupon, has implied a decline in current financial liabilities and a cash outflow of €1,000 million during the six-month period.

On June 17, 2014, Repsol, S.A. announced the early cancellation of all of the Series I/2013 Simple Bonds issued in 2013 for delivery to the investors accepting its Preference Share Buyback Offer. The cancellation of this liability resulted in the recognition of a €71 million pre-tax loss in the first half of 2014 corresponding to the difference between the bonds' previous carrying amount and their new value as calculated to reflect their early cancellation. In conjunction with payment of the cash due to the holders of the Series I/2013 Simple Bonds, these bonds were derecognized on July 1, 2014, as described in Note 12 "*Subsequent events*".

Main issues, buybacks and repayments carried out during the first half of 2013

On May 28, Repsol International Finance, B.V., with the guarantee of Repsol, S.A. closed a 1,200 million euro 7-year bond at 99.414% issue price, with a coupon of 2.625%, listed on the Luxembourg Stock Exchange. This Bond issue was made under the 10,000,000,000 euro Guaranteed Euro Medium Term Note Program, registered in Luxembourg.

During the first half of 2013, Repsol International Finance B.V. issued €760 million and USD 131 million of commercial paper (ECP) under this program (nominal amounts). The balance outstanding under this program at June 30, 2013 stood at €430 million.

On May 31, 2013, the respective boards of Repsol International Capital Ltd. and Repsol, S.A agreed to launch the following offer consisting of: (i) a voluntary Repurchase Offer in cash of the Series B and C preference shares issued by Repsol International Capital Ltd., in May and December 2001, respectively, and simultaneously, linked to the Repurchase Offer (ii) a public Subscription Offer of Series I/2013 Bonds of Repsol, S.A. for those accepting the Repurchase Offer.

The acceptance of the Repurchase Offer of the preference shares, for both series reached 97.21% of their nominal amount (Series B 97.02% and Series C 97.31%) and the other shares remain outstanding. The total amount paid by Repsol International Capital Ltd. to those accepting the Repurchase Offer was €2,843 million in cash, €1,458 million were applied to subscribing Repsol's bonds, which were admitted to trading on the AIAF fixedincome market, to be quoted on the Electronic System for Debt Trading (abbreviated SEND in Spanish) on July 2, 2013.

At June 30, 2013, the preference shares whose holders had accepted the Repurchase Offer were recognized at fair value in accordance with the conditions established in the Offers at the amount of €2,766 million, of which €1,385 million, corresponding to the repurchase price not pertaining to the subscription of the bond (475 euros per share) which were reclassified in the short term under "C*urrent bonds and other securities*". As a consequence of this transaction, the effect in the income statement represented a pre-tax profit of €76 million, including the effects related to the hedge transactions.

On July 1, 2013, with the cash disbursement made from those accepting the repurchase price, the repurchased preference shares were derecognized from the balance sheet. Simultaneously, the bonds subscribed by the acceptors of the repurchase were recognized under "*Non-current bonds and other securities*".

The table below details the amounts guaranteed by Group companies in the interim periods ending June 30, 2014 and 2013 for issues, repurchases, or redemptions undertaken by associates, jointly controlled entities (for the percentage not included in the consolidation process) or non-Group companies:

GUARANTEED ISSUES
Millions of euros

	Balance at 12/31/2013	(+) Granted	(-) Cancelled	(+/-) Exchange rate and other	Balance at 06/30/2014
Debt security issues guaranteed by the Group (guaranteed amount)	-	-	-	-	-

	Balance at 12/31/2012	(+) Granted	(-) Cancelled	(+/-) Exchange rate and other	Balance at 06/30/2013
Debt security issues guaranteed by the Group (guaranteed amount)	29	-	(1)	(1)	27

c) Fair Value of financial instruments

The classification of the financial instruments recognized in the financial statements at fair value, at June 30, 2014 and December 31, 2013, is as follows:

Millions of euros

	Level 1		Level 2		Level 3		Total	
Financial assets	**Jun 2014**	**Dec 2013 (1)**	**Jun 2014**	**Dec 2013 (1)**	**Jun 2014**	**Dec 2013 (1)**	**Jun 2014**	**Dec 2013 (1)**
Financial assets held for trading	-	11	70	29	-	-	70	40
Other financial assets at fair value through profit and loss	97	98	-	-	-	-	97	98
Financial assets available for sale (2)	3	1,164	-	-	-	-	3	1,164
Hedging derivatives		-	-	-	-	-	-	-
Total	**100**	**1,273**	**70**	**29**	**-**	**-**	**170**	**1,302**

	Level 1		Level 2		Level 3		Total	
Financial liabilities	**Jun 2014**	**Dec 2013 (1)**	**Jun 2014**	**Dec 2013 (1)**	**Jun 2014**	**Dec 2013 (1)**	**Jun 2014**	**Dec 2013 (1)**
Financial liabilities held for trading	32	34	175	102	-	-	207	136
Hedging derivatives	-	-	92	58	-	-	92	58
Total	**32**	**34**	**267**	**160**	**-**	**-**	**299**	**194**

Financial instruments recognized at fair value were classified at different levels, as described below:
Level 1: Valuations based on a quoted price in an active market for an identical instrument.
Level 2: Valuations based on a quoted price in an active market for similar financial assets or based on other valuation techniques that rely on observable market inputs.
Level 3: Valuations based on inputs that are not directly observable in the market.

(1) Includes the necessary modifications with respect to the 2013 consolidated financial statements (see Note 2 *"Comparison of information"*) in relation to the application of IFRS 11.

(2) Does not include €57 and €59 million at June 30, 2014 and December 31, 2013, respectively, corresponding to investments in share of companies accounted at acquisition cost in accordance with IAS 39 or the shares of YPF Gas S.A. not subject to expropriation (see Note 4 "*Expropriation of the Repsol Group's shares in YPF S.A. and YPF Gas S.A."* in the 2013 consolidated annual financial statements).

The valuation techniques used for the instruments classified under level 2, are based on the income approach, in accordance with accounting regulations, which consist of the discount of future cash flows associated with said instruments (implied forward curves offered in the market, are used to estimate said cash flows in derivatives valuation) including adjustments due to credit risk based on the duration of the instruments.. In the case of options, price-setting models based on the Black & Scholes formula are used.

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

(6) SHAREHOLDER REMUNERATION

The following table details the dividends paid by Repsol, S.A. to its shareholders in the six-month period ended June 30, 2014 and 2013:

	06/30/2014			06/30/2013		
	% of nominal amount	**Euros per share**	**Amount**	**% of nominal amount**	**Euros per share**	**Amount**
Ordinary shares	100%	1.00	1,325	4.00%	0.04	51
Remaining shares (without vote, redeemable, etc)	-	-	-	-	-	-
Total dividends paid				-	-	-
a) Dividends charged to profits	100%	1.00	1,325	4.00%	0.04	51
b) Dividends charged to reserves or share premium issues	-	-	-	-	-	-
c) Dividends in kind	-	-	-	-	-	-

The remuneration received by shareholders in the six-month period ended June 30, 2014 corresponds to the extraordinary interim dividend from 2014 profits, €1 gross per each outstanding share of the Company with remuneration rights, and was paid on June 6, 2014.

The remuneration received by shareholders in 2013 includes the payment of a final dividend for 2013 of 0.04 euros per share, paid on June 20, 2013 to each of the outstanding shares of the Company entitled to retribution.

Additionally, the Company’s shareholders were also remunerated by means of the denominated “Repsol Flexible Dividend” whose main characteristics are described in section “*f Equity - 1. Share capital and Reserves*” in Note 3 and whose figures are compiled in the following chart:

	No. of free-of-charge allocation rights sold to Repsol	Committed purchase price (€/right)	Cash disbursement (millions of euros)	New shares issued	Remuneration in shares (millions of euros)
December 2012/ January 2013	389,278,581	0.473	184	26,269,701	410
June/July 2013	521,556,172	0.445	232	20,023,479	339
December 2013/ January 2014	486,839,688	0.477	232	22,044,113	389
June/July 2014	320,017,594	0.485	155	25,756,369	487

(7) TAX SITUATION

For the calculation of this period's corporate income tax, the effective tax rate that would be applicable to the total profits expected for the yearly period was used, so that the tax expense for the interim period is the result of applying the estimated average effective tax rate for the year to the result before taxes in the interim period. However, the tax effects derived from occasional events or unique transactions undertaken during the period are fully taken into account in the period.

The effective tax rate for the first half of 2014 applicable to continuing operations was estimated at 39%, which is lower than the estimate for the same period last year (52%), mainly due to a declining business, resulting in a high tax burden on the *Upstream*.

(8) RELATED PARTY TRANSACTIONS

Repsol undertakes transactions with related parties under general market conditions. For the purposes of presenting this information, the following are considered to be related parties:

a. Significant Shareholders: according to the latest information available, the significant shareholders of the Company, deemed related parties of Repsol are:

Significant shareholders	% of share capital at June 30, 2014 (1)
Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona (2)	11.83
Sacyr Vallehermoso, S.A. (3)	9.23
Temasek Holdings (Private) Limited (4)	6.26

(1) Data prior to the close of the paid-up capital increase issue detailed in section *"f) Equity – 1. Share capital and reserves"* of Note 3.

(2) Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona holds its interest through CaixaBank, S.A., a company in which it in turn has a 60.504% shareholding.

(3) Sacyr Vallehermoso, S.A. holds its stake through Sacyr Vallehermoso Participaciones

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

The data provided in the table above reflect the latest information available to Repsol, S.A. as of June 30, 2014 coming from the most recent information furnished by the "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U." (Securities Registration, Clearing, and Liquidation Systems Management Company, (also referred to as Iberclear) and the information provided by the shareholders to the Company and to the Spanish securities market regulator, the CNMV.

PEMEX ceased to be a significant shareholder on June 3, 2014 as a result of the sale of shares of Repsol, S.A. representing 7.86% of the Company's share capital as of the transaction date. On June 4, 2014, Pemex Internacional España S.A.U. (a subsidiary of the PEMEX Group) notified the Company of its resignation from the Board of Directors of Repsol; since that date PEMEX is no longer considered a related party of Repsol.

b. Executives and Directors: includes members of the Board of Directors and of the Executive Committee.

c. Persons, companies or Group entities: includes operations with companies or entities in the Group which have not been eliminated during the consolidation process. These are mainly transactions with integrated companies by the equity method.

Income, expenses and other transactions recorded in six-month period ended June 30, 2014 with related parties were as follows:

EXPENSE AND INCOME Thousands of euros	June 30, 2014			
	Major shareholders	Executive and Directors [1]	Group companies or entities	Total
Financial expenses	16,639	-	16,111	32,750
Transfer of R&D and license agreements	-	-	-	-
Operating leases	699	-	1,085	1,784
Receipts from services	5,342	-	158,109	163,451
Purchase of goods (finished or in progress) [2]	1,514,589	-	3,212,798	4,727,387
Other expenses	4,157	-	399	4,556
EXPENSES	**1,541,426**	**-**	**3,388,502**	**4,929,928**
Financial income	16,283	1	25,161	41,445
Management or cooperation agreements	-	-	2,472	2,472
Transfer of R&D and license agreements	-	-	1	1
Leases	370	-	-	370
Provision of services	4,039	-	982	5,021
Sale of goods (finished or in progress)	47,947	-	346,287	394,234
Other income	232	-	47,344	47,576
INCOME	**68,871**	**1**	**422,247**	**491,119**

OTHER TRANSACTIONS Thousands of euros	June 30, 2014			
	Major shareholders	Executive and Directors[1]	Group companies or entities	Total
Finance agreements: credits and capital contributions (lender)	587	88	1,049,369	1,050,044
Disposal of property, plant and equipment, intangible or other assets	19,413	-	-	19,413
Finance agreements: credits and capital contributions (lessor) [3]	474,867	-	2,386,523	2,861,390
Guarantees given	43,841	-	1,415,349	1,459,190
Guarantees received	30,802	-	106	30,908
Commitments acquired [4]	117,992	-	8,218,403	8,336,395
Cancelled commitments/guarantees	-	-	-	-
Dividends and other profit distributed [5]	552,578	878	-	553,456
Other transactions [6]	1,698,871	-	-	1,698,871

(1) Includes transactions performed with executives and directors not included in Note 11 regarding remuneration received by executives and directors, corresponding to the outstanding balance at the reporting date of the loans granted to members of senior management and the corresponding accrued interest, as well as dividend and other remuneration received as a result of holding shares in the Company.

(2) These purchases include those made under the umbrella of the evergreen oil offtake agreement signed with the Pemex Group until June 4, 2014 (which is when PEMEX ceased to be considered a related party), which amounted to 164,000 barrels per day in 2014.

(3) Includes the drawdown limit of €345 million on credit lines extended by La Caixa.

(4) Corresponds to firm purchase commitments net of firm sales commitments outstanding at the reporting date. Does not include any commitments with PEMEX at June 30, 2014; commitments with PEMEX at June 30, 2013 amounted to €677 million.

(5) The amounts recorded as dividends and other profit distributed to significant shareholders, directors and executives in the table above include the payment of an interim cash dividend of €1 per share against 2014 profit, which was paid out on June 6, 2014, as well as the amounts corresponding to the sale to Repsol, at the guaranteed fixed price, of free-of-charge allocation rights as part of the paid-up capital increase closed in January 2014 under the framework of the remuneration program named “Repsol Flexible Dividend”. In contrast, this sub-heading does not include the amounts corresponding to the sale to Repsol, at the guaranteed fixed price, of free-of-charge allocation rights as part of the paid-up capital increase closed in July 2014, which in the case of the significant shareholders amounted to €100 million. Nor does it include the shares acquired as a result of the aforementioned capital increase.

(6) Includes remunerated accounts and deposits in the amount of €1,044 million, exchange rate hedges in the amount of €258 million and interest rate hedges in the amount of €66 million arranged with La Caixa Group.

Income and expenses, as well as other transactions, recorded during the first half of 2013 in respect of transactions with related parties have been as follows:

EXPENSES AND INCOME: Thousands of euros	June 30, 2013 [1]			
	Major shareholders	Directors and executives [3]	Persons, companies or entities within the Group [2]	Total
Finance expenses	19,737	-	21,141	40,878
Transfer of R&D and licenses agreements	-	-	43	43
Operating leases	763	-	1,150	1,913
Receipts from services	5,775	-	219,976	225,751
Purchase of goods (finished or in progress) [4]	1,983,587	-	3,806,633	5,790,220
Loss from the removal or sale of assets	-		-	-
Other expenses	4,640	-	7,336	11,976
EXPENSES	**2,014,502**	**-**	**4,056,279**	**6,070,781**
Finance income	13,385	1	18,299	31,685
Management or cooperation agreements	-	-	2,449	2,449
Transfer of R&D and licenses agreements	-		1,725	1,725
Dividends received	-		-	-
Operating leases	670	-	-	670
Services rendered	13,952	-	21,373	35,325
Sale of goods (finished or in progress)	38,248	-	609,497	647,745
Profit from the removal or sale of assets	-	-	115	115
Other income	109	-	71,474	71,583
INCOME	**66,364**	**1**	**724,932**	**791,297**

OTHER TRANSACTIONS Thousands of euros	June 30, 2013 [1]			
	Major shareholders	Directors and executives [3]	Persons, companies or entities within the Group [2]	Total
Finance agreements: credits and capital contribution (lender)	-	46	795,089	795,135
Sale of tangible, intangible or other assets	-	-	-	-
Finance agreements: credits and capital contributions (borrower) [5]	430,790	-	2,773,832	3,204,622
Guaranteed given	128,072	-	1,139,616	1,267,688
Guarantees received	15,579	-	46	15,625
Commitments acquired [6]	685,453	-	20,264,048	20,949,501
Commitments/ guaranties cancelled	47,418	-	15,385	62,803
Dividends and other distributed profit [7]	151,085	30	-	151,115
Other transactions [8]	1,071,894	-	-	1,071,894

(1) Includes the necessary modifications with respect to the 2013 interim condensed consolidated financial statements (see Note 2 *"Comparison of information"*) in relation to the application of IFRS 11.

(2) The tables include the transactions performed with the companies forming part of the scope of the sale of the LNG businesses to Shell (see Note 3 of the 2013 consolidated financial statements), the most significant of which are: (i) Expenses for services received of €57 million; (ii) Goods purchased for €820 million; (iii) Income from services rendered of €20 million; (iv) Income from the sale of goods of €164 million; and (v) Other income of €21 million.

(3) Includes transactions performed with executives and directors not included in Note 11, which itemizes the remuneration received by executives and directors, corresponding to the outstanding balance at the reporting date of the loans granted to members of senior management and the corresponding accrued interest, as well as dividend and other remuneration received as a result of holding shares in the Company.

(4) These purchases include those made in accordance with the oil purchase agreement signed with the Pemex Group, which amounted to 100,000 barrels per day in 2013.

(5) Includes the drawdown limit of €345 million on credit lines extended by La Caixa.

(6) Corresponds to purchase commitments net of sales commitments outstanding at the reporting date. The column "Persons, companies or entities within the Group" includes commitments with companies forming

part of the scope of the sale of the LNG assets and businesses that were derecognized during the second half of 2013.

(7) The amounts recorded as dividends and other profit distributed to significant shareholders, directors and executives in the table above include the payment of a cash dividend of €0.04 per entitled share (gross), which was paid out on June 20, 2013, as well as the amounts corresponding to the sale to Repsol, at the guaranteed fixed price, of free-of-charge allocation share rights as part of the paid-up capital increase closed in January 2013, under the framework of the remuneration program named "Repsol Flexible Dividend" . In contrast, it does not include the amounts corresponding to the sale to Repsol, at the guaranteed fixed price, of free-of-charge allocation rights as part of the paid-up capital increase closed in July 2013, which in the case of the significant shareholders amounted to €187 million. These rights were recognized as an account payable at June 30, 2013. Nor does it include the shares acquired as a result of the aforementioned paid-up capital increase.

(8) Includes remunerated accounts and deposits in the amount of €411 million, exchange rate hedges in the amount of €374 million and interest rate hedges in the amount of €71 million arranged with La Caixa Group.

(9) CONTINGENCIES AND GUARANTEES

The information herein updates the status of certain legal or arbitration proceedings and guarantees having undergone relevant changes since the preparation of the 2013 consolidated financial statements, in which this information is included under Note 34 "*Contingencies, commitments and guarantees*".

Litigation

Main procedures initiated as a consequence of the expropriation of the Group's shares in YPF S.A. and YPF Gas S.A

In accordance with the commitments assumed by Repsol in the Agreement, Repsol has dismissed, among others, the following legal, administrative and arbitration proceedings, that were described in Note 34 of the audited consolidated financial statements of the Group for the financial year ended 31 December 2013:

- *Arbitration against the Republic of Argentina before the ICSID under the jurisdiction of the Agreement for the Reciprocal Promotion and Protection of Investments between the Spanish kingdom and the Republic of Argentina.*

- *Lawsuit claiming unconstitutionality of the intervention in YPF by the Argentine government and the "temporary occupation" by the Argentine government of the rights attaching to the expropriated shares of YPF S.A. and YPF Gas S.A. held by the Repsol Group.*

- *"Class Action Complaint" filed before the New York Southern District Court regarding the Argentinian state's failure to comply with its obligation to launch a tender offer for YPF shares before taking control of YPF.*

- *Lawsuit filed with the New York Southern District Court for the failure of YPF to present form 13D as obliged by the Securities and Exchange Commission (SEC) due to intervention by the Argentinian State.*

Argentina

The following lawsuits to which Repsol is party in Argentina have experienced certain updates, as follows:

- *Claims brought by former YPF employees (Share Ownership Plan) -"Karcz, Miguel Ángel and another against Repsol S.A., YPF S.A.- Argentinian State/Declaratory judgment action".*

  The judge lifted the injunction in place on April 16, 2014. This decision has been appealed by the plaintiff; however, the appeal has not had any effect on the lifting of the injunction as the appeal was granted without suspensory effects.

- *Preliminary injunction filed by López, Osvaldo Federico and others against Repsol, S.A. (Dossier # 4444).*

  On March 18, 2014, the judge dismissed the "amparo" proceedings for the protection of constitutional rights (in the main case) and lifted the injunction stipulating the restriction of any funds which Repsol received as compensation for the expropriation which may have been ordered by the National Court of Appraisals. This decision has been appealed by the plaintiff. On July 7, 2014, the Chamber of Appeals of the Province of Tierra del Fuego rejected the appeal and ratified the Court Of First Instance's decision, dismissing the "Amparo" proceedings, and lifting the injunction.

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

  Currently, the case is set for judicial decision since 10 February 2014, including a motion to render judgment thereon.

Spain

On May 9, 2014, Repsol Butano, S.A. was notified of three sentences issued by the Contentious Administrative Court of the National High Court ("Audiencia Nacional") awarding Repsol Butano, S.A. the right of being compensated for the damages caused by the quarterly resolutions issued by the Directorate-General of Energy and Mining Policy determining the maximum retail prices for regulated LPG containers for the second, third and fourth quarters of 2011 and the first quarter of 2012 totaling €63.9 million of principal plus the corresponding late payment interest legally due.

In those sentences, the National High Court declares the existence in these cases of the elements that determine the public administration pecuniary liability and also confirms the quantification of the damages caused by the quarterly resolutions appealed by Repsol Butano, S.A. as stated by the independent experts designated by Repsol Butano, S.A. and the Court.

Even though the State Attorney's Office has announced further appeal in cassation, the fact is that the government did not contend at the National High Court the public administration pecuniary liability but rather questioned the assessment and quantification of the damages with arguments that have been individually dismissed on substantiated grounds by the above mentioned sentences upholding our claims.

Such reasoning of the National High Court, along with the arguments raised by Repsol Butano to defend its claim, make it highly probable that the abovementioned High Court sentences will be upheld by the Supreme Court.

United States of America

- *The Passaic River / Newark Bay clean up lawsuit.*

By virtue of the *Settlement Agreement*, the original defendants (except Occidental) obtained some additional protection against future potential litigation. The *Settlement Agreement* was approved by the Court of New Jersey. In January 2014, Occidental appealed the court's ruling approving the aforementioned *Settlement Agreement*; however, this appeal was denied

Guarantees and commitments

In connection with the loan extended by Banco Santander to Grupo Petersen in June 2008, on Repsol enforced on May 8, 2014, in its capacity as guarantor, the pledge over the YPF S.A. shares that had been pledged as counter guarantee (see Note 4 of the 2013 consolidated annual financial statements).

In connection with the sale of the LNG assets to Shell (see Note 2 "*Changes in the Group's composition*"), the Group holds a guarantee given to Gas Natural Fenosa securing performance of its obligations under its supply agreement between Shell Spain LNG SAU (previously Repsol Comercializadora de Gas, S.A.) and Gas Natural SDG.

During the first half of 2014, the Group awarded a guarantee in respect of its interest in Cardón IV covering the risk of confiscation, expropriation, nationalization or any other measure designed to restrict the use of the drilling unit attributable directly to the Venezuelan government or acts of insurrection or terrorism for up to USD90 million.

During the first half of 2014, the Group committed to invest €254 million to develop the gas production field in Sagari (Block 57), Peru.

(10) AVERAGE HEADCOUNT

The average employee headcount at June 30, 2014 and 2013 was:

	06/30/2014	06/30/2013 (1)
AVERAGE HEADCOUNT		
Men	16,125	16,094
Women	7,686	7,505
	23,811	**23,599**

(1) Includes the necessary modifications with respect to the 2013 interim condensed consolidated financial statements (see Note 2 "*Comparison of information*") in relation to the application of IFRS 11.

(11) COMPENSATIONS

A) Director and executive compensation

During the first half of 2014 a total of 17 members (16 natural persons and one corporate person) have been, at some point, part of the Board of Directors.

A total of 9 people were members of the Group's Executive Committee during the same period. For reporting purposes, in this section Repsol deems "executive personnel" to be the members of the Executive Committee. This consideration, made purely for reporting purposes, herein, neither substitutes nor sets a benchmark for interpreting other senior management concepts applicable to the Company under prevailing legislation (such as Royal Decree 1382/1985), nor does it have the effect of creating, recognizing, amending or extinguishing any existing legal or contractual rights or obligations.

The following is a breakdown of compensation paid during the first six months of 2014 to Directors and members of the Executive Committee who at some point during the period held said position. Unless indicated to the contrary, the compensation figures provided for “executives” do not include the compensation accrued in their capacity as directors of Repsol, S.A., as the director compensation disclosures for these individuals is included in the section on “directors”.

The information provided for the interim period of 2013 is prepared using the same criteria for comparative purposes.

DIRECTORS (1)

	Thousands of euros	
Compensation:	**06/30/2014**	**06/30/2013**
Fixed compensation	2,017	1,896
Variable compensation	1,350	1,511
Bylaw stipulated remunerations	2,627	2,436
Others (2)	333	59
Total	**6,327**	**5,902**

EXECUTIVES

	Thousands of euros	
	06/30/2014	**06/30/2013**
Total compensation received by executives (2)	**6,147**	**6,076**

(1) The composition and number of members of the Board of Directors varied between 2013 and 2014.

(2) Includes settlement of the first cycle of the loyalty plan, participation in the share acquisition plans and in-kind benefits received. In-kind benefits include the corresponding payments on account.

In the first half of 2014 the accrued cost of the retirement, disability, and death insurance policies for Board members, including the corresponding tax payments on account, amounts to €206 thousand (€195 thousand in the first half of the previous year); and the contributions to pension plans and long-service bonuses amounts to €149 thousand (€598 thousand for the same period in the previous year).

The contributions made by the Group in the first half of 2014 to the executives' pension plans, the contributions to executives' prevision plans, and insurance policy premiums covering disability and death (in this case including the corresponding tax payments on account) totaled €1,186 thousand (€1,110 thousand in the first half of the previous year).

B) Loyalty plans and share acquisition plans

The following is an update during the first six months of 2014 of Repsol, S.A.'s share plans approved by the Shareholders´ Meeting, and included in the 2013 consolidated financial statements:

i.) "*Loyalty share program*"

Repsol has a "Plan for Delivery of Shares to Beneficiaries of the Pluri-Annual Remuneration Program."

A total of 218 employees and executives took part in the fourth cycle of the Plan (2014-2017), having acquired a total of 150,271 shares with an average price of €20.7244 per share on May 30, 2014. Consequently, the Group is committed to deliver a maximum of 50,026 shares to those employees who fulfill the Plan requirements after the three year vesting period ends.

During this fourth cycle, the current members of the Executive Committee members had acquired a total of 55,060 shares. Considering the total number of shares acquired during the second cycle (amounted to 131,395 shares) and during the third cycle (amounted to 77,155 shares), Repsol would be committed to delivering 43,795 shares when the second cycle's vesting period ends, 25,716 shares when the third ends and 18,351 shares when the fourth finishes. This commitment is subject to the compliance with the remaining Plan requirements.

At June 30, 2014 personnel expenses totaling €0.7 million in relation to the first, second, third and fourth cycle of the Plan have been recorded, with a balancing entry of *"Retained earnings and other reserves"* in equity. Personnel expenses amounting €0.6 million related to the first three cycles, were recorded in the first half of the prior fiscal year.

Additionally, the first cycle of the plan vested on May 31, 2014. As a result, the rights of 322 beneficiaries to 69,162 shares vested (receiving a total of 57,146 shares net of the payment on account to be paid by the Company). Under the terms of the Plan, the corresponding additional shares, valued at €20.905 per share, were delivered to the beneficiaries on June 5, 2014. In parallel, the rights of the members of the Executive Committee (including those that are also Directors) to 26,537 shares also vested. Net of the withholding retained by the Company, these individuals received a total of 18,594 shares.

ii.) *"Share Acquisition Plan"*

These plans are targeted at executives and employees of the Repsol Group in Spain and are designed to enable those to wishing to receive a portion of their remuneration in Repsol, S.A. shares up to an annual limit equal to the number of shares whose monetary equivalent, in accordance with the current tax legislation in each year and territory, is not considered taxable income for personal income tax purposes.

During the first half of 2014 and 2013, and in accordance with in the information included in Note 3, section *f) "Equity - 2. Share capital and Reserves"*, the Group has purchased 199,839 and 205,785 treasury shares for €3.7 million and €3.5 million respectively, to be delivered to Group employees.

During the first half of 2014, Members of the Executive Committee, in accordance with the terms provided in the Plan, received a total of 290 shares.

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

(12) SUBSEQUENT EVENTS

On July 1, 2014, the Company redeemed Series I/2013 Simple Bonds ahead of maturity (see section b.2) "*Bonds and other marketable securities*" in Note 5). The bonds were repaid in cash at par, free of charges and in accordance with all the legal terms and conditions stipulated in the Securities Note approved by and registered with the CNMV on June 4, 2013.

Repsol, S.A. paid the bondholders €1,458,191,000 in the form of principal (€500 per bond) and €12,759,171.25 in respect to the ordinary gross coupon (€4.375 per bond).

(13) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These interim condensed consolidated financial statements are prepared on the basis of IFRSs, as endorsed by the European Union, and Article 12 of Royal Decree 1362/2007 (see Note 2). Consequently, certain accounting practices applied by the Group may not conform with other generally accepted accounting principles in other countries.

APPENDIX I: MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

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

Name of the entity (or business activity) acquired/absorbed	Type of transaction	Transaction close date	(millions of euros) Consideration (net) paid + other costs directly attributable to the business combination	(millions of euros) Fair value of the equity instruments issued to acquire the acquiree	% of voting rights acquired [1]	% of total voting rights acquired in the entity post - acquisition
Repsol Angostura Limited	Constitution	feb-14	-	-	100.0%	100.0%
Repsol Trading Perú S.A.C.	Constitution	mar-14	-	-	100.0%	100.0%
Repsol St. John LNG, S.L.	Constitution	jun-14	-	-	100.0%	100.0%
Repsol Trading Singapore Pte Ltd.	Constitution	jun-14	-	-	100.0%	100.0%
Principle Power Inc.	Increase shareholding	may-14	1	-	0.81%	34.4%

[1] Corresponds to the equity shareholding in the acquired company.

b) Reduction in interest in subsidiaries, join ventures, and/or associates and other similar transactions [1]

Name of the entity (or business activity) sold, split or retired	Type of transaction	Effective date of the operation	% of voting rights sold or retired	% of voting rights acquired in the entity post-acquisition	Income / Loss generated (Millions of euros)[3]
Repsol Comercializadora de Gas, S.A. [2]	Sale	ene-14	100.0%	0.0%	432
Transportadora de Gas del Perú (TGP) [2]	Sale	mar-14	10.0%	0.0%	57
Orisol Corporación Energética, S.A.	Sale	may-14	46.8%	0.0%	-
Algaenergy, S.A.	Sale	jun-14	20.0%	0.0%	-
Kuosol Agrícola S.A.P.I. de C.V.	Sale	ene-14	50.0%	0.0%	-
Repsol YPF Trading y Transporte Singapur, Ltd.	Liquidation	abr-14	100.0%	0.0%	-
Empresa Petrolera Maxus Bolivia, S.A. [4]	Merge	feb-14	100.0%	0.0%	-

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

[1] Does not include the companies which are now accounted for using the equity method under IFRS 11.
[2] See Note 2 "Changes in the Group's composition".
[3] Corresponds to pre-tax gains, with the exception of the TGP gain, which is recognized within "*Share of results of entities accounted for using the equity method*" net of taxes.
[4] This company was removed from the consolidation scope in February 2014 in the wake of its merger into Repsol E&P Bolivia, S.A.

APPENDIX II: REGULATORY FRAMEWORK

The information provided in this section constitutes an update designed to reflect significant developments in the regulatory framework applicable to the Group subsequent to authorization of the 2013 consolidated financial statements for issue, as detailed in Appendix III "*Regulatory Framework*".

Spain

Liquid hydrocarbons, oil and oil derivatives

The prices of oil derivatives are deregulated, with the exception of LPG which is, under certain circumstances, subject to retail maximum price. The prices of bulk LPG and bottled LPG in cylinders with capacity under 8 kilograms or over 20 kilograms are deregulated.

Spanish Royal Decree-Law 8/2014, of July 4 2014, on urgent measures for growth, competitiveness and efficiency, has had the effect of deregulating the prices of LPG containers with capacity of between 8 kilograms or more and less than 20 kilograms whose tare is no more than 9 kilograms, with the exception of containers holding mixes for LPG fuel purposes.

Under this piece of legislation, the obligation to provide home delivery of containers with loads of between 8 and 20 kilograms incumbent upon the LPG wholesalers with the biggest market shares in the mainland and island territories continues to apply. The list of Bound Operators itemized in the legislation encompasses Repsol Butano, S.A. on the mainland and in the Balearics, DISA in the Canaries and ATLAS in Ceuta y Melilla. In the event that these Operators do not have containers with a tare of over 9 kilograms, the obligation to provide home delivery of LNG at regulated prices will extend to containers with a tare of less than 9 kilograms in the corresponding region.

In addition, the Spanish Royal Decree includes energy efficiency measures including the creation of an Energy Efficiency Fund to which gas and power suppliers, oil product wholesalers and the liquid petroleum gas wholesalers must make an annual contribution, this requirement therefore affecting LPG and fuel.

The retail marketing of LPG can be freely made by any person or entity.

Regulation of the electricity sector in Spain

In recent years, the Spanish government has passed a series of laws with the aim of modifying and reducing the premium remuneration awarded to certain classes of power generation assets.

Spanish Royal Decree Law 1/2012, of January 27, 2012, eliminated the financial incentives for new special regime generation plants and for ordinary regime plants using technology akin to the technologies governed by the special regime.

As provided in the Electricity Act, Law 24/2013 of December 26, 2013, enacted on June 6, 2014, the Spanish Cabinet passed Royal Decree 413/2014 (published in the Official State Journal, or BOE for its acronym in Spanish, on June 10) regulating the generation of electricity from renewable energy sources, cogeneration and waste. The purpose of this legislation is to regulate the legal and financial framework applicable to this business. This new regime affects the Repsol Group's co-generation facilities, part of the now defunct 'special' regime and assimilated ordinary regime. The new regime is based on the necessary participation of these facilities in the market, complimenting the market-driven revenue with a specific regulated payment designed to enable them to compete on an even footing with the rest of the technologies in the marketplace, compensating owners for the costs that, unlike conventional generation technologies, cannot be recouped in the market in order to enable them to earn an adequate return on their investment by using metrics that are tailored for the various standard facilities.

Lastly, Ministerial Order IET/1045/2014, of June 16, 2014, published in the Official State Journal on June 20, 2014, contains the standard facility remuneration parameters applicable to certain electricity producing facilities that use co-generation, renewable energy sources or waste.

Bolivia

On May 1, 2006, Supreme Decree 28,701 (the "Nationalization Decree") was published, which nationalized the country's oil and gas and transferred ownership and control to the Bolivian state company Yacimientos Petrolíferos Fiscales Bolivianos (YPFB). Furthermore, the shares required to enable YPFB to control at least 50% plus one vote in different companies, among them Empresa Petrolera Andina, S.A., currently known as YPFB Andina S.A. (YPFB Andina), were nationalized.

Subsequently, Law No. 466 of December 26, 2013 stipulated that YPFB Andina take the form of a mixed-capital public limited company (abbreviated SAM in Spanish), requiring YPFB to take as many steps as needed to acquire 51% of YPFB Andina, in order to comply with paragraph II of article 363 of the State's Political Constitution.

Given that YPFB currently holds 50.408% of the share capital of YPFB Andina, it will only have to acquire 0.592% of the Company's shares to comply with its obligations under the aforementioned law.

APPENDIX III: RESTATEMENT OF THE 2013 BALANCE SHEET, INCOME STATEMENT AND STATEMENT OF CASH FLOWS

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

Consolidated balance sheet at December 31, 2013

	Millions of euros		
	Stated		Restated [1]
ASSETS	**12/31/2013**	**Change**	**12/31/2013**
Intangible Assets:	5,325	(3,596)	1,729
a) Goodwill	2,648	(2,158)	490
b) Other intangible assets	2,677	(1,438)	1,239
Property, plant and equipment	26,244	(10,218)	16,026
Investment property	24	-	24
Investment accounted for using the equity method	412	9,928	10,340
Non-current assets held for sale subject to expropriation	3,625	-	3,625
Non-current financial assets	1,802	86	1,888
Deferred tax assets	4,897	(818)	4,079
Other non-current assets	253	(193)	60
NON-CURRENT ASSETS	**42,582**	**(4,811)**	**37,771**
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
a) Trade receivables	5,621	(2,402)	3,219
b) Other receivables	1,634	(304)	1,330
c) Income tax assets	471	(85)	386
Other current assets	144	(3)	141
Other current financial assets	93	261	354
Cash and cash equivalents	7,434	(1,718)	5,716
CURRENT ASSETS	**22,504**	**(4,728)**	**17,776**
TOTAL ASSETS	**65,086**	**(9,539)**	**55,547**

[1] Includes the necessary modifications with respect to the consolidated financial statements for the year ended December 31, 2013 in relation to the application of IFRS 11 (see Note 2 *"Basis of presentation"*).

Repsol, S.A. and investees comprising the Repsol Group
Consolidated balance sheet at December 31, 2013

	Millions of euros		
	Stated		Restated [1]
LIABILITIES AND EQUITY	**31/12/2013**	**Change**	**31/12/2013**
NET EQUITY			
Issued share capital	1,324	-	1,324
Share premium	6,428	-	6,428
Legal Reserve	259	-	259
Treasury shares and own equity instruments	(26)	-	(26)
Retained earnings and other reserves	19,785	-	19,785
Total net income attributable to the the parent	195	-	195
Dividends and remunerations	(232)	-	(232)
EQUITY	**27,733**	**-**	**27,733**
Financial assets available for sale	488	-	488
Other financial instruments	-	-	-
Hedge transactions	(60)	-	(60)
Translation differences	(954)	-	(954)
ADJUSTMENTS FOR CHANGES IN VALUE	**(526)**	**-**	**(526)**
EQUITY ATTRIBUTABLE TO THE PARENT	**27,207**	**-**	**27,207**
MINORITY INTERESTS	**713**	**(470)**	**243**
TOTAL EQUITY	**27,920**	**(470)**	**27,450**
Grants	66	(56)	10
Non-current provisions	3,625	(925)	2,700
Non-current financial liabilities:	13,125	(4,656)	8,469
a) Bank borrowings, bonds and other securities	13,053	(4,640)	8,413
b) Other financial liabilities	72	(16)	56
Deferred tax liabilities	3,352	(1,486)	1,866
Other non-current liabilities	2,179	(503)	1,676
NON-CURRENT LIABILITIES	**22,347**	**(7,626)**	**14,721**
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
a) Bank borrowings, bonds and other securities	4,464	1,316	5,780
b) Other financial liabilities	55	(2)	53
Trade payables and other payables:	8,464	(2,627)	5,837
a) Trade payables	4,115	(1,527)	2,588
b) Other payables	4,056	(942)	3,114
c) Current income tax liabilities	293	(158)	135
CURRENT LIABILITIES	**14,819**	**(1,443)**	**13,376**
TOTAL EQUITY AND LIABILITIES	**65,086**	**(9,539)**	**55,547**

[1] Includes the necessary modifications with respect to the consolidated financial statements for the year ended December 31, 2013 in relation to the application of IFRS 11 (see Note 2 *"Basis of presentation"*).

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

Consolidated income statement corresponding to the period ended June 30, 2013

	Millions of euros		
	Stated		Restated (1)
	06/30/2013	**Change**	**06/30/2013**
Sales	28,362	(5,455)	22,907
Services rendered and other income	782	(295)	487
Changes in inventories of finished goods and work in progress inventories	(343)	46	(297)
Income from reversal of impariment losses and gains on disposal of noncurrent assets	10	(2)	8
Allocation of grants on non-financial assets and other grants	7	(7)	-
Other operating income	426	(26)	400
OPERATING REVENUE	**29,244**	**(5,739)**	**23,505**
Supplies	(21,904)	3,097	(18,807)
Personnel expenses	(1,018)	189	(829)
Other operating expenses	(3,029)	724	(2,305)
Depreciation and amortization of non-current assets	(1,236)	511	(725)
Impairment losses recognized and losses on disposal of non-current assets	(66)	22	(44)
OPERATING EXPENSES	**(27,253)**	**4,543**	**(22,710)**
OPERATING INCOME	**1,991**	**(1,196)**	**795**
Finance income	69	(16)	53
Finance expenses	(509)	141	(368)
Changes in the fair value of financial instruments	48	1	49
Net exchange gains/ (losses)	(69)	14	(55)
Impairment losses recognized and losses on disposal of financial instruments	76	-	76
FINANCIAL RESULT	**(385)**	**140**	**(245)**
Share of results of companies accounted for using the equity method-net of tax	**74**	**330**	**404**
NET INCOME BEFORE TAX	**1,680**	**(726)**	**954**
Income tax	(717)	(432)	(285)
Net income from continuing operations	**963**	**294**	**669**
Net income from continuing operations attributable to minority	(18)	(34)	16
NET INCOME FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE PARENT	**945**	**(260)**	**685**
Net income for the period from discontinued operations after taxes	**(44)**	**260**	**216**
Net income from discontinued operations attributable to minority interests	-	-	-
NET INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS ATRIBUTTABLE TO THE PARENT	**(44)**	**260**	**216**
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT	**901**	**-**	**901**

(1) Includes the necessary modifications with respect to the consolidated condensed interim financial statements for the six-month period ended June 30, 2013 in relation to the application of IFRS 11 and the sale of part of the LNG assets and businesses (see Note 2 *"Basis of presentation"*).

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

Consolidated cash flow statement corresponding to the period ended June 30, 2014

	Millions of euros		
	Stated		Restated [2]
	06/30/2013	**Change**	**06/30/2013**
Net income before tax	**1,680**	**(726)**	**954**
Adjustments to net income:	**1,696**	**(1,036)**	**660**
Depreciation and amortization of non-current assets	1,236	(511)	725
Other adjustments to results (net)	460	(525)	(65)
Changes in working capital	**(158)**	**86**	**(72)**
Other cash flows from operating activities:	**(628)**	**306**	**(322)**
Dividends received	51	119	170
Income tax received / (paid)	(616)	176	(440)
Other proceeds from / (payments for) operating activities	(63)	11	(52)
Cash flows from operating activities [1]	**2,590**	**(1,370)**	**1,220**
Payments for investing activities:	**(1,911)**	**807**	**(1,104)**
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)
Proceeds from disvestments:	**377**	**(230)**	**147**
Group companies, associates and business units	137	(3)	134
Property, plant and equipment, intangible assets and investment properties	23	(10)	13
Other financial assets	217	(217)	-
Other cash flows	-	-	-
Cash flows used in investing activities [1]	**(1,534)**	**577**	**(957)**
Proceeds from/ (payments for) equity instruments:	**1,025**	**-**	**1,025**
Acquisition	(37)	-	(37)
Disposal	1,062	-	1,062
Disposals of ownership interests in subsidiaries without loss of control	-	-	-
Proceeds from / (payments for) financial liabilities:	**617**	**(20)**	**597**
Issues	3,950	(1,162)	2,788
Return and depreciation	(3,333)	1,142	(2,191)
Payments for dividends and payments on other equity instruments	**(281)**	**43**	**(238)**
Other cash flows from financing activities:	**(592)**	**112**	**(480)**
Interest payments	(512)	156	(356)
Other proceeds from/ (payments for) financing activities	(80)	(44)	(124)
Cash flows used in financing activities [1]	**769**	**135**	**904**
Effect of changes in exchange rates	(21)	9	(12)
Net increase / (decrease) in cash and cash equivalents	**1,804**	**(649)**	**1,155**
Cash Flows from operating activities from discontinued operations	(11)	446	435
Cash Flows from investment activities from discontinued operations	-	16	16
Cash Flows from financing activities from discontinued operations	(3)	(99)	(102)
Effect of changes in exchange rates from discontinued operations	-	(2)	(2)
Net increase / (decrease) in cash and discontinued operations	**(14)**	**361**	**347**
Cash and cash equivalents at the beginning of the year	5,903	(1,795)	4,108
Cash and cash equivalents at the end of the year	7,693	(2,083)	5,610
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**06/30/2013**		**06/30/2013**
(+) Cash and banks	6,041	(816)	5,225
(+) Other financial assets	1,652	(1,267)	385
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**7,693**	**(2,083)**	**5,610**

(1) Corresponds to cash flows from continuing operations.

(2) Includes the necessary modifications with respect to the consolidated condensed interim financial statements for the six-month period ended June 30, 2013 in relation to the application of IFRS 11 and the sale of part of the LNG assets and businesses (see Note 2 *"Basis of presentation"*).

INTERIM MANAGEMENT REPORT 2014

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

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

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1. MAIN EVENTS OF THE PERIOD

Net income in the first half of 2014 amounted to €1,327 million, 47% higher than the first half of 2013.

Gains on divestments in the period have had a significant impact on improved results, mainly due to the transfer of the holding in YPF S.A., after an agreement with the Government of Argentina for the expropriation of 51% of that company, as well as the completion of the sale of LNG and gas transportation assets. Regarding day-to-day business performance, the improved *Downstream* and *Gas Natural Fenosa* results have only partially offset the fall in *Upstream* results derived from the interruption of production in Libya and greater exploration costs. *(For further explanation on this period´s results, see "Results" in Note 4)*

In relation to the divestment in Argentina, it should be noted that in this period the controversy over the expropriation of 51% of YPF S.A. and YPF Gas S.A. was resolved through the signing of two agreements with the Argentinian authorities and YPF, respectively. Under the agreement signed with the Republic of Argentina, which was ratified by Repsol's General Meeting and approved fully and unconditionally by the Argentinian Parliament, Repsol was recognised a compensation of USD5,000 million for the expropriation of the shares in YPF S.A. and YPF Gas S.A. The payment of the compensation was made by the delivery to Repsol of Argentinian bonds, which the Group sold entirely for USD4,997 million. Additionally, the Group sold its stake in YPF S.A. that was not expropriated (12.38%), for the amount of USD1,316 million. Overall these operations have represented revenues for Repsol of USD6,313 million and total capital gain after tax of €300 million. *(For further information on the expropriation, see section 2.3.2 in Note 2)*

As part of the divestment targets for non-strategic assets established by Repsol's 2012-2016 Strategic Plan on 1 January 2014, the sale to Shell of part of the LNG assets and business, consisting of the stake in Repsol Comercializadora de Gas, S.A. was completed, whose main activity was the marketing, transportation and trading of LNG, for USD730 million, resulting in a post-tax gain of €329 million. Similarly, in March 2014 Repsol completed the sale to Enagás of a 10% stake in Transportadora de Gas del Perú, S.A. (TGP), for a price of USD219 million and generating a net capital gain of €57 million.

The income from the compensation for the expropriation of shares in YPF S.A. and YPF Gas S.A. in Argentina, the sale of the YPF S.A. shares not expropriated and the divestment of LNG assets have boosted the financial strength of the company, which has been acknowledged by the major international rating agencies with improvements in Repsol's credit rating. As at 30 June 2014, net debt stood at €2,392 million, which represents a decrease compared to the same period in 2013 of 55%. Furthermore, Repsol also has a high level of available resources that cover its short term gross debt by almost 3 times. *(For further information on the financial situation, see "Financial overview" in Note 4)*

In regard to the performance of our business areas, *Upstream* production during the first six months of 2014 stood at 340 kboe/d, 5.6% less than in 2013, fundamentally affected by the production disruption in Libya as a result of conflicts and security problems in that country. Volumes contributed by the strategic growth projects implemented in 2013 (Sapinhoá, in block BM-S-9 in Brazil, Phase II of Margarita-Huacaya in Bolivia, and Syskonsininskoye (SK) in Russia) are remarkable, meaning that in the first half of 2014 Brazil, Bolivia and Russia made a positive production yield of more than 18.7 Kboe/d. Development has also continued in other strategic projects, notably the start of the production in March of Kinteroni (Lot 57), in Peru. With the commissioning of Kinteroni, one of the five biggest discoveries of 2008, Repsol has begun production in seven of the ten key growth projects contemplated in the 2012-2016 Strategic Plan. In addition, the investment effort in exploration has been maintained, including the completion of 10 exploratory surveys in the six-month period and with 9 other exploratory surveys currently in progress. Emphasis should be placed on the Gabi-1 exploration survey in the Karabahsky-1 block in Russia as well as the positive outcome of the Qugruk 5 and 7 appraisal surveys in Alaska (North Slope) and the extension survey made at the TSP production well in Trinidad and Tobago. *(For further information on the Upstream division results and performance, see "Results" in Note 4 and 5.1)*

In *Downstream*, the results for the period improved by 29%, fundamentally stemming from the favourable progress of the marketing businesses, the chemical business driven by the measures of the Competitiveness Plan and the results from North American gas businesses, which continue to demonstrate the quality of the group's assets, particularly after the completion of the major refining projects at Cartagena and Bilbao, leading its European competitors in integrated Marketing and Refining margins. *(For further information on the Downstream division results and performance, see "Results" in Note 4 and 5.2)*

The contribution to the results of *Gas Natural Fenosa* was in line with the same period for the previous year, highlighting the gain obtained by the sale of its telecommunications business.

At the corporate level we note, on the one hand, the appointment of Josu Jon Imaz San Miguel as new Chief Executive Officer (CEO) to lead the Group towards new challenges and opportunities and, on the other hand, the resignation as a member of the Board of Directors of Pemex International España, S.A.U., after the sale of its stake in Repsol, S.A. *(For further information on Corporate Governance, see section 2.2)*

The Repsol Board of Directors agreed in May to the distribution of an extraordinary gross dividend of one euro (€1) per share, charged to the results of the current financial year, which was paid out on 6 June 2014 and resulted in a payment of €1,325 million. Additionally, in June and July, the company implemented a paid-up capital increase through which the program "*Repsol flexible dividend*" is being implemented, allowing shareholders to opt to receive their remuneration, whether wholly or partly, in newly issued shares or in cash. As a result, Repsol has become one of the leading Spanish companies for remuneration to its shareholders, at 1.485 €/share this semester.

During the first half of 2014 Repsol share prices appreciated by 5.13%, standing at €19.26/share on 30 June and representing a market capitalisation of €25,510 million. Discounting the effects on the price from the payment of the extraordinary dividend and the "*Repsol flexible dividend*" program, Repsol's shares behaved better than average during the period on the Spanish market and its European counterparts, leading the sector and the Ibex 35 in terms of shareholder remuneration. *(For further information on our shareholders remuneration and our share, see "Shareholder remuneration" in Note 4)*

Finally, Repsol has maintained its commitment to society and its employees, hiring 2,865 new employees over the six-month period (9% higher than the same period 2013) and investing more than €7 million in training. Additionally, 691 fewer tons of CO_2 equivalent were emitted in the atmosphere compared to the same period in 2013. *(See "Other ways of creating value" in the following section "Main figures and indicators of the period")*

MAIN FIGURES AND INDICATORS OF THE PERIOD

Results, financial overview and shareholder remuneration [1]	June 2014	June 2013
Results		
EBITDA	2,202	2,215
Adjusted Net Income	922	925
Net Income	1,327	901
Earnings per share (€/share)	0.98	0.68
ROACE (%) [2]	6.9	5.5
Financial overview		
Net financial debt [3]	2,392	5,358
EBITDA [4] / Net financial debt (x times)	1.8	0.9
Shareholder remuneration		
Total shareholder remuneration (€)	1.48	0.51

Main stock indicators	June 2014	June 2013
Share price at close of financial year (€)	19.26	16.21
Average share price (€)	18.79	16.81
Market capitalisation [1]	25,510	20,789

Our business performance [1]	June 2014	June 2013
Upstream		
Net liquids production (kbbl/d)	126	150
Net gas production (kboe/d)	214	210
Net hydrocarbon production (kboe/d)	340	360
Average crude oil realization price ($/bbl)	86.9	90.0
Average gas realization price ($/Thousand scf)	4.1	4.1
Adjusted Net Income	400	634
EBITDA	1,359	1,725
Operating investments	1,275	1,151
Downstream		
Refining capacity (kbbl/d)	998	998
Conversion index in Spain (%)	63	63
Refining margin indicator in Spain ($/Bbl)	3.5	3.2
Oil product sales (kt)	21,143	21,290
Petrochemical product sales (kt)	1,334	1,197
LPG sales (kt)	1,219	1,273
LNG sold in North America (TBtu)	149.6	86.2
Adjusted Net Income	452	350
EBITDA	948	635
Operating investments	283	226
Gas Natural Fenosa		
Adjusted Net Income	282	253

Other ways of creating value	June 2014	June 2013
People		
Managed Workforce [5]	24,796	24,543
Number of new hires in the year [6]	2,865	2,623
Safety and environmental management		
Overall Frequency Rate (IF) of accidents with sick leave [7]	0.7	0.48
Direct CO_2 emissions [8] (million t)	6.148	6.839

Macroeconomic environment	June 2014	June 2013
Brent ($/bbl)	108.9	107.5
WTI ($/bbl)	100.8	94.3
Henry Hub ($/Mbtu)	4.8	3.7
Algonquin ($/Mbtu)	12.3	8.2
Average exchange rate ($/€)	1.37	1.31

Note: Indicators have been calculated in accordance with the new reporting model; see section *4 Segment Reporting* of the interim condensed consolidated financial statements for the six-month period ended 30 June 2014.

(1) Where appropriate, figures shown in million euros.

(2) The ROACE for the first half of 2014 is an annualised indicator, and that corresponding to the 2013 financial year corresponds to the annual real data.

(3) Comparative figure 2013 corresponds to 31 December 2013.

(4) The EBITDA for the first half of 2014 is an annualised indicator obtained by a mere extrapolation of this period´s figures; that corresponding to the 2013 financial year corresponds to the annual real data.

(5) Does not include those employees with annual working hours equal to or less than 20% of the hours set in the collective bargaining agreement and employees of partially-owned companies in which Repsol does not have management control. The workforce figure also follows the Group's accounting consolidation criteria.

(6) % of number of permanent new hires in the year for the first semester 2014 and 2013 amounts 33% and 25%, respectively.

(7) Overall frequency rate with sick leave: number of accidents leading to days lost or deaths recorded over the year, for every million hours worked.

(8) Includes direct emissions of CO_2 from the most relevant business units and countries in which the Group operates, accounting for 98% of the Company's direct Greenhouse Gas (GHG) emissions inventory.

2. OUR COMPANY

2.1) BUSINESS MODEL

Repsol Group´s activities are divided into three business areas:

- *Upstream*, relating to the exploration and production of hydrocarbons.

- *Downstream*, which is responsible for (i) refining and commercialization of oil products, petrochemicals products and liquefied petroleum gas, (ii) commercialization, transportation and regasification of natural gas and liquefied natural gas (LNG) and (iii) renewable energy power projects; and

- *Gas Natural Fenosa*, corresponding to Repsol's stake in the Gas Natural Fenosa group, which mainly engages in natural gas marketing and the generation, distribution, and marketing of electricity.

2.2) CORPORATE GOVERNANCE

On 30 April 2014, the Board of Directors of Repsol, at the proposal of its Chairman, and with a favourable report issued by the Nominations and Remuneration Committee, approved a significant remodelling of the structure of the senior management team, in particular the appointment of Josu Jon Imaz San Miguel as Chief Executive Officer (CEO), who previously held the position of General Director of Industry and Trading.

The new organisation of the Repsol group has strengthened the management of all businesses and corporate areas, meaning that, following the compensation agreement reached with the Republic of Argentina, it has the best organisation to generate new growth opportunities -both organic and inorganic- in accordance with its principles of profitability, responsibility, sustainability and future.

On the same date, the Board accepted the resignation of Independent Board Member Paulina Beato Blanco, leaving a vacant position filled by the new Chief Executive Officer, who was also appointed member of the Delegate Commission.

On 4 June 2014, following the announcement by PEMEX of the sale of the majority of its share in Repsol, Pemex Internacional España, S.A.U. submitted its resignation as a member of the Board of Directors of Repsol, S.A. and of the Committees on which it sat (Delegate Committee and Strategy, Investment and Corporate Social Responsibility Committee).

2.3) RISK MANAGEMENT

2.3.1 RISK FACTORS

Repsol's operations and earnings are subject to risks as a result of changes in competitive, economic, political, legal, regulatory, social, industrial, business and financial conditions.

The risks faced by the Group in the second half of 2014 are the same as those detailed in the management report accompanying the financial statements for 2013. This information should therefore be read in conjunction with the description of the risk factors included in the Consolidated Management Report 2013, as well as with Note 19 "*Financial risk and capital management*" of the Consolidated Financial Statements for the said year.

Below are shown, in summary form, the existing risks at 31 December 2013 that remain valid as risks for the second semester of 2014.

STRATEGIC AND OPERATIONAL RISKS

Uncertainty in the current economic context

Despite the substantial decrease of the risks resulting from the 2009 financial crisis, global economic recovery continues to be too weak to significantly reduce levels of leverage in many sectors of advanced economies, and increasingly so in emerging economies. This, together, with historically low interest rates during the past five years, which could have led to some agents assuming excessive risk, is a significant additional source of risk, due to the vulnerability to future interest rate rises.

In the Eurozone, interior market fragmentation could keep unemployment at excessive levels in some countries, driving up deflationary pressures, which would have a negative impact on the economic and monetary union as a whole.

Furthermore, persistent pressure on the sustainability of government finances in advanced economies has led to pronounced tensions in credit markets, and could prompt fiscal reforms or changes in the regulatory framework of the oil and gas industry. Finally, the economic-financial situation could have a negative impact on third parties with whom Repsol does or could do business. Any of the factors described above, whether in isolation or in combination with each other, could have an adverse effect on the financial condition, businesses, or results from Repsol operations.

Potential fluctuations in international prices and demand of crude oil and reference products, due to factors beyond Repsol's control

World oil prices have experienced significant changes over the last ten years, in addition to being subject to international supply and demand fluctuations, over which Repsol has no control.

International product prices are influenced by the price of oil and the demand for said products. Also, international prices of crude oil and products affect the refining margin. International oil prices and demand for crude oil may fluctuate significantly during economic cycles as well.

Reductions in oil prices negatively affect Repsol's profitability, the value of its assets and its plans for capital investment. Likewise, any significant drop in capital investment could have an adverse effect on Repsol's ability to replace its crude oil reserves.

Regulatory and tax framework of Repsol's operations

The oil industry is subject to extensive regulation and intervention by governments in matters such as the award of exploration and production permits, the imposition of specific drilling and exploration obligations, restrictions on production, price controls, divestments of assets, foreign currency controls, and the nationalisation, expropriation or cancellation of contractual rights.

Likewise, oil refining and petrochemical activities, in general, are subject to extensive government regulation and intervention in matters such as safety and environmental controls.

Finally, the energy sector, and particularly the oil industry, is subject to a singular fiscal framework. In *Upstream* activities it is common to see specific taxes on profit and production, and with respect to *Downstream* activities, the existence of taxes on product consumption is also common.

Repsol is subject to extensive environmental and safety legislations and risks

Repsol is subject to extensive environmental and safety regulations in all the countries in which it operates. These regulations govern, among various matters, those concerning the Group's environmental operations concerning their producers, air emissions and climate change, energy efficiency, water discharges, remediation of soil and groundwater and the generation, storage, transportation, treatment and final disposal of waste materials and safety.

In particular, and due to concerns over the risk of climate change, a number of countries have adopted, or are looking into adopting, new regulatory requirements to reduce greenhouse gas emissions, such as carbon taxes, increasing efficiency standards, or adopting emissions trading schemes. These constraints could make Repsol's products more expensive, as well as shift hydrocarbon demand toward relatively lower-carbon sources, such as renewable energies. In addition, compliance with greenhouse gas regulations may also require Repsol to upgrade its facilities, monitor or sequester emissions or take other actions that may increase costs.

Operating risks related to exploration and exploitation of hydrocarbons and reliance on the cost-effective acquisition or discovery of, and, thereafter, development of, new oil and gas reserves

Oil and gas exploration and production activities are subject to particular risks, many of which are beyond Repsol´s control. These activities are exposed to production, equipment and transportation risks, mistakes or inefficiencies in operations management and purchasing processes, natural hazards and other uncertainties relating to the physical characteristics of oil and gas fields. Moreover, any mean of transport of hydrocarbons implies inherent risks: during road, rail, maritime or pipe transportation, hydrocarbons or other hazardous substances may be spilled.

Moreover, Repsol depends on replacing depleted oil and gas reserves with new proven reserves profitably, in a way that enables subsequent production to be economically viable.

Location of reserves

Part of Repsol's oil and gas reserves are located in countries that are or could be economically or politically unstable.

Oil and gas reserves estimation

In the estimation of proven oil and gas reserves, Repsol relies on the guidelines and the conceptual framework of the Securities and Exchange Commission's (SEC) definition of proven reserves and on the criteria established by the Petroleum Reserves Management System of the Society of Petroleum Engineers (PRMS-SPE). In the estimation of non-proven oil and gas reserves, Repsol relies on the criteria and the guidelines established by the PRMS-SPE.

The accuracy of these estimates depends on a number of different factors, assumptions and variables, some of which are beyond Repsol's control. As a result, measures of reserves are not precise and are subject to revision.

Projects and operations carried out through joint ventures and partnerships

Many of the Repsol Group's projects and operations are conducted through joint ventures and partnerships. If Repsol does not act as the operator on those projects or operations, its ability to control and influence the performance and management of the operations and to identify and manage risk is limited. Additionally, there is a possibility that if any of Repsol's partners or members of a joint venture or associated company fails to comply with their financial obligations or incur any other breach, that could affect the viability of the whole project.

Repsol may engage in acquisitions, investments and disposals as part of its strategy

As part of Repsol's strategy, the company may engage in acquisitions, investments and disposals of interests. There can be no assurance that Repsol will identify suitable acquisition opportunities, obtain the financing necessary to complete and support such acquisitions or investments, acquire businesses on satisfactory terms, or that any acquired business will prove to be profitable.

Any failure to successfully integrate such acquisitions could have a material adverse effect upon the business, results of operations or financial conditions of Repsol. Any disposal of interest may also adversely affect Repsol's financial condition, if such disposal results in a loss to Repsol.

Repsol's current insurance coverage may not be sufficient for all the operational risks

Repsol holds insurance coverage against certain risks inherent in the oil and gas industry, in line with industry practice. Insurance coverage is subject to deductibles and limits that in certain cases may be materially exceeded by the liabilities and/or losses incurred. In addition, Repsol's insurance policies contain exclusions that could leave the Group with limited coverage in certain circumstances. Furthermore, Repsol may not be able to maintain adequate insurance at rates or on terms considered reasonable or acceptable, or be able to obtain insurance against certain risks that could materialise in the future. If Repsol were to experience an incident against which it is not insured, or the costs of which materially exceed its coverage, it could have an adverse effect on its business, financial position and results of operations.

Repsol's natural gas operations are subject to particular operational and market risks

Natural gas prices tend to vary between the different regions in which the Group operates, and such prices may be lower than prevailing prices in other regions of the world.

In addition, the Group has entered into long-term contracts to purchase and supply natural gas in various parts of the world. These contracts have different price formulas, which could result in higher purchase prices than the price at which such gas could be sold in increasingly liberalised markets. Furthermore, gas availability could be subject to the risk of counterparties breaching their contractual obligations, thus necessitating to search for other sources of natural gas, potentially at higher prices than those envisaged under the breached contracts.

The Group has long term contracts in place for the sale of gas to clients which, in the event of there being insufficient reserves in countries envisaged under them, Repsol would not be able to meet its contractual obligations, some of which may lead to sanctions being imposed.

Cyclical nature of the petrochemical activity

The petrochemicals industry is subject to wide fluctuations in supply and demand, reflecting the cyclical nature of the petrochemicals market on a regional and global scale.

Repsol Group's strategy requires efficiency and innovation in a highly competitive market

The oil, gas and petrochemical industry operates in the context of a highly competitive energy sector. This competition influences the conditions for accessing markets or following new business leads, the costs of licenses and the pricing and marketing of products.

The implementation of the Group's strategy requires a significant ability to anticipate and adapt to the market and continuous investment in technological advances and innovation.

The Repsol Group is subject to the effects of administrative, judicial and arbitration proceedings

The Repsol Group is subject to the effects of administrative, judicial and arbitration proceedings arising in the ordinary course of business. In addition, Repsol could become involved in other possible future lawsuits over which Repsol is unable to predict the scope, subject-matter or outcome. Any current or future dispute inevitably involves a high degree of uncertainty, and therefore any outcome could affect the business, results or financial position of the Repsol Group.

Misconduct or violations of applicable legislation by our employees can damage the reputation of the Repsol Group

The existence of management misconduct or breach of applicable legislation, when occurring, could cause harm to the Company's reputation, in addition to incurring sanctions and legal liability.

Information technology and its reliability and robustness are key factors in maintaining our operations

The reliability and security of Repsol Group's information technology systems are critical to maintaining the availability of its business processes and the confidentiality and integrity of the data belonging to the Company and third parties. Given that cyber-attacks are constantly evolving, the Repsol Group cannot guarantee that it will not suffer material losses in the future caused by such attacks.

FINANCIAL RISKS

Repsol has in place a structure and systems that enable it to identify, measure and control the financial risks to which the Group is exposed. The main financial risks are described below:

Liquidity risk

Liquidity risk is associated with the Group’s ability to finance its obligations at reasonable market prices, as well as its ability to carry out its business plans with stable financing sources.

Credit risk

Credit risk is the risk of a third party failing to carry out its contractual obligations, resulting in a cost or loss to the Group.

The exposure of the Group to credit risk is mainly attributable, among others, to commercial debts from trading transactions, which are measured and controlled in relation to the customer or individual third parties. Additionally, the Group is also exposed to counterparty risk derived from non-commercial contractual transactions that may lead to defaults. In these cases, the Group analyses the solvency of counterparties with which the Group has or may have non-commercial contractual transactions.

Market risk

Exchange rate fluctuation risk: Repsol is exposed to fluctuations in currency exchange rates since revenues and cash flows generated by oil, natural gas and refined product sales are generally denominated in U.S. dollars or are otherwise affected by dollar exchange rates. Operating income is also exposed to fluctuations in currency exchange rates in countries where Repsol conducts its activities. Repsol is also exposed to exchange risk in relation to the value of its assets and financial investments.

Commodity price risk: as a consequence of performing operations and trading activities, the earnings of the Repsol Group are exposed to volatility in the price of oil, natural gas, and related derivative products.

Interest rate risk: the market value of the Group's net financing and net interest expenses could be affected as a consequence of interest rate fluctuations.

Credit rating risk: credit ratings affect the pricing and other conditions under which the Repsol Group is able to obtain financing. Any downgrade in the credit rating of Repsol, S.A. could restrict or limit the Group's access to financial markets, increase its new borrowing costs and have a negative effect on its liquidity.

2.3.2 EXPROPRIATION OF REPSOL GROUP SHARES IN YPF S.A. AND REPSOL YPF GAS S.A.

During the first half of 2014, with the monetisation of sovereign bonds delivered by the Republic of Argentina to Repsol in payment of compensation recognised by the Agreement for the Amicable Settlement and Compromise of Expropriation – *Convenio de Solución Amigable y Avenimiento de Expropiación* –, signed by and between the Republic of Argentina on the one side, and Repsol, S.A., Repsol Capital, S.L. and Repsol Butano, S.A. on the other, one of the main risks to which the Group was exposed, as a result of the dispute arising from the expropriation of 51% of capital of YPF S.A. and YPF Gas S.A., has drawn to a close. Under the terms of the Agreement, the Republic of Argentina recognized an irrevocable debt to Repsol of USD5,000 million as compensation for the expropriation of these shares.

In payment of the compensation, the Republic of Argentina delivered to Repsol, a portfolio of sovereign bonds for a total par value of USD5,317 million. These bonds have subsequently been sold, in several transactions, in their entirety to J.P. Morgan Securities, for a total amount of USD4,997 million, thus extinguishing the full debt recognised by the Republic of Argentina.

Additionally in the sale of the sovereign bonds, the Group has sold a 12.38% stake in the non-expropriated share it holds in YPF S.A., mostly to foreign institutional investors, for the sum of USD1,316 million, thus leaving the Group's interest in YPF S.A. at 30 June 2014 below 0.001%.

These transactions as a whole have provided USD6,313 million of income for the Group.

For more information regarding the expropriation, the signature of the agreements with the Republic of Argentina and YPF S.A., accounting effects and the contingencies associated with the expropriation process, see Note 3.b "*Assets and liabilities related to the expropriation of the Repsol Group Shares in YPF S.A. and YPF Gas S.A. – Argentina Agreement*" and Note 9 "*Contingencies and guarantees*" of the interim condensed consolidated financial statements for the six-month period ended 30 June 2014.

3. MACROECONOMIC ENVIRONMENT

Recent economic developments

A particularly harsh winter caused the US economy to contract in the first quarter of the year. This, together with the modest evolution of emerging economies, drove downside risk beyond forecasts for 2014 (3.6% year on year) and the upside risk owing to base effect for 2015 (3.9% year on year). In any event, the global economy should see a quickened growth pace as the year goes on, particularly in advanced economies.

Currently, global economic growth is increasingly sustained on real activity and less on unconventional monetary policies which produced extraordinary liquidity.

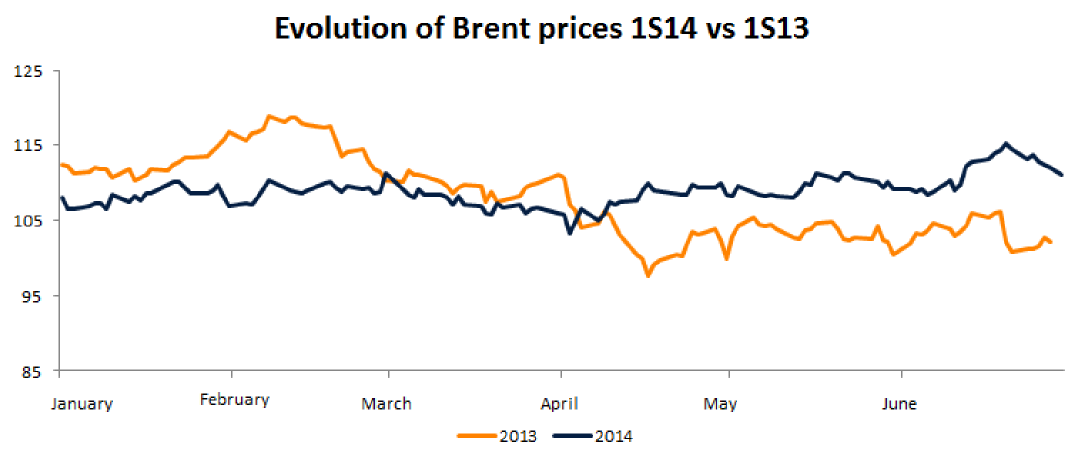
In any case, the different stances of leading central banks in applying their monetary policies must be taken into account. While the Bank of England and US Federal Reserve are abandoning unconventional stimuli, such as quantitative easing, the Bank of Japan and the European Central Bank (ECB) are adopting new measures of this kind.

Although economic recovery continues, less than forecasted growth in the first half of the year indicates that growth for the year will be somewhat lower than initially estimated. A particularly harsh winter in the US has caused real GDP in the first quarter to shrink 2.9% (quarter on quarter annualised). The Euro zone grew 0.2% quarter on quarter in the same period, with Germany and Spain recording positive advances but France and Italy, two bigger economies, recording more disappointing growth. The ECB once again lowered interest rates and released more liquidity into the European banking system in an attempt to stimulate lending, end banking fragmentation of the Euro zone and combat the risk of excessively low inflation.

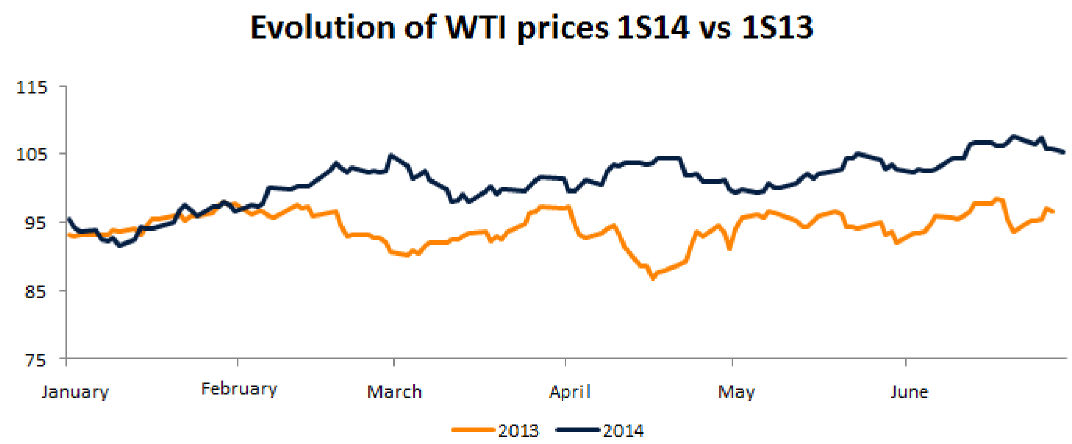
Emerging economies have weathered quite well the financial turbulence from the past year caused by the FED's withdrawal of monetary stimuli. In 2014 China may see year on year growth of 7.5% year on year, Brazil 1.8% and emerging countries as a whole recording between 4.8% and 5% year on year. Financial conditions in the first half of the year improved noticeably thanks to the return of international investors to emerging countries in search of better profitability.

Recent developments in the Energy sector

During recent months the oil market has seen geopolitical and fundamental strengths, contributing to relative stability of the price of Brent, keeping barrel prices between 105 and 110 dollars per barrel. Geopolitical conflict in Ukraine and improved outlook of demand in emerging countries have put pressure on upward prices, while increased supply in both OPEC and non-OPEC countries have put pressure on downward prices. More recently, crude prices have reached their annual maximum due to the threat of civil war in Iraq, a key country in current and future supply of crude oil.



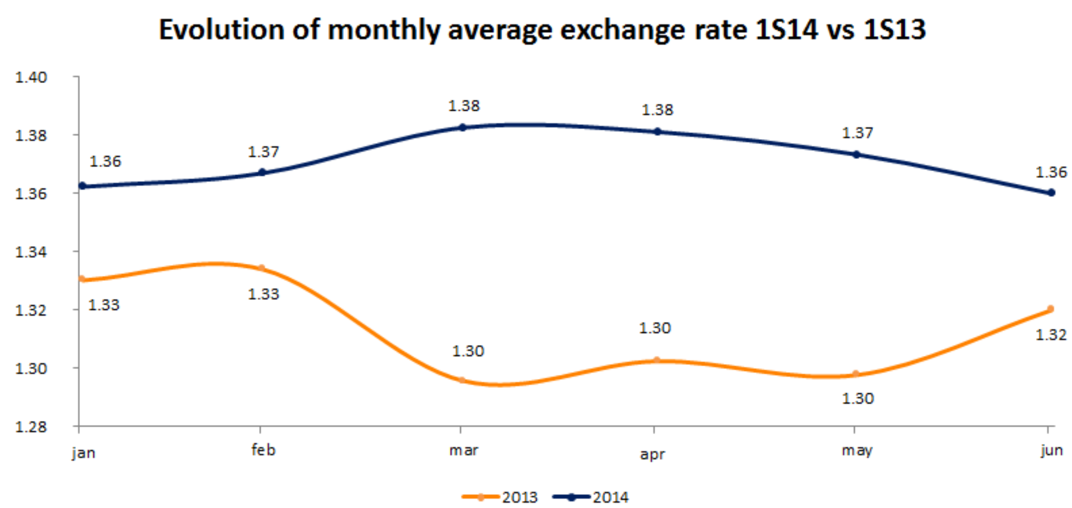
The US crude benchmark grade West Texas Intermediate (WTI) has shown an upward trend in response to ongoing crude evacuation from Cushing, Oklahoma to the Gulf of Mexico, easing the bottleneck affecting the region for the past three years and narrowing the differential with respect to the European marker.



In turn, in the natural gas market, the drop in average prices in Europe and Asia is explained by the relaxing of fundaments in the supply and demand dynamic, which has had more impact than the evolution of crude prices, especially in Europe. In this region, an excessive supply has ocurred due to persistently low demand. The crisis between Russia and Ukraine beginning in March, after winter had already passed, did not lead to any interference with gas supplies. In Asia, no significant restrictions on supply occurred, whilst demand was somewhat weakened despite the incorporation of Singapore and Malaysia as LNG importers in 2013.

Evolution of exchange rate

Despite the risks arising from the 2009 financial crisis lessening considerably, in the absence of inflationary pressures, interest rates are expected to remain relatively low at global level during the coming years. In the first half of the year, lessened financial risk in Europe attracted Euro zone capital and caused the Euro to appreciate against the US Dollar. However, given that the Euro zone has experienced some delay in economic recovery, it can be expected that the ECB will keep interest rates lower and for a longer time than in the US.



4. RESULTS, FINANCIAL OVERVIEW AND OUR SHAREHOLDER REMUNERATION[1]

RESULTS

Group adjusted net income in the first half of 2014 and 2013 are as follows:

€ Millions	2014	2013	Variation
Upstream	400	634	-37%
Downstream	452	350	29%
Gas Natural Fenosa	282	253	11%
Corporate and adjustments	(212)	(312)	32%
Adjusted Net Income	**922**	**925**	**0%**
Inventory effect	(54)	(153)	65%
Non-recurring income	191	(87)	-
Income from discontinued operations	268	216	24%
Net income	**1,327**	**901**	**47%**

NOTE: For further information on the performance of Reporting segments, see Note 4 "*Segment Reporting*" of the interim condensed consolidated financial statements for the six-month period ended 30 June 2014.

In macroeconomic terms, the main factors influencing the results´ evolution for the first half of 2014 have been the depreciation of the Dollar against the Euro with respect to the same period in 2013, low interest rates and slow global economic recovery.

Adjusted Net Income[2] for the first half of 2014 was €922 million, in line with the same period in 2013.

Upstream adjusted net income in the first half of 2014 was €400 million compared to €634 million for the same period of 2013. The drop in production in Libya due to security problems and in Trinidad and Tobago due to drilling and maintenance activities in the Savonette field have been partially offset by the commissioning of Kinteroni in Peru, the connecting of new wells in Sapinhoá (Brazil) and the starting of production of Phase II of Margarita, Bolivia, and SK in Russia, in October and February 2013, respectively. Additionally, results have been negatively affected by greater exploration costs, due to

[1] Unless expressly stated otherwise, all information given herein has been prepared in accordance with the Group's new reporting model described in Note 4 "*Segment Reporting*" of the interim condensed consolidated financial statements for the six-month period ended 30 June 2014.
APPENDICES I and II hereto include reconciliation between the adjusted magnitudes and those corresponding to IFRS-EU financial information.

[2] The Group has decided to disclose the "Adjusted Net Income" as a measure of the result of each business segment, that being the recurring net operating profit of continuing operations at current cost of supply (CCS) after tax, which includes, in proportion to the Group's respective ownership interest, the figures corresponding to its joint ventures or other companies managed as such.
As a result, the Adjusted Net Income is prepared by using the inventory measurement method of current cost of supply (CCS), widely used in the industry, which differs from that accepted under prevailing European accounting standards (MIFO). This 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, and is presented net of the tax and excluding non-controlling interests.
Also, the Adjusted Net Result excludes non-recurring income, which 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.
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.
APPENDIX I in this document discloses the reconciliation of adjusted results with IFRS-EU results.

greater amortisation of surveys, by greater amortisation from the beginning of production in new projects and by the USD/€ exchange rate effect.

Downstream adjusted net income for the first half of 2014 was €452 million, a 29% increase on the same period of 2013. This rise is principally due to (i) improved results in the petrochemical business, where efficiency and competitive measures have improved margins and sales with respect to the first half of 2013, (ii) improvement in marketing business results, due to better margins recorded in Spanish service stations, and (iii) improvement in the *Gas&Power* business results, mainly because of the increase in benchmark prices caused by low winter temperatures in the North-East of North America, to a higher volume of natural gas commercialised in North America and due to lowered regasification costs and amortisations following the provisions recorded in Canadian assets at 31 December 2013. Moreover, weakened refining margin indicators in Europe have been detrimental to refining results in Spain, which have been partially offset by improvements in Peru. Finally, the results of the LPG activity in Spain have been affected by the implementation of new bottled LPG regulations, but we should stress the positive impact of the sentences recognising Repsol's right to compensation for losses resulting from the application of the price formula corresponding to the second to fourth quarters 2011 and first quarter 2012.

With respect to *Gas Natural Fenosa*, net income for the first half of 2014 was €282 million, compared to €253 million for the same period last year. Lower results in the Spain electricity business, affected by the regulation passed in June of last year, and of the Latin American business, due to depreciation of the dollar and local currencies, have been offset by improved gas wholesale results. Moreover, income from the sale of the telecommunications business should be remarked.

In *Corporation and adjustments* in the first half of 2014, a net loss was recorded of €212 million, an improvement of 32% on the €312 million loss of the same period in 2013. This variation is mainly due to improved results concerning the CO_2 rights trading, and the positive development of the financial result due to the reduced average cost of borrowing and positive effect of the dollar against the euro, partially offset by the effect of the early cancellation of the bonds issued in 2013 by Repsol, S.A.

Net income for the first half of 2014 was €1,327 million, compared to €901 million the previous year, a 47% increase on the same period of 2013.

Net income (€1,327 million) is obtained increasing the adjusted net income (€922 million) by the following items:

- Inventory effect: the effect on results of crude and product valuation using MIFO rather than CCS criteria amounted -€54 million after taxes.
- Non-recurring income: €191 million after taxes that relate mainly to (i) the capital gains from the sale of the shares in YPF S.A. not expropriated (€287 million), (ii) the gain from the sale of the holding in Transportadora de Gas del Perú, S.A. (€57 million), (iii) the cancellation of the LNG transport agreement with Naturgas (€48 million), and (iv) the provision recorded in the North America *Upstream* assets (€142 million) as a result of the new development plan placed for the non-conventional assets at the Mississippian Lime (Mid-Continent) field (see section g "*Impairment of assets*" in Note 3 of the interim condensed consolidated financial statements for the six-month period ended 30 June 2014).
- Results from discontinued operations: €268 million after taxes, which principally included the positive effect of the sale of the share in Repsol Comercializadora de Gas, S.A (€329 million).

Main financial performance indicators for the first half of 2014 and 2013 are as follows:

PERFORMANCE INDICATORS	06/30/2014	06/30/2013
Return on average capital employed (ROACE) (1)(2) (%)	6.9	5.5
Earnings per Share (€/share) (1)	0.98	0.68

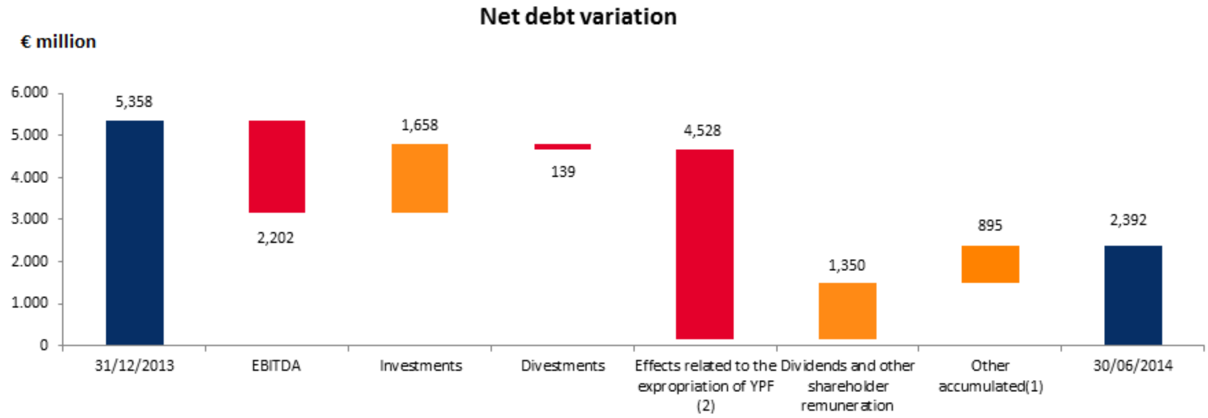
(1) The magnitudes and financial ratios for 30 June 2013 have been reformulated for comparative purposes with respect to the information published in the Interim management report 2013.
(2) ROACE: (net recurring operating income + recurring results of investments) / (average capital employed for the period of continuing operations). The ROACE for the first half of 2014 is an annualised indicator and corresponds to its annual real figure for 2013.

FINANCIAL OVERVIEW

During the first half of 2014, Repsol's financial foundation has improved considerably, thus resulting in an upgrade of its credit rating by leading international ratings agencies.

Indebtedness

Consolidated Group adjusted net financial debt at 30 June 2014 amounts to €2,392 million, against €5,358 million at 31 December 2013, equating to a drop of €2,966 million. The evolution of adjusted net financial debt in the first half of 2014 is described below:



(1) "Others" mainly includes income tax payments, net interest and changes in working capital.
(2) Mainly includes the sale of the Argentinian bonds received as compensation for the expropriation of YPF and Sale of non-expropriated shares in YPF S.A. (see section *2.3.2 Expropriation of Repsol Group shares in YPF S.A. and YPF Gas S.A.* in this document).

Sale of the Argentinian sovereign bonds in payment of compensation for the expropriation of YPF and the sale of non-expropriated YPF shares have provided joint income of €4,592 million. In addition, the sale of interests in Repsol Comercializadora de Gas, S.A. and in TGP has generated income of €513 million and €109 million, respectively.

Main financing operations, maturities and cancellations of gross debt

During the first half of 2014, the Group has issued European commercial papers (ECP) for a par amount of €592 million, USD342 million and £5 million, amounting to a total counter value of €847 million.

In March, a bond issued by Repsol International Finance B.V. dated 27 March 2009 matured, for the sum of €1,000 million. This bond, with a coupon of 6.5%, has meant a reduction in current financial liabilities for the period, and cash outflow for the same amount.

On 17 June 2014, Repsol S.A. announced the early cancellation of all Simple Bonds Series I/2013. The cancellation of this liability resulted in the recognition of a €71 million pre-tax loss in the first half of 2014. In conjunction with payment of the cash due to the holders of the Series I/2013 Simple Bonds, these bonds were derecognized on 1 July 2014, as described in section b) *"Financial liabilities"* of Note 5 and Note 12 *"Subsequent events"* of the interim condensed consolidated financial statements for the six-month period ended 30 June 2014.

Financial prudence

Repsol holds available cash resources and other liquid financial instruments and unused credit lines that enable the Group to cover the gross debt maturities including preference shares.

Net debt and net debt to capital employed ratio, in which capital employed refers to net debt plus total equity, provide a true and fair view of the volume of necessary borrowings and their relative weighting in the funding of capital employed in transactions.

INDICATORS OF FINANCIAL POSITION	**Consolidated Group**	
Amounts in millions of euros, except ratios in %	**06/30/2014**	**12/31/2013**
Net financial debt	2,392	5,358
Net financial debt / total capital employed (1)	8.2%	16.3%
EBITDA(2)/ Net financial debt (x times)	1.8	0.9

(1) In 2013 included capital employed corresponding to discontinued operations that was written-off as of 30 June 2014 owing to the monetization of the compensation received for the expropriation of 51% of YPF (see Note 2.3.2).
(2) The EBITDA for the first half of 2014 is an annualised indicator obtained by a mere extrapolation of this period´s figures; that corresponding to the 2013 financial year corresponds to the annual real data.

Credit rating

Currently, following announcements by Fitch and Moody's of an upgrading, Repsol S.A.'s current credit rating is as follows:

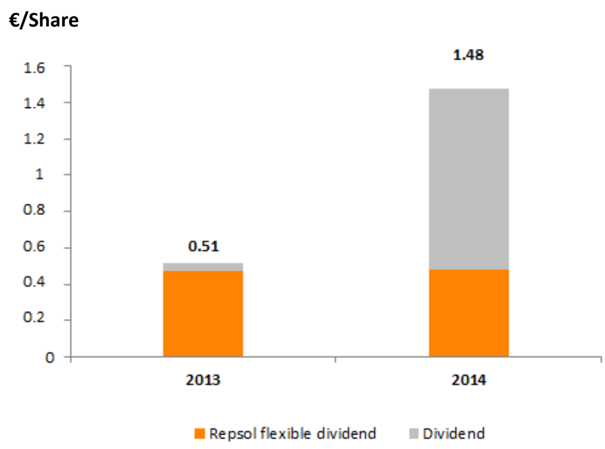
TERM	**STANDARD & POOR'S**	**MOODY'S**	**FITCH RATINGS**
Long-term	BBB-	Baa2	BBB
Short-term	A-3	P-2	F-3
Outlook	Positive	Stable	Positive
Latest data review	05/15/2014	05/20/2014	05/15/2014

Treasury shares and own equity investments

No significant transactions have occurred with treasury shares and equity instruments. For further information on treasury shares and equity instruments, please see Note 3.f).2 of the interim condensed consolidated financial statements for the six-month period ended 30 June 2014.

SHAREHOLDER REMUNERATION

Shareholder remuneration in the first half of 2014 and 2013, including cash dividend and script dividend under the *"Repsol flexible dividend"* program, was as follows:



Remuneration indicated in the above table for the first half of 2014 includes the sum of the irrevocable purchase commitment of free of charge allocation rights assumed by Repsol in its paid-up capital increase executed in January 2014 (0.477 euros per right), under the remuneration scheme called *"Repsol flexible dividend"*, and an extraordinary interim dividend from results for the ongoing financial year of 1 euro per share. Consequently, Repsol has paid a total gross amount of €1,557 million to its shareholders in the first half of 2014, and has delivered 22,044,113 new shares for an equivalent amount of €389 million, to those who opted to receive new-issue company shares.

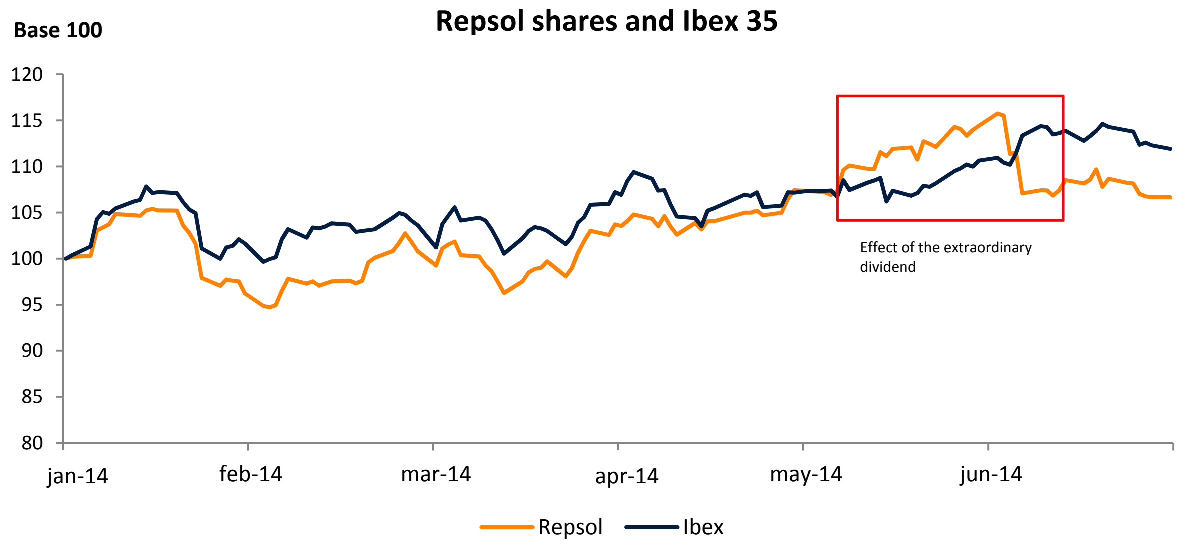
Likewise, in July 2014 under the remuneration scheme *"Repsol flexible dividend"*, and in substitution of the final dividend for 2013, Repsol made a cash disbursement of €155 million (0.485 euros gross per right) to those shareholders who chose to sell the free of charge allocation rights to the Company, and has remunerated those who chose to receive new-issue company shares with 25,756,369 shares, of an equivalent value of €487 million.

For additional information on the total remuneration received by shareholders, the aforementioned paid-up capital increases issued under the *"Repsol flexible dividend"* scheme, see section 3.f) *"Net Equity"* of Note 3 and Note 6 *"Shareholder remuneration"* of the interim condensed consolidated financial statements for the six-month period ended 30 June 2014.

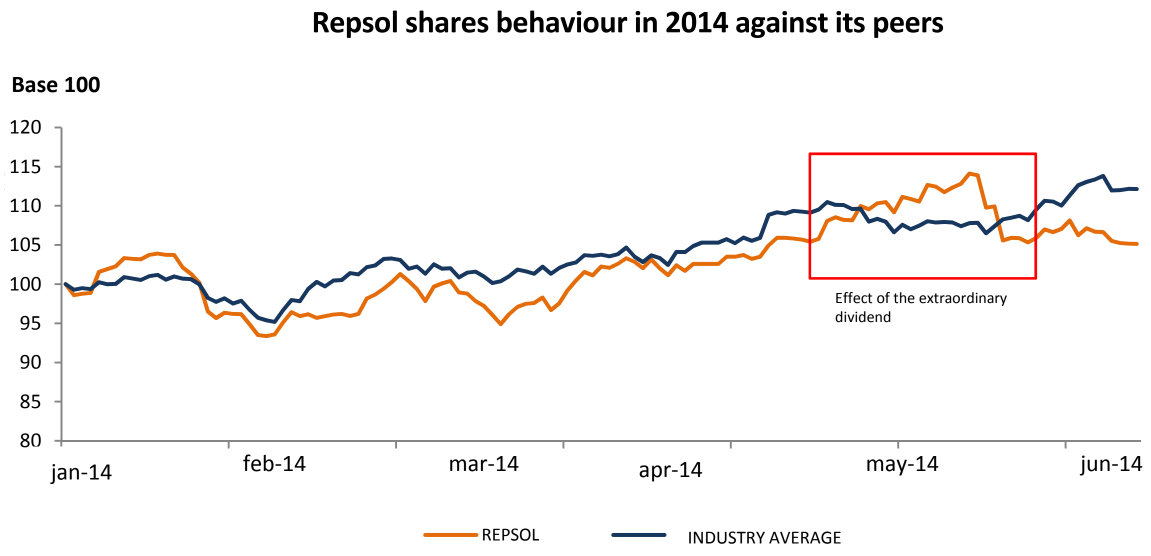
Our shares

Overall, first half of 2014 has been positive for the Spanish stock markets, closing the year with revaluation of the Ibex 35 index of 10.15%. This increase is mainly due to a change in the perception of the Spanish economy by investors. The risk premium fell 62.2 points during the first six months of the year, and the interest on Spanish debt fell from 4% to 2.66%, showing that the market considers the political reforms and stability as positive signals for investing in Spanish companies.

Repsol shares, driven in part by the announcement of the extraordinary interim gross dividend of one euro per share and the successful monetization of the Argentinian sovereign bonds, outperformed the Ibex 35 index for most of the period. Repsol closed the half-year with a gain of 5.13% once the share prices discounted the payment of the extraordinary interim dividend and the price of free of charge allocation rights under the "*Repsol flexible dividend*" scheme. However, in terms of total return, Repsol was above the Ibex average, becoming the leading Spanish company in shareholder remuneration.



In relation to the industry, Repsol shares have performed better than the average of its European peers, until the payment of the extraordinary interim dividend. European companies in the industry have revaluated on an average of 10.03% and, akin to the comparison with Ibex 35, the performance of Repsol securities against the sector at the end of the semester has been influenced by the effects of the discount in share prices of the extraordinary interim dividend and the *"Repsol flexible dividend"* scheme.



Note: sector average includes BP, ENI, Total, RDS (B), OMV, Galp and Statoil.

The main stock-exchange indicators of the Group during the first half of 2014 and 2013 are detailed bellow:

MAIN STOCK EXCHANGE INDICATORS	**06/30/2014**	**06/30/2013**
Share price at close of financial year[(1)] (euros)	19.26	16.21
Average share price (euros)	18.79	16.81
Maximum price for the period (euros)	20.90	18.49
Minimum price for the period (euros)	17.10	15.14
Market capitalisation at closing (million euros) [(2)]	25,510	20,789
Book value per share [(3) (4)]	20.16	20.89

(1) This item represents the quoted year-end price per share in the Continuous Market of the Spanish Stock Exchanges.
(2) Corresponds to the trading price per share at closing multiplied by the number of outstanding shares.
(3) Corresponds to the Net Equity attributable to the parent / number of shares outstanding at closing.
(4) Comparative figure or indicator corresponding to 31 December 2013.

5. PERFORMANCE OF OUR BUSINESS AREAS

5.1) UPSTREAM

Main figures and indicators

UPSTREAM:	June 2014	June 2013
Net production of liquids (kbbl/d)	126	150
Net production of gas (kboe/d)	214	210
Net production of hydrocarbons (kboe/d)	340	360
Average crude realisation price ($/bbl)	86.9	90.0
Average gas realisation price ($/Thousand Scf)	4.1	4.1
Extraction cost [(1)] ($/boe)	5.14	4.31
Finding cost (three-year average) ($/boe)[(2)]	6.21	9.45

(1) Net Lifting Cost: Lifting Costs / Net Production
(2) Finding cost: (Investments Acreage Acquisition+Exploration)/Discoveries and Extensions

Results and investments

Millions of euros	June 2014	June 2013	Variation
North America and Brazil	154	94	64%
North Africa	-23	157	-115%
Rest of the world	269	383	-30%
Adjusted Net Income	**400**	**634**	**-37%**
EBITDA	**1,359**	**1,725**	**-21%**
Operating investments[(1)]	**1,275**	**1,151**	**11%**
Exploration Costs	**379**	**196**	**93%**
Effective Tax Rate	**40%**	**48%**	**-8%**

[(1)] Development investments represented 59% of the total, and they have mainly been made in U.S.A. (31%), Venezuela (21%), Trinidad and Tobago (16%), Brazil (15%) and Bolivia (9%).Exploration investments represented a 34% of the total investments, with U.S.A. (42%), Brazil (10%), Angola (9%), Russia (8%), Namibia (8%), Iraq (7%) and Mauritania (5%).

Main events of the first semester 2014

- At the end of January 2014 **a sale agreement was signed for Repsol's 10% share in the "Transportadora de Gas del Perú" (TGP) gas pipeline**. TGP is the company responsible for the transport of natural gas and liquids from the Camisea production field to the Peru LNG liquefaction plant located in Pampa Melchorita and on to the city of Lima.
- On 8 January 2014, the service agreement in the **Reynosa-Monterrey block in Mexico came to an end as planned,** and the facilities were returned to the state-owned company with all commitments fulfilled.
- Under the framework of the Development Plan of the **Sapinhoá field**, another of the company's strategic projects, located in the BM-S-9 block in the offshore Santos basin, Brazil, **the production of a second well began in mid-February**. In April **a third well came on line, and a fourth in July**. Repsol Sinopec Brazil holds a 25% stake in this important Brazilian pre-salt project, in association with Petrobras (45% and operator) and BG (30%).
- At the end of March, **gas production in the Kinteroni field** (Block 57) in Peru, one of the ten key projects of the company's Strategic Plan for 2012-2016, **started**. Repsol is the project's operator and holds a 53.84% stake with Brazilian company Petrobras (46.16%). Block 57 is located to the east of the Andes, one of the most prolific exploratory gas areas in Peru.
- Also in March 2014, **the Gabi-1 survey in the Karabashsky 1 block, Russia, concluded with a positive outcome**, which Repsol operates and owns fully. This important discovery **is in addition to the Gabi-2 survey in the Karabashsky block 2**, also fully owned and operated by Repsol. The blocks are located in Western Siberia, and show their great potential for hydrocarbons.
- The "*Rowan Renaissance*" rig, a cutting edge drilling vessel for ultra-deep water, and contracted for construction in 2012, **began drilling operations in April**.
- In Algiers on 15 May, Groupement Reggane, a consortium formed by Sonatrach, Repsol, RWE Dea and Edison International, operator of the Reggane Nord project in Algeria, which includes the Reggane, Kahlouche, Kahlouche Sur, Azrafil Sureste, Sali and Tiouliline fields, **signed an Engineering, Procurement, Construction and Commissioning contact for the Project's Surface Facilities (EPCCS),** located in the Algerian south-western Saharan region. This is an important milestone in the development work of what is a strategic project for the company, which foreseeably will begin gas production in the first half of 2017.

- Exploratory campaign: **10 exploratory surveys** have been completed: one with a positive outcome, seven negative and two undergoing evaluation. Nine exploratory surveys are ongoing at the end of the six month period. Additionally, 22 new exploration blocks have been added to the **acreage**, entailing a total new gross exploratory surface area of 13,838 km^2.
- In the second quarter of the year, an agreement was reached for the **entrance of Total** (35%) and **BG** (30%) in the **exploratory block in Aruba waters**. Repsol remains the operator of the block with a 35% stake.
- In July, as part of additional drilling works in the **TSP (Teak, Samaan and Poui) production asset, in the waters of Trinidad and Tobago**, the **discovery of additional hydrocarbon volumes** in the TB14 well was announced. This well is located to the north of the Teak field. In addition the **TB13 well began production** in June. Repsol is the operator of the project with a 70% stake.

5.2) DOWNSTREAM

Main figures and indicators

	June 2014	June 2013
Refining capacity (kbbl/d)	**998**	**998**
Europe (including stake at ASESA)	896	896
Rest of the world	102	102
Conversion index (%)	**59**	**59**
Crude processed (million t)	**19.2**	**19.3**
Europe	17.6	17.7
Rest of the world	1.6	1.6
Refining margin indicator ($/Bbl)		
Spain	3.5	3.2
Peru	1.8	2.4
Number of service stations	**4,618**	**4,589**
Europe	4,258	4,249
Rest of the world	360	340
Oil product sales (kt)	**21,143**	**21,290**
Europe	19,046	19,148
Rest of the world	2,097	2,142
Petrochemical product sales (kt)	**1,334**	**1,197**
Europe	1,105	1,033
Rest of the world	229	164
LPG sales (kt)	**1,219**	**1,273**
Europe	721	779
Rest of the world	498	494
LNG sold in North America (Tbtu)	**149.6**	**86.2**
LNG regasified in Canaport (Tbtu)	**13.6**	**27.5**

Results and investments

Millions of euros	June 2014	June 2013	Variation
Europe	299	240	25%
Rest of the world	153	110	39%
Adjusted Net Income (1)	**452**	**350**	**29%**
Inventory Effect (1)	-54	-153	65%
MIFO recurrent net income (1)	**398**	**197**	**102%**
EBITDA	**948**	**635**	**49%**
Operating Investments(2)	**283**	**226**	**25%**
Effective Tax Rate	**27%**	**32%**	**-5%**

(1) In 2014, the majority of investments for the period were used for operating improvements at facilities and to fuel quality, in addition to safety and the respect of the environment.

Main events of the first semester 2014

- On 1 January 2014, having obtained the necessary authorisations, the sale of the share in **Repsol Comercializadora de Gas S.A.,was completed**, which mainly sells, transports and trades natural gas.
- On 3 April, the Spanish Markets and Competition Commission authorised Repsol's purchase of 45% of Petrocat from CEPSA, which is subject to the fulfilment of commitments offered by Repsol.

- On 4 July, Royal Decree 8/2014 was passed, on urgent measures for growth, competition and efficiency, which, **with respect to bottled LPG, liberalises the pricing** of bottles with an empty weight of less than 9 kg. Additionally, the Royal Decree includes measures on energy efficiency which include the creation of the Energy Efficiency Fund, to which gas and electricity companies must make an annual financial contribution, as must wholesale oil product operators and wholesale liquid gas operators, thus affecting LPG and fuels.
- On 9 May, three favourable sentences were notified by the Contentious Administrative Court of the National High Court ("Audiencia Nacional") awarding Repsol's right to compensation for damages caused by the application of a price cap formula on **regulated bottled LPG** arising from Order ITC 2608/2009, in force between October 2009 and September 2012.
- During the six month period, progress has been made as planned to the **new cutting edge lubricant bases production plan** in Cartagena (facility owned jointly by Repsol with the Korean company SKL), which is planned for commissioning in the last quarter of 2014.
- With respect to the Dynasol growth project in Asia, via a joint venture in China for the **installation of a 100 ktn per year synthetic rubber plant** with a local partner (Shanxi Norther Xing´an Chemical Industry), the financing requested was approved in the first half of this year, construction has moved forward and the process of hiring personnel has begun, with training and commissioning planned to begin in the second half of the year.
- During the first six months of the year, the Group has maintained its policy of **associations with the market's leading companies**:
  - Repsol and **El Corte Inglés** have expanded their collaboration, to now have up to 100 Supercor Stop & Go shops in Repsol Service Stations.
  - Repsol and **Renault** have reached an agreement to promote sales of Renault and Dacia cars fuelled by **AutoGas**.
  - Repsol and **Michelin** continue to have a strategic agreement in place to **boost the distribution and sale of their respective products**.
  - **AIMIA**, the international leader in loyalty programmes, has bought a stake in Air Miles, a company partly owned by Repsol, which manages the **Travel Club** programme.
- Continuing its **AutoGas business expansion policy**, Repsol has increased the number of service stations offering the product in Spain by 40.

APPENDIX I: RECONCILIATION OF ADJUSTED RESULTS WITH IFRS ADOPTED BY THE EUROPEAN UNION

	FIRST HALF OF 2014					
		ADJUSTMENTS				
€ Million	**Adjusted Result**	**Joint Ventures reclassification**	**Non-recurring items**	**Inventory Effect**	**Total adjustments**	**IFRS-EU RESULTS**
Operating Income	1,158	(464)	(183)	(81)	(728)	430
Financial Result	(176)	(57)	443	-	386	210
Share of results of companies accounted for using the equity method- net of tax	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**
Net income from continuing operations attributable to minority interests	(13)	-	0	3	3	(10)
Net income from continuing operations attributable to the parent	**922**	**-**	**191**	**(54)**	**137**	**1,059**
Income from discontinued operations						268
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT	**922**	**-**	**191**	**(54)**	**137**	**1,327**

	FIRST HALF OF 2013					
		ADJUSTMENTS				
€ Million	**Adjusted Result**	**Joint Ventures reclassification**	**Non-recurring items**	**Inventory Effect**	**Total adjustments**	**IFRS-EU RESULTS**
Operating Income	1,476	(407)	(42)	(232)	(681)	795
Financial Result	(248)	-	3	-	3	(245)
Share of results of companies accounted for using the equity method- net of tax	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**
Net income from continuing operations attributable to minority interests	6	-	-	10	10	16
Net income from continuing operations attributable to the parent	**925**	**-**	**(87)**	**(153)**	**(240)**	**685**
Income from discontinued operations						216
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT	**925**	**-**	**(87)**	**(153)**	**(240)**	**901**

APPENDIX II: RECONCILIATION OF OTHER ECONOMIC DATA WITH IFRS ADOPTED BY THE EUROPEAN UNION

NET FINANCIAL DEBT (€ Million)	DECEMBER 2013	FIRST HALF OF 2014
Net financial debt of integrated businesses	**(5,358)**	**(2,392)**
Net financial debt of arrangement ventures	(2,147)	(2,018)
Net market valuation of derivatives ex-exchange rate	(62)	(97)
Net financial debt according to financial statements IFRS-UE	**(7,567)**	**(4,507)**
Non-current financial instruments	665	460
Other current financial assets	354	1,616
Cash and cash equivalents	5,716	6,845
Non-current financial liabillities	(8,469)	(7,222)
Current financial liabilities	(5,833)	(6,206)

OTHER ECONOMIC DATA 1S 2014 (€ Million)	According to net debt evolution	Joint arragement adjustments	Financial Investments / Divestments	According to CFS IASB-UE
EBITDA	2,202	(643)	-	1,559
Investment payments	(1,658)	458	(904)	(2,104)
Divestments [1]	4,731	(6)	-	4,725

[1] Includes €139 million of divestments and €4,592 million corresponding to the monetization of Argentinian sovereign bonds and the sale of non-expropriated YPF shares (included in *"Effects related to the expropriation of YPF"*, in the *"Net debt variation"* graph in Note 4).

APPENDIX III: CONVERSION TABLE AND GLOSSARY

			OIL				GAS		ELECTRICITY
			Litres	Barrels	Cubic metres	toe	Cubic metres	Cubic feet	kWh
OIL	1 barrel (1)	bbl	158.99	1	0.16	0.14	162.60	5,615	1.7×10^6
	1 cubic metre (1)	m^3	1,000	6.29	1	0.86	1,033	36,481	10,691.5
	1 ton of oil equivalent (1)	toe	1,160.49	7.30	1.16	1	1,187	41,911	12,407.4
GAS	1 cubic metre	m^3	0.98	0.01	0.001	0.001	1	35.32	10.35
	1,000 cubic feet=1.04×10^6 Btu	ft^3	27.64	0.18	0.03	0.02	28.3	1,000	293.1
ELECTRICITY	1 megawatt hour	MWh	93.53	0.59	0.10	0.08	96.62	3,412.14	1,000

(1) Reference measurement: 32.35 °API and relative density 0.8636

			Metre	Inch	Foot	Yard
LENGTH	metre	m	1	39.37	3.281	1.093
	inch	in	0.025	1	0.083	0.028
	foot	ft	0.305	12	1	0.333
	yard	yd	0.914	36	3	1
				Kilogram	**Pound**	**Ton**
MASS	kilogram	kg		1	2.2046	0.001
	pound	lb		0.45	1	0.00045
	ton	t		1,000	22.046	1
			Cubic feet	**Barrel**	**Litre**	**Cubic metres**
VOLUME	cubic foot	ft^3	1	0.1781	28.32	0.0283
	barrel	bbl	5,615	1	158.984	0.1590
	litre	l	0.0353	0.0063	1	0.001
	cubic metre	m^3	35.3147	6.2898	1,000	1

Term	Description
bbl	Barrel
bcf	Billion cubic feet
bcm	Billion cubic meters
boe	Barrels of oil equivalent
Btu	British thermal unit
LPG	Liquefied Petroleum Gas.
LNG	Liquefied Natural Gas.
Gwh	Gigawatts per hour

Term	Description
kbbl	Thousand barrels of oil
kbbl/d	Thousand barrels of oil per day
kboe	Thousand barrels of oil equivalent
kboe/d	Thousand barrels of oil equivalent per day
km^2	Square kilometre
kt	Thousand tons
Mbbl	Million barrels
Mboe	Million barrels of oil equivalent

Term	Description
Mm^3/d	Million cubic metres per day
Mscf/d	Million standard cubic feet per day
MW	Million watts
Mwe	Million electric watts
MWh	Million watts per hour
TCF	Trillion cubic feet
toe	ton of oil equivalent
USD	US dollar

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Official Notice

Madrid, June 4, 2014

The Company informs that on the date hereof —and with effects since this date— Pemex Internacional España, S.A.U. has resigned from its position as member of the Board of Directors of Repsol, S.A. and from the Committees in which it participated.

* * *

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Madrid, June 16, 2014

Repsol discloses information in connection with the paid-up capital increase approved by the Annual Shareholders' Meeting 2014 under item five on the Agenda, as part of the shareholder remuneration program "*Repsol Flexible Dividend*" (scrip dividend). The informative document, required by Article 26.1.e) of Royal Decree 1310/2005, of 4 November (implementing Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading) is enclosed.

Estimated Timetable for holders of American Depositary Receipts (ADRs)

Date	**Action / Event**
18 June 2014	ADRs Record Date
19 June 2014	Distribution by the Depositary of the Dividend Election Form to new registered ADRs holders
25 June 2014	ADRs Election Deadline
16 July 2014	ADRs Payment Date of cash dividend, cash proceeds from sales and delivery of new ADRs

Informative Document

Capital increase charged to reserves from retained earnings

Repsol, S.A.

June 16, 2014

This document has been prepared in accordance with article 26.1.e) of Royal Decree 1310/2005.

Translation of the original in Spanish.
In case of any discrepancy, the Spanish version prevails

1. Background and purpose

The Annual Shareholders' Meeting of Repsol S.A. ("**Repsol**" or the "**Company**") held on March 28, 2014 approved, under item five on the agenda, to increase the share capital of Repsol, with full charge to reserves from retained earnings, in an amount to be determined in accordance with the terms and conditions set out in the resolution (the **"Capital Increase"**), delegating the execution of the Capital Increase to the Board of Directors of Repsol, with authority to delegate it, pursuant to article 297.1.a) of Companies Act. The Amount of the Alternative Option of the Capital Increase is 662,258,010 euro, as provided in the resolution of the Annual Shareholders' Meeting.

In exercise of said delegation, the Company's Board of Directors at its meeting held on May 28, 2014 approved, among others agreements, to substitute to the Delegate Committee and the CEO Mr. Josu Jon Imaz San Miguel, each acting severally, all the powers granted to it by the Annual Shareholders' Meeting in relation to the Capital Increase, and in particular the power to execute the Capital Increase, fixing the date of its execution and its condition in all aspects not contemplated in the resolution of the Annual Shareholders' Meeting. Additionally, in order to inform to the market properly and in time, the Board of Directors approved and estimated timetable for the execution of the Capital Increase communicated, as an official notice sent to the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores* – CNMV), on May 28, 2014 (registration number 206439).

Following the resolutions approved on May 28, 2014, the Company's CEO has agreed, on June 16 2014, to execute the Capital Increase under the terms approved by the Annual Shareholders' Meeting, as reflected in this document.

This report is issued in accordance with article 26.1.e) of Royal Decree 1310/2005, of 4 November, by virtue of which the preparation and publication of a prospectus related to the admission to listing of the shares issued as a consequence of the execution of the Capital Increase will not be necessary "*if a document is made available containing information on the number and nature of the shares and the reasons for and details of the offer",* role of this Informative Document. This document is available on the Company's website (www.repsol.com) and in the website of the Spanish Securities Market Commission (www.cnmv.es).

The purpose of this document is, therefore, to provide all the information related with the Capital Increase available at this date.

2. Purpose of the Increase: Repsol Flexible Dividend Program

The Capital Increase serves as an instrument to implement the shareholder-remuneration program named "Repsol Flexible Dividend", in substitution of the traditional payment of the 2013 final dividend. The purpose of this remuneration system, that was set up for first time by the Company in 2012, is to offer all the Company's shareholders the option, at their free choice, of receiving new paid-up shares of the Company, or an amount in cash by selling their free-of-charge allocation rights to the Company (if they do not sell on the market), as explained herein below.

The “Repsol Flexible Dividend” program is similar to those programs implemented by other companies in IBEX-35. With it, the Company wants to offer its shareholders an alternative which, without affecting their right to receive the entire remuneration in cash if they so wish, gives them the possibility of receiving shares of the Company, with the tax applicable to paid-up shares.

“Repsol Flexible Dividend” program works as follows. Each shareholder will receive a free-of-charge allocation right for every Repsol’s share held on the date mentioned in paragraph 3.1 below. These rights will be listed and may be traded on the Spanish Stock Exchanges during a 16 calendar day period. Following the end of this period, the rights will be automatically converted into new Repsol’s shares. Each shareholder may opt for one of the following alternatives:

(a) Not to sell their free-of-charge allocation rights. In this case, at the end of the trading period the shareholder will receive the corresponding number of new paid-up shares.

(b) To sell all or part of their free-of-charge allocation rights to the Company under the Purchase Commitment at a guaranteed fixed price, mentioned below in this document. Shareholders choosing this option would monetize their rights and would receive a remuneration in cash, as in previous years. The Purchase Commitment will only be applicable with respect to those rights freely received by the shareholders, not to those purchased or otherwise acquired on the market, and will be in force and may be accepted during such time, within the trading period of the rights, mentioned in paragraph 3.4 below.

(c) To sell all or part of their free-of-charge allocation rights on the market, during the trading period mentioned in paragraph 3.4 below. Shareholders choosing this option would also monetize their rights, although in this case they would not receive a guaranteed fixed price, as in option (b) above, but instead the consideration payable for the rights would depend on market conditions in general and the quotation price of those rights in particular.

In consideration of its own needs, Company’s shareholders may combine any or all of the alternatives mentioned above.

It should be noted in this regard that the alternatives receive different tax treatment. A summary of the transaction tax applicable regime in Spain can be found in paragraph 2.6 of the report by the Board of Directors on the proposal of resolution submitted to the Annual Shareholders’ Meeting that were approved under items five and six on the Agenda, which is available on the Company’s website (www.repsol.com). In any case, it should be borne in mind that the taxation of the different options related to the Capital Increase set out therein does not cover all possible tax consequences. Consequently, shareholders are recommended to consult their tax advisers on the specific tax impact of the proposed operation and to pay attention to any changes or amendments that may be made in both the laws in place at the date of this operation and the interpretation criteria, as well as the specific circumstances of each shareholder or holder of free-of-charge allocation rights.

3. Details of the offer

3.1. Number of free-of-charge allocation rights needed to receive a new share, maximum number of new shares to be issued and face value of the Capital Increase.

In application of the formulas approved by the Annual Shareholders' Meeting, the CEO has established the following terms of the Capital Increase:

(i) The number of free-of-charge allocation rights needed to receive one new share ("**No. Rights per share**") is 39. Free-of-charge allocation rights will be allocated to whom being entitled to receive them according to the accounting records of *Sociedad de Gestión de los Sistemas de Registro, Compensación and Liquidación de Valores, S.A. Unipersonal* (**Iberclear**) at 23:59 the day of publication of the Capital Increase in the Official Gazette of the Commercial Registry (Boletín Oficial del Registro Mercantil) - expected on June 18th, 2014. Company's shareholders will receive a free-of-charge allocation right for each share in the Company that they hold at that time. Accordingly, the said shareholders shall be entitled to receive one new share for every 39 old shares that they hold on the mentioned date.

The mentioned "**No. Rights per share**" has been calculated as described below, taking into account that the number of Company shares at the date of this report is 1,324,516,020 ("**NES**").

No. Rights per share = NES / Provisional no. shares = 1,324,516,020 / 34,142,290 = 38.794 = 39 rights (rounded up);

where

"Provisional no. shares" = Amount of the Alternative Option / Share Price = 662,258,010 / 19.397 = 34,142,290; and

"Share Price" = 19.397 euro, is the arithmetic mean of the weighted average prices of the Company's share on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges over the five (5) trading sessions prior to the date of the agreement adopted by CEO to execute the Capital Increase (days 9, 10, 11, 12 and 13 of June, 2014), rounded up or down to the nearest thousandth of a euro and, in the event of half a thousandth of a euro, rounded up to the nearest thousandth of a euro.

(ii) The maximum number of new shares to be issued in the Capital Increase ("**MNNS**") is 33,961,949, resulting from the formula approved by the Annual Shareholder's Meeting of Repsol, which is reproduced below, rounded down to the nearest whole number:

MNNS = NES / No. Rights per share = 1,324,516,020 / 39 = 33,961,949 new shares (rounded down to the nearest whole number)

where, "NES", "No. Rights per share" and "Share Price" have the meaning specified in paragraph (i) above.

Notwithstanding this, the final number of shares to be issued will depend on the number of shareholders who request to receive their remuneration in cash at the fixed price of the Company's undertaking to acquire rights.

Repsol will waive the rights acquired by virtue of the undertaking to acquire rights, so the capital would be increased only by the amount corresponding to the free-of-charge allocation rights not acquired by Repsol pursuant to this undertaking[1]. In any case, the final number of shares to be issued in the Capital Increase will be promptly publish in the official notice of the closing of the Capital Increase, which is scheduled for the next July 7, 2014.

(iii) Consequently, the face value amount of the Capital Increase is 33,961,949 euro. However, as already mentioned, the final amount of the share capital increase will be calculated by multiplying the number of final shares for 1 euro.

Due to the number of free-of-charge allocation rights required for the allocation of one new share (39, according to the previous calculations), multiplied by the maximum number of new shares to be issued (33,961,949, according to the previous calculations), is 1,324,516,011 (lower than the number of shares in circulation (1,324,516,020), Repsol has waived a number of free-of-charge allocation rights equal to the difference between the two figures (9 rights) for the sole purpose of ensuring that the maximum number of new shares to be issued is a whole number and not a fraction.

3.2. Price of the purchase commitment of free-of-charge allocation rights

The guaranteed fixed price of Repsol's purchase commitment of rights (the "**Purchase Commitment**") is 0.485 euro gross per right, which results from the following formula of the Capital Increase:

Purchase Price = Share Price / (No. Rights per share + 1) = 19.397 / (39 + 1) = 0.4849 = 0.485 (rounded up or down to the nearest thousandth of a euro and, in the event of half a thousandth of a euro, rounded up to the nearest thousandth of a euro).

Accordingly, shareholders who wish to receive their remuneration in cash, may sell their rights to Repsol at a guaranteed fixed price of 0.485 euro gross.

3.3. Timetable

The Capital Increase is expected to be executed in accordance with the following timetable:

- June 18th, 2014: Publication of the announcement of the Capital Increase in the Official Gazette of the Commercial Registry. Record date for the allocation of rights (23:59 CET)

- June 19th, 2014: Rights trading period begins. Also the period to request payment in cash (sale of rights to Repsol) begins. Repsol's shares quote ex-coupon.

- June 27th, 2014: Deadline for requesting payment in cash (sale of rights to Repsol).

- July 4th, 2014: Rights trading period ends. Repsol acquires rights of those shareholders who had requested payment in cash (sale of rights to Repsol).

- July 7th, 2014: Repsol waives the rights so acquired. Closing of the Capital Increase. Official notice announcing the final results of the operation.

- July 9th, 2014: Payment date to shareholders who have requested payment in cash (sale of rights to Repsol).

- 11th – 15th July 2014: Allocation of the registration references corresponding to the new shares and confirmation by the official authorities of compliance with the requirements for the admission to trading of new shares.

- July 16th, 2014: Estimated first ordinary trading session of the new shares on the Spanish stock exchanges.[2]

3.4. Allocation of rights and procedure to opt for cash or new shares

As noted above, the free-of charge allocation rights will be allocated to whom being entitled to receive them according to the accounting records of Iberclear at 23:59 on the day of publication of the announcement of the Capital Increase in the Official Gazette of the Commercial Registry (expected on June 18th, 2014). The trading period of the rights will begin on the next business day and will have a term of sixteen calendar days (from June 19th to July 4th, 2014). During this period, the rights will be tradable in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia, under the same conditions as the shares of those arising.

During the trading period of the rights, shareholders may opt for cash or new shares as explained above, as well as may opt for acquiring on market free-of-charge allocation rights to subscribe new shares. However, those shareholders who wish to accept the undertaking to purchase rights offered by Repsol and receive cash at the guaranteed price shall need to communicate their decision no later than June 27th, 2014. The undertaking to purchase rights is addressed only at the rights allocated free-of-charge to shareholders, and not to those purchased or otherwise acquired on market. To choose among the alternatives offered by the "Repsol Flexible Dividend" program, shareholders will have to contact the entities where their Repsol's shares and corresponding free-of-charge allocation rights are deposited.

Those shareholders who wish to receive cash at the guaranteed fixed price shall need to communicate their decision no later than June 27th, 2014. In the absence of an express communication, shareholders will receive new shares of Repsol[3].

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[1] Also, if the final number of shares to be issued (i.e, the number of outstanding rights at the end of the trading period divided into the number of rights needed to receive one new share) is not a whole number, the Company will waive the number of rights required to that end.

[2] Subject to obtaining all necessary authorisations. The Company will also apply for the listing of the new shares on the Buenos Aires Stock Exchange (Bolsa de Comercio de Buenos Aires).

The Capital Increase will be made free of charges and commissions for the allocation of new shares issued. The Company will bear the costs of issue, subscription, putting into circulation, listing and any others related with the Capital Increase.

Nevertheless, the Company's shareholders should bear in mind that the members of Iberclear at which they have deposited their shares may, under prevailing laws, establish such charges and commissions as they may freely determine for the subscription of the new shares and maintaining the securities in the accounting records.

Moreover, these entities may, under prevailing laws, establish such charges and commissions as they may freely determine for handling purchase and sale orders in respect of free-of-charge allocation rights.

4. Nature of the shares to be issued

4.1. Face value, issue price and representation of shares

The new shares to be issued in the Capital Increase will be ordinary shares with a face value of one euro (1) each, of the same class and series as those currently outstanding and already admitted to trading in the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

The new shares will be issued at an issue price of one euro (1), that is, without issuance premium, and will be represented in book-entry form, the records of which will be kept by Iberclear and its participant entities.

4.2. Reserves to which the shares will be charged and balance sheet used for the Increase

The balance sheet used for purposes of the Capital Increase is that corresponding to December 31, 2013, duly audited by Deloitte, S.L. on February 25, 2014 and approved by the Annual Shareholders' Meeting on March 28, 2014 under item first of its agenda.

The Capital Increase will be made entirely against the voluntary reserves from retained earnings, which amounts to 8,902,605,353 euro as of December 31, 2013.

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[3] The holders of (i) American Depositary Shares/American Depositary Receipts; and (ii) ordinary shares listed on the Buenos Aires Stock Exchange may have certain specialties with respect to those described herein.

4.3. Shares on deposit

At the end of the trading period for the free-of-charge allocation rights, any new share that have not been allocated for reasons beyond the Company's control will be held on deposit for any investors who can prove that they are the legitimate owners of the corresponding free-of-charge allocation rights. If any new share are still pending allocation three (3) years after the end of the trading period of the free-of-charge allocation rights, they may be sold, pursuant to Article 117 of the Companies Act, for the account and risk of the interested parties. The net proceeds from the sale will be deposited at the Bank of Spain or Government Depository (*Caja General de Depósitos*) at the disposal of the interested parties.

4.4. Rights of the New Shares

As from the date on which the Capital Increase is declared subscribed and paid up, expected on July 7, 2014, the new shares will confer upon their holders the same voting and economic rights as the Company's currently outstanding ordinary shares.

4.5. Admission to listing

The Company will apply for the listing of the new shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Spanish Automated Quotation System (Mercado Continuo), and shall take the steps and actions that may be necessary with the competent bodies of the Buenos Aires Stock Exchange. Subject to the granting of the relevant authorizations, it is expected that the ordinary trading of the new shares in the Spanish Stock Exchanges will begin on July 16, 2014.

5. Foreign Jurisdictions where Repsol is listed

In consideration of the terms and conditions of their respective programs and the rules of the securities market where the following securities are admitted to trading, the options, procedures and terms available for holders of (i) American Depositary Shares/American Depositary Receipts; and (ii) ordinary shares listed on the Buenos Aires Stock Exchange may have certain specialties respect those described herein.

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Official Notice

Madrid, June 17, 2014

REEDEMPTION OF REPSOL, S.A. BONDS SERIES I/2013

Repsol, S.A. announces the early redemption of the Bonds Series I/2013 (ISIN code ES0273516007) in whole on July 1, 2014, which is the next interest payment date.

The Bonds will be redeemed in cash and at par value. The redemption will bear no expense (except for any tax withholding, as required) and will be 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. will pay 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 is the date for the redemption in whole of the Bonds.

After the redemption, there will be no outstanding Bonds of the aforementioned issue.

* * *

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REPSOL

Official Notice

Madrid, July 7, 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. ("Repsol") reports the end, on July 4, 2014, of the trading period of the free-of-charge allocation rights corresponding to the paid up 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. Therefore, the final number of shares of one (1) euro par value issued in the capital increase is 25,756,369, where the nominal amount of the increase is 25,756,369 euro, representing an increase of approximately 1.94% of the share capital of Repsol before the capital increase.

Moreover, during the period established for that purpose, holders of 24.16% of free-of-charge allocation rights accepted the irrevocable commitment to purchase rights taken by Repsol. Consequently, Repsol acquired 320,017,594 rights for a total amount of 155,208,533.09 euro. Repsol waived the shares corresponding to the free-of-charge allocation rights acquired by virtue of the mentioned commitment.

The capital increase was closed on July 7, 2014.

According to timetable of the execution of the capital increase, the cash payment to shareholders who sold the free-of-charge rights to Repsol will be made on July 9, 2014. (*)

It is expected, subject to compliance with all legal requirements (and, in particular, the verification by the Spanish Securities Market Commission), that the new shares will be listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Spanish Automated Quotation System (Mercado Continuo), on July 15, 2014, being the next day the initiation of their ordinary trading. The Company will also apply for the listing of the new shares on the Buenos Aires Stock Exchange.

(*) Information for holders of American Depositary Shares (ADSs): Holders of ADSs will be entitled to receive the dividend when payable by the Bank of New York Mellon, which is expected to be on July 16, 2014. Holders of ordinary shares listed on the Buenos Aires Stock Exchange (Bolsa de Comercio de Buenos Aires) may have certain specialties with respect to the cash payment date.

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Official Notice

Madrid, July 23, 2014

At the request of the Comisión Nacional del Mercado de Valores, Repsol reports 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.

2Q14 RESULTS

July 24th, 2014

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 income[1] and the inventory effect[2].

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 Mm^3/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 CO_2 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 Kbbl/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 Mm^3/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, Ouguiya-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 earnigs 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 CO_2 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 CO_2 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 EXPROPIATION 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	68
NET INCOME							**22**	**267**

	1Q 2014							
€ Million	Operating income	Financial Results	Income Tax		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	299
NET INCOME							**334**	**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)	(31)
NET INCOME							**125**	**520**

€ Million	JANUARY-JUNE 2013							
	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	216
NET INCOME							**129**	**901**

€ Million	JANUARY-JUNE 2014							
	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	268
NET INCOME							**459**	**1,327**

NET SALES BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

	QUARTERLY DATA			JANUARY - JUNE	
Millones de euros	**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)

	QUARTERLY DATA			JANUARY - JUNE	
€ Million	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 2Q13	1Q14	2Q14	JANUARY - JUNE 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)

	QUARTERLY DATA			JANUARY - JUNE	
€ Million	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 form 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 2013	JUNE 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 expropiation	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 an 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 attributible 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/ (paynments 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 2013 Publsihed	ADJUSTMENTS 2013	DECEMBER 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 expropiation	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 an 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 aplication 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 aplication NIIF 11"Joint Arrengements" 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/ (paynments 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 aplication 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					
		ADJUSTMENTS				
€ Million	Adjusted result	Joint arragements reclassification	Non-recurring items	Impact on equity	Total adjustments	Total consolidated
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					
		ADJUSTMENTS				
€ Million	Adjusted result	Joint arragements reclassification	Non-recurring items	Impact on equity	Total adjustments	Total consolidated
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					
		ADJUSTMENTS				
€ Million	Adjusted result	Joint arragements reclassification	Non-recurring items	Impact on equity	Total adjustments	Total consolidated
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					
		ADJUSTMENTS				
€ Million	Adjusted result	Joint arrangements reclassification	Non-recurring items	Impact on equity	Total adjustments	Total consolidated
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					
		ADJUSTMENTS				
€ Million	Adjusted result	Joint arrangements reclassification	Non-recurring items	Impact on equity	Total adjustments	Total consolidated
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)

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

NET DEBT: Dicember 2013 (€ Million)	Net debt	Reclasification 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 derivaties (excluding exchange rate)	62		62
Total	**(5,358)**	**(2,147)**	**(7,505)**

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

NET DEBT: June 2014 (€ Million)	Net debt	Reclasification 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 derivaties (excluding exchange rate)	97		97
Total	**(2,392)**	**(2,018)**	**(4,410)**

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

OTHER ECONOMIC DATA JUNE 2014 (€ Million)	According the net debt evolution	Joint arragement 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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Some of the above mentioned resources do not constitute proved reserves and will be recognized as such when they comply with the formal conditions required by the U. S. Securities and Exchange Commission.

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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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REPSOL

JANUARY-JUNE 2014 EARNINGS

PRESS RELEASE
Madrid, July 24, 2014
8 Pages

REPSOL POSTS NET INCOME OF 1.327 BILLION EUROS

- **Repsol's net income during the first half of the year increased 47% from the year-earlier period to 1.327 billion euros.**
- **The earnings reflect a good performance of the company's businesses as well as the success in obtaining a compensation agreement for the expropriation of YPF.**
- **The strength of the business units made up for temporary production halts in Libya, resulting in an adjusted net income at current cost of supply to 922 million euros.**
- **The company's upstream activity has resulted in the incorporation of new production from Brazil, the United States, Russia, Peru, Bolivia and Trinidad & Tobago.**
- **The company made the largest discovery of the last two years in Russia as well as other relevant finds in Trinidad & Tobago, Brazil and Alaska.**
- **Downstream, the refining margin for the first half was $3.5/barrel, a 9.4% gain in the first half of 2013, showing the resilience of the company's assets as margins in Europe remain under pressure.**
- **At the end of the first half net debt was 2.392 billion euros, 55.4% less than at the close of 2013. At the same time, Repsol retains significant liquidity, at 11.195 billion euros.**
- **Repsol paid shareholders a one-euro-per-share extraordinary dividend as well as the final dividend from 2013 earnings, paid under the Repsol Flexible Dividend formula.**
- **On April 30th the Board of Directors approved a new organizational structure and the naming of Josu Jon Imaz as Chief Executive Officer.**

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Repsol posted net income of 1.327 billion euros in the first half of the year, an increase of 47% from the year-earlier period. This reflects a good performance of the company's businesses as well as the success in securing a compensation agreement for the expropriation of YPF.

Adjusted net income at current cost of supply was 922 million euros, in line with the year-earlier period. The start-up of new production projects, the strength of the downstream businesses and an improved performance from the corporate area made up for the effect on the upstream operations of temporary output halts in Libya.

During the semester, Repsol reached a compensation agreement over the expropriation of YPF and YPF Gas, receiving bonds from the Republic of Argentina which were sold to JPMorgan for almost $5 billion. Repsol also sold its remaining 12.38% stake in YPF for $1.3 billion.

Repsol's strong performance and its financial solidity were recognised by the international ratings agencies, which raised the company's credit ratings. In addition, analysts incorporated the company's potential into their assessments and increased their target price and recommendations on the stock.

Of the analysts that follow the company, 97.6% have *hold* or *buy* recommendations on the stock, the highest proportion amongst the largest European oil companies[1]. The company's average target price rose by 5% in the first half of the year to 21.45 euros per share.

Repsol's Board of Directors agreed to a proposal made by the Chairman to pay an extraordinary dividend of one euro per share gross to shareholders following the successful recovery of the value of YPF. This remuneration was in addition to the final dividend from 2013 earnings, paid under the Repsol Flexible Dividend formula. In the latter, 75.84% of shareholders agreed to be paid in shares, a demonstration of confidence in the company's future.

With these payments, Repsol's dividend-per-share return for the year is above 10% and the highest amongst the Ibex-35 companies.

Shareholder remuneration has been accompanied by a significant reduction in debt. At the end of the first half, net debt declined 55.4% from the end of the previous year to 2.392 billion euros. As the same time, Repsol has 11.195 billion euros in available liquidity.

[1] Source: Bloomberg

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NEW MANAGEMENT STRUCTURE

The Board of Directors at the end of April approved, at the behest of the Chairman and with a favourable report from the Nomination and Compensation Committee, a significant remodelling 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.

With the new organisation, the Repsol Group reinforces the management of its business units so that the company has the optimum structure to generate new growth opportunities, organic as well as inorganic, in line with its principles of profitability, responsibility, sustainability and future.

DISCOVERIES AND DOWSTREAM PROFITABILITY

Hydrocarbons production was 340,000 barrels of oil equivalent per day for the first half of the year, of which 26,800 boepd was new output, which offset the temporary production loss in Libya and maintenance work in Trinidad & Tobago. Production in Libya resumed in early July, where the company is keeping its installations operative to recover output as soon as possible.

Between January and June the company added new barrels to its output from Bolivia, Brazil, Peru. Russia and the United Stated. Especially significant is the start-up in March of the Kinteroni project in Peru and full production from the first phase of the Sapinhoa field development in Brazil. The operating consortium has already begun the installation of the second FPSO in the giant Brazilian field which will more-than double output capacity in 2015.

With the new start-ups, Repsol has begun production in seven of its ten key growth projects: Sapinhoa (Brazil), Mid-Continent (USA), AROG (Russia), Margarita-Huacaya (Bolivia), Lubina and Montanazo (Spain), Carabobo (Venezuela) and the aforementioned Kinteroni (Peru). The company is working on the start-up of the large Cardón IV gas field in Venezuela, which will add more than 20,000 boepd to Repsol's production in 2015, increasing further over the next few years.

In addition, Repsol has continued its successful exploratory activity which resulted in a 275% reserve replacement ratio (RRR) in 2013, which was a new organic record for the company and the highest amongst its peers in 2013. The discovery in Trinidad &Tobago in July adds to the incorporation of 240 million barrels of oil equivalent of recoverable resources in Russia from the Gabi-1 and Gabi-3 wells, the largest discovery made in Russia in the last two years. The company also made discoveries in Brazil's prolific Campos Basin, in the Seat 2 well, and also in the Qugruk-5 and Qugruk-7 wells in Alaska.

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The Downstream unit's asset quality and positioning has allowed the company to increase operating profit by 102 million euros from the year-earlier period. The refining margin rose 9.4% to $3.5 per barrel, despite continuing pressure on margins throughout Europe. The investments made to improve the Cartagena and Bilbao refineries, which turned them into a reference in the industry, have resulted in significantly better margins, protecting employment and viability at these installations despite the difficult environment for the business in Europe.

Sales from the chemicals business also increased and the company extracted value from its engineering and technical capabilities. The company's Gas & Power unit posted an improved result as gas sales in North America increased.

Regarding the Gas Natural Fenosa Group, the adjusted net income for the first half of 2014 was 282 million euros, a 12% gain from the previous year. This was due to the extraordinary gain from the sale of the telecommunications business as well as improved results from wholesale gas sales in Spain.

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REPSOL EARNINGS BY SEGMENT (*)

(Unaudited figures)

Millon euros	JANUARY-JUNE 2013	JANUARY-JUNE 2014	Variation (%)
Upstream	634	400	(36.9)
Downstream	350	452	29.1
Gas Natural Fenosa	253	282	11.5
Corporate and others	(312)	(212)	32.1
ADJUSTED NET INCOME	**925**	**922**	**(0.3)**
Inventory effect	(153)	(54)	64.7
Non-recurring income	(87)	191	-
Income from discontinued operations	216	268	24.1
NET INCOME	**901**	**1,327**	**47.3**

(*) 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.

OPERATING HIGHLIGHTS

(Unaudited figures)

	JANUARY-JUNE 2013	JANUARY-JUNE 2014	Variation (%)
Oil and gas production (Thousand boepd)	360	340	(5.5)
Crude processed (million tons)	19.3	19.2	(0.7)
Sales of oil products (Thousand tons)	21,290	21,143	(0.7)
Sales of petrochemical products (Thousand tons)	1,197	1,334	11.4
LPG sales (Thousand tons)	1,273	1,219	(4.2)

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HALF-YEARLY HIGHLIGHTS

On March 31, Repsol started gas production in the Kinteroni field, one of the ten key projects included in its 2012-2016 Strategic Plan. The field will initially produce 20,000 barrels of oil equivalent a day, which is expected to double by 2016. 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.

In the first half of the year, Repsol made two new hydrocarbons discoveries in Russia. The recoverable resources from the Gabi-1 and Gabi-3 wells are estimated at 240 million barrels of oil equivalent, which means 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 discoveries confirm Repsol's expectations of its Russian operations, where it is developing one of its key strategic projects, the AROG joint venture.

On July 3, Repsol made a new hydrocarbons discovery offshore Trinidad & Tobago. The estimated resources from the well are around 40 million barrels, which increases the field's current reserves, extends its productive life and adds new output. The find, denominated TB14, adds to the start-up of the TB13 well, which added 1,384 boepd to the field's output. The new wells add 24% to the TSP block's existing production, which averaged 10,900 boepd during 2013.

At the start of May Repsol received from the Republic of Argentina sovereign bonds in as the means of payment of compensation for the expropriation of YPF and YPF Gas. Later, between May 9 and May 23, the company sold the bonds for almost $5 billion to JP Morgan in several deals.

In parallel to these operations and during the same month, Repsol sold its remaining 12.38% YPF stake, for an additional $1.316 billion. With these transactions Repsol completed the sale process of its assets in Argentina and reinforced of the company's financial position, achieving total revenue of 6.313 billion dollars.

On May 15, Fitch Ratings agency, upgraded Repsol's Long-term Issuer Default Rating from BBB- to BBB. Later, on May 20th, Moody's Investors Service also announced 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.

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On March 28, Repsol's Annual General Meeting agreed to pay the final dividend corresponding to 2013 earnings under the scrip dividend program, the same way this has been done during the last years. Of this payment, made in July, 75.84% stakeholders chose to receive shares, which demonstrates their trust in the future of the company.

Additionally, on May 28, 2014, the Board of Directors of Repsol, agreed to distribute an extraordinary dividend of one euro per share gross, to share with shareholders the successful recovery of the value of YPF. The payment of this dividend, which will be reflected in this year's earnings, was made on June 6, 2014.

On April 30, 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.

On March 14, Repsol created an Advisory Committee comprised by minority shareholders to foster transparency and establish a two-way channel of communication between the company's management team and its minority shareholders, a pioneering initiative that is the first of its kind among the energy companies of Spain's Ibex 35 Index. Creating the Advisory Committee is the result of an initiative taken by the Board of Directors of Repsol and is part of the Repsol investor relations policy.

On May 12, Repsol celebrated the 25th anniversary of its flotation on the stock exchange. Over the past 25 years Repsol has paid 16.019 billion euros in dividends, while the company's market capitalization has increased 8.5 times to 26.338 billion euros. Repsol currently has around 500,000 small investors that represent approximately 12% of its outstanding shares.

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WEBCAST – CONFERENCE CALL
Second Quarter 2014 Results

July 24th, 2014

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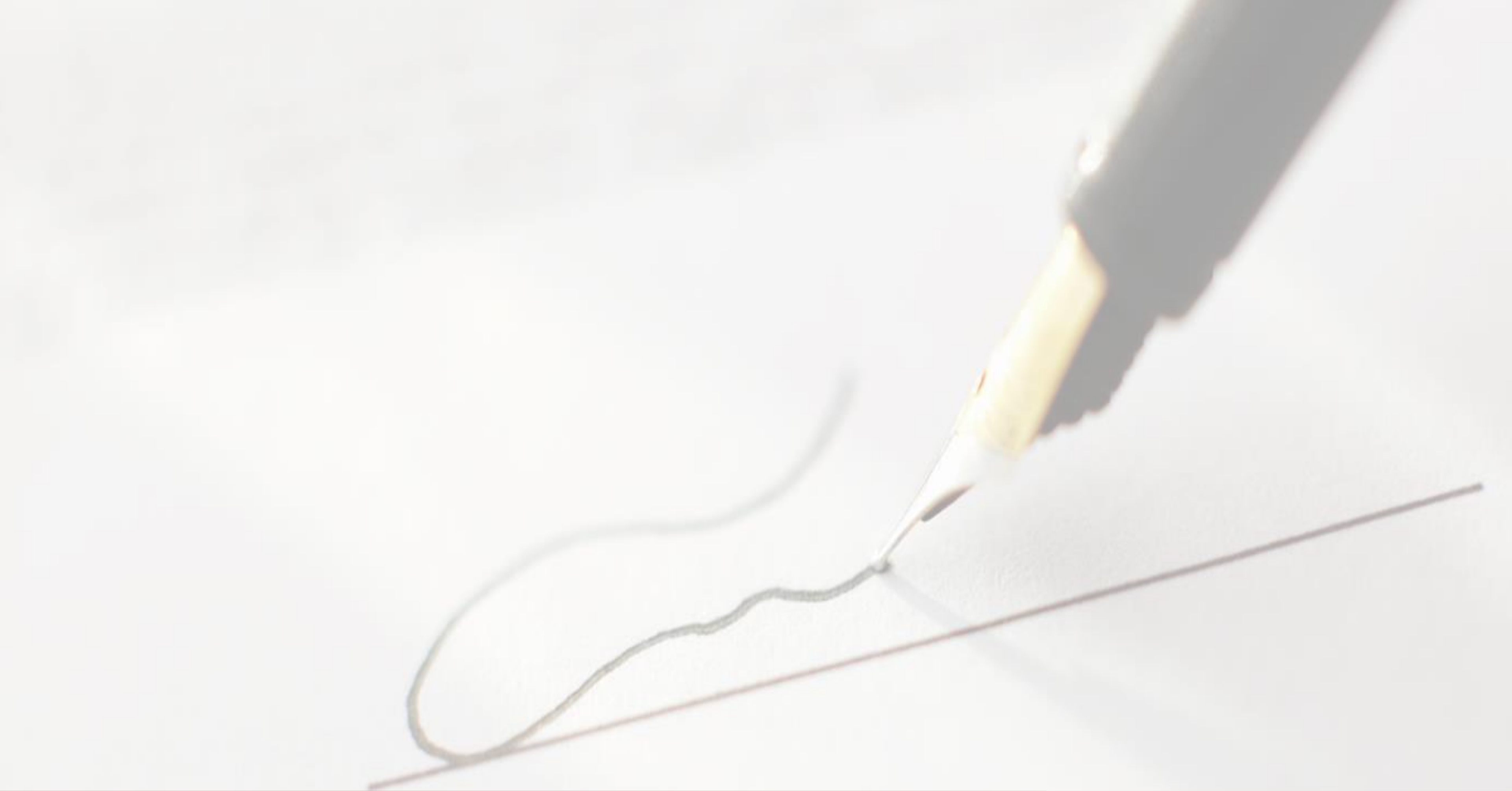
AGENDA

1. Closing of the Agreement with the Republic of Argentina
2. Operational Activity and Main highlights
3. Quarterly Results
4. Conclusions



Closing of the Agreement with the Republic of Argentina

1

Closing of the Agreement with the Republic of Argentina

Closing of the Agreement	Sale of the Argentinean sovereign bonds	Sale of the 12.34 % stake of YPF	Distribution of an extraordinary dividend
The Republic of Argentina delivered a portfolio of Argentinean sovereign bonds with a **total nominal value of $ 5.3 bn**	Repsol sold the sovereign bonds to JP Morgan in 3 separate transactions **for almost $ 5 bn**	Repsol sold the 12.38% stake in YPF in 2 separate transactions **for $ 1.3 bn**	The Board of Directors agreed to distribute an extraordinary dividend of **1 euro per share**

As of today Repsol has no exposure to Argentina

Credit Rating Agencies
Upgrades of Repsol's rating.

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Moody's

Moody's **upgraded Repsol's** long-term rating to **Baa2 from Baa3** with **stable outlook.**

Fitch ratings

Fitch **upgraded Repsol's** long-term rating from **BBB- to BBB** with **positive outlook.**

Standards & Poors

Standard & Poor's revised its outlook on Repsol **to positive from stable**.

The credit rating agencies recognized the improvement in Repsol's financial position

Operational Activity and Main Highlights

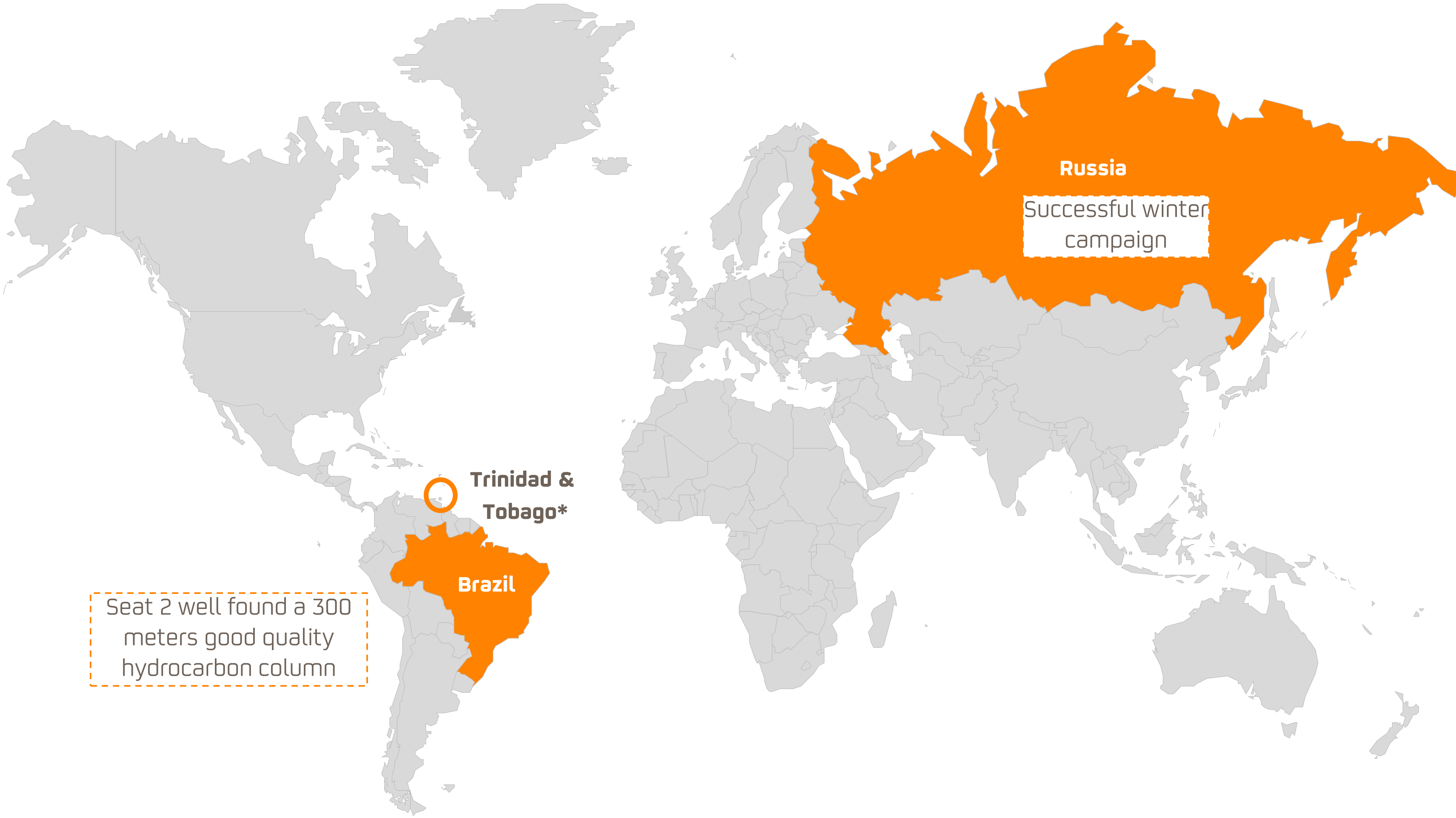
2

Operational Activity 2Q 2014: Upstream

Exploration

Six wells have been concluded in 2Q 2014 of which two were positive in Alaska

Operational Activity: Upstream
Latest news from Exploration



Positive news from our Exploration and Appraisal activities

69

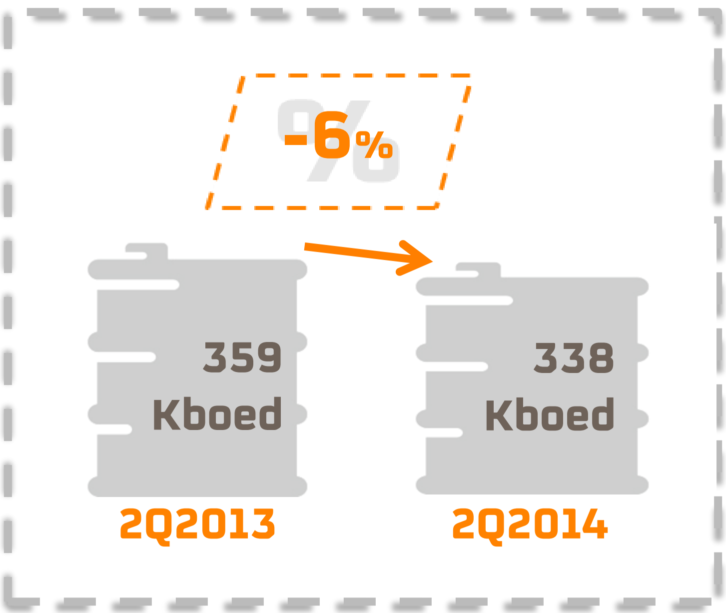
* New discovery in TB14 well in the TSP block

Operational Activity: Upstream
Currently drilling

70

We continue with an intensive drilling activity

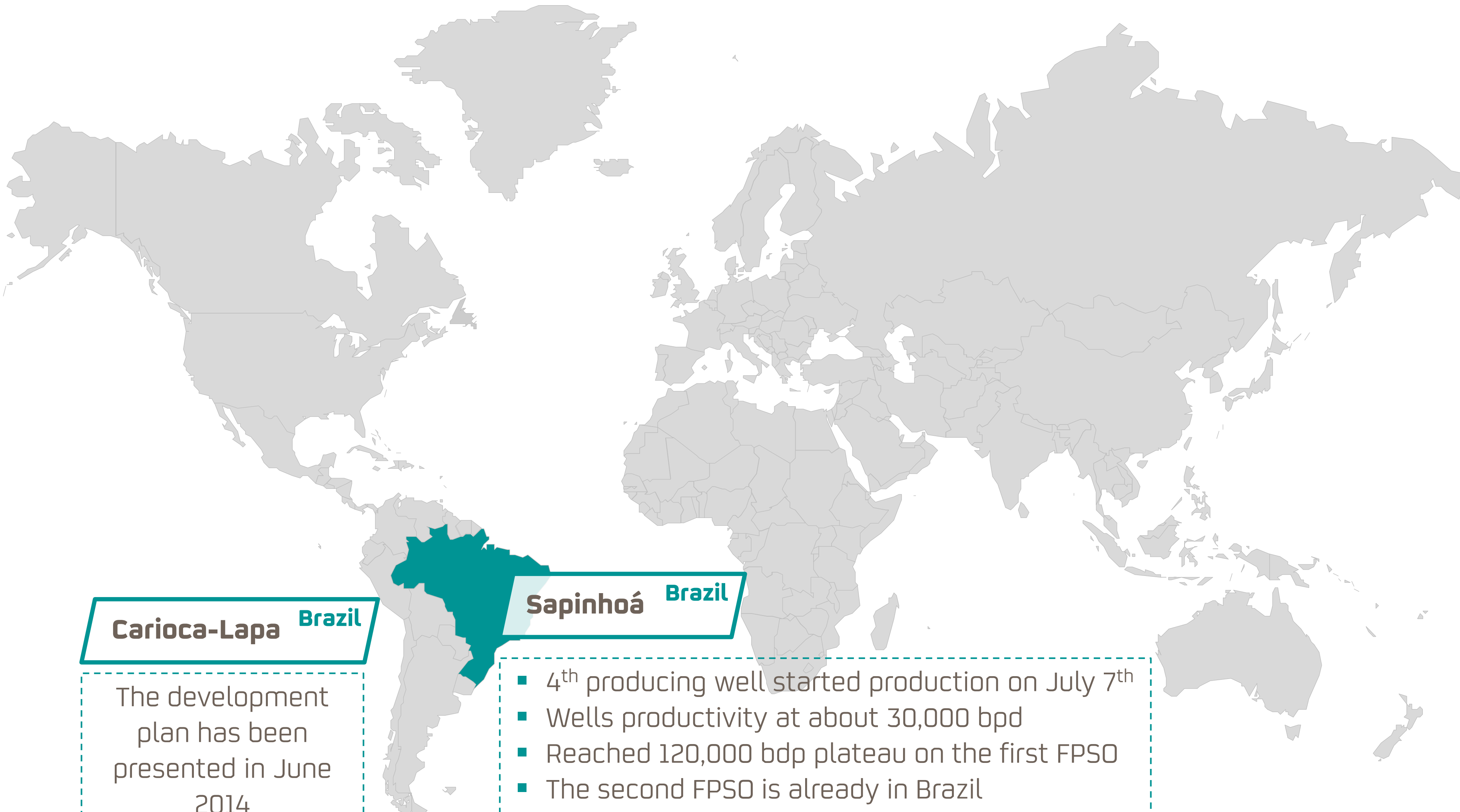
Main Highlights of 2Q 2014
Production



- Increased our production year-on-year in Brazil, the Unites States, Russia, Bolivia and Peru
- Stoppage in Libya
- Maintenance work in Trinidad & Tobago

Production was 17 Kboed higher year-on-year excluding Libya

Main Highlights of 2Q 2014
Key Growth Projects: Brazil



Carioca-Lapa Brazil

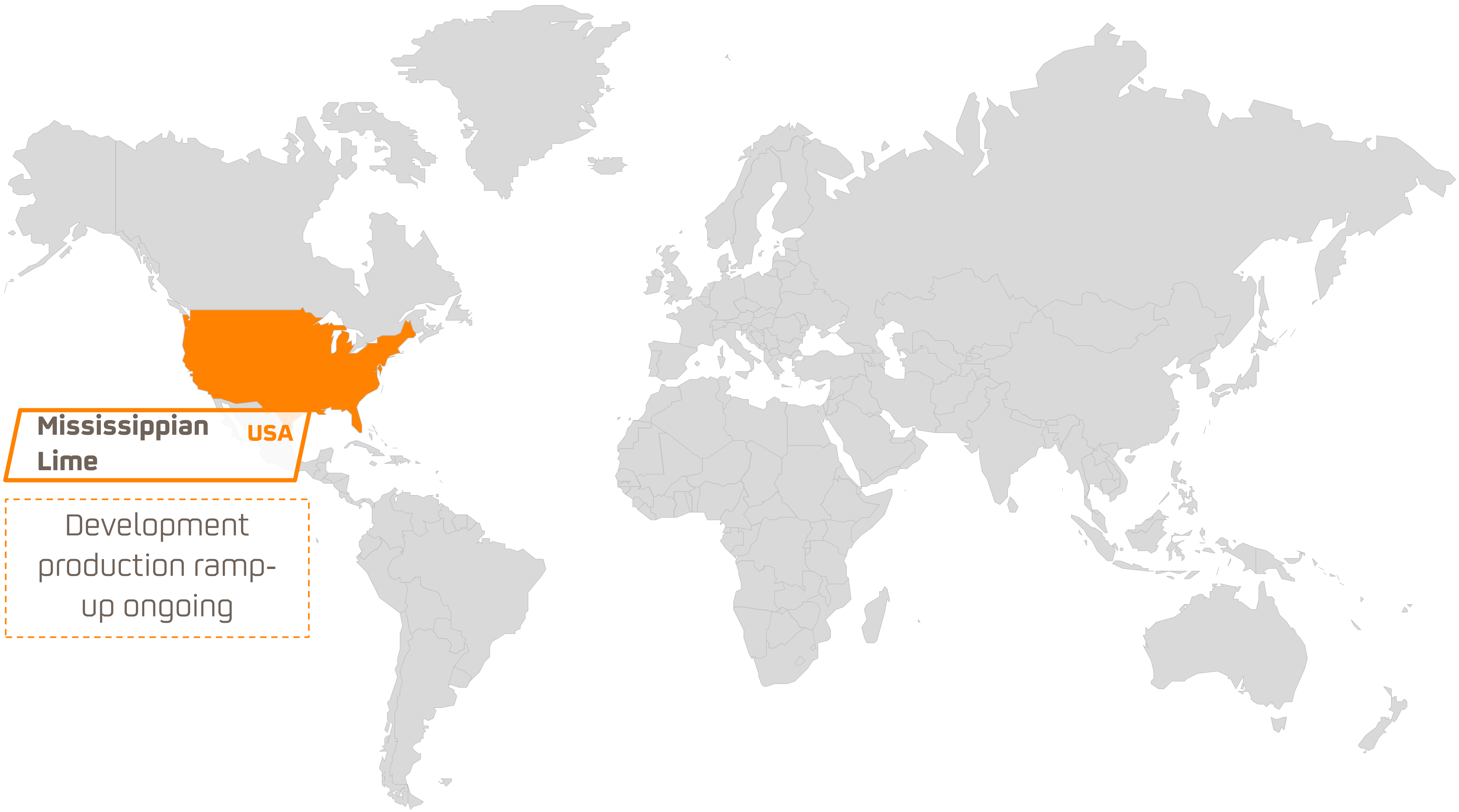
The development plan has been presented in June 2014

Sapinhoá Brazil

- 4th producing well started production on July 7th
- Wells productivity at about 30,000 bpd
- Reached 120,000 bdp plateau on the first FPSO
- The second FPSO is already in Brazil

Main Highlights of 2Q 2014

Key Growth Projects: USA



Main Highlights of 2Q 2014
Key Growth Projects : Venezuela

Venezuela
Cardón IV

Development as planned

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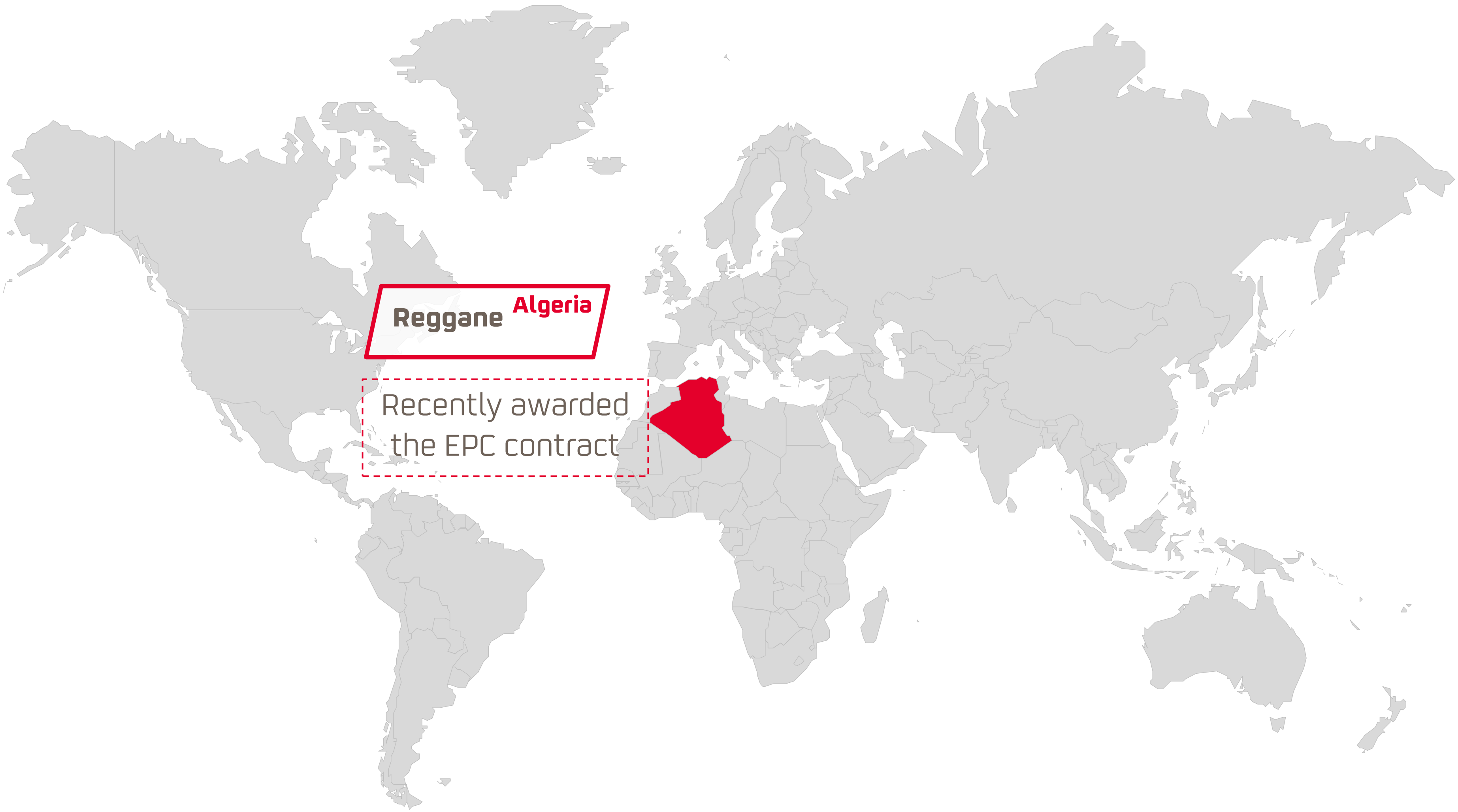
Main Highlights of 2Q 2014

Key Growth Projects : Algeria



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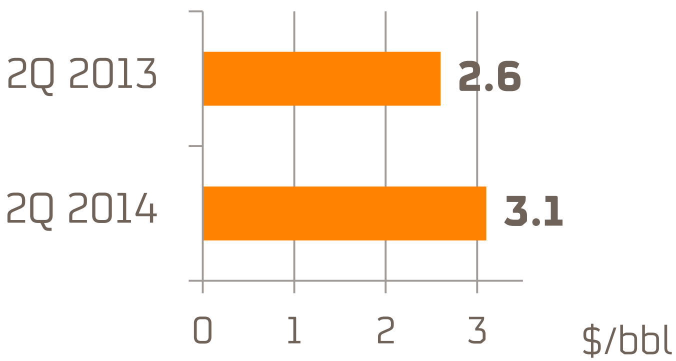
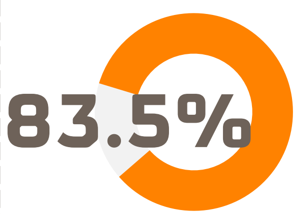
Main Highlights of 2Q 2014
Downstream

Refining Margin Indicator



Utilization rates

2Q 2014



Integrated system

Conversion units

Petrochemicals businesses

- Efficiency and product enhancement programs helped to deliver positive results

Commercial businesses

- Maintained a healthy level of profitability quarter-on-quarter and year-on-year

Quarterly Results

3

Results Summary

2Q 2014

	2Q 2013	2Q 2014	% Variation
Adjusted Net Income	401	390	-2.7%
Net Income	267	520	+95%

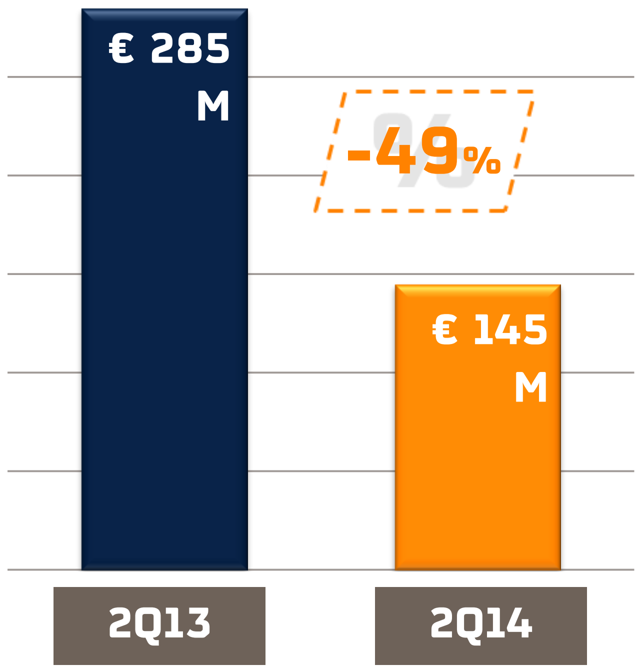
Million €

1S 2014

	1S 2013	1S 2014	% Variation
Adjusted Net Income	925	922	-0.3%
Net Income	901	1,327	+47%

Million €

2Q 2014 Upstream Results
Adjusted Net Income

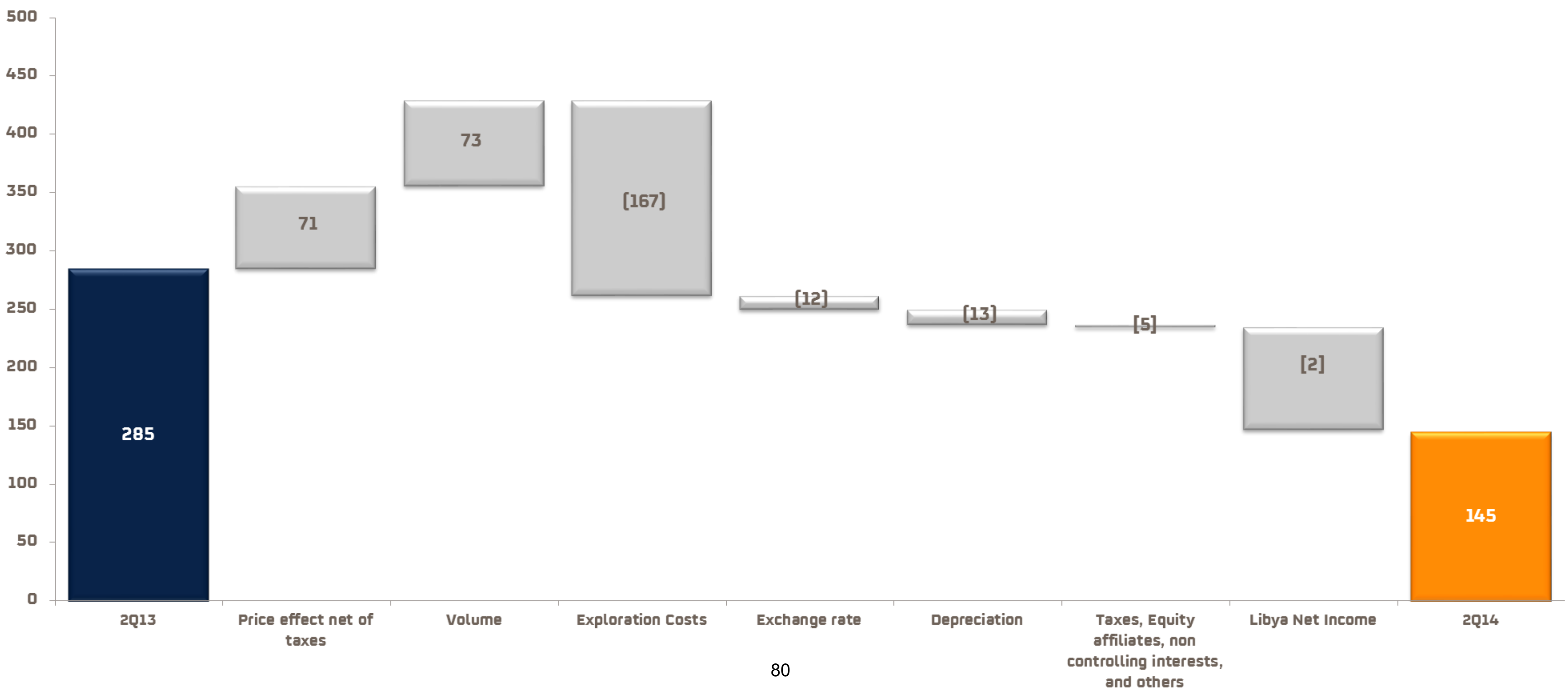


- Absence of production in Libya
- Increased production ex Libya
- Higher crude and gas prices
- Higher exploration costs

2Q 2014 Upstream Results
Adjusted Net Income

	2Q 2013	2Q 2014	% Variation
Adjusted Net Income	285	145	-49%

Million €



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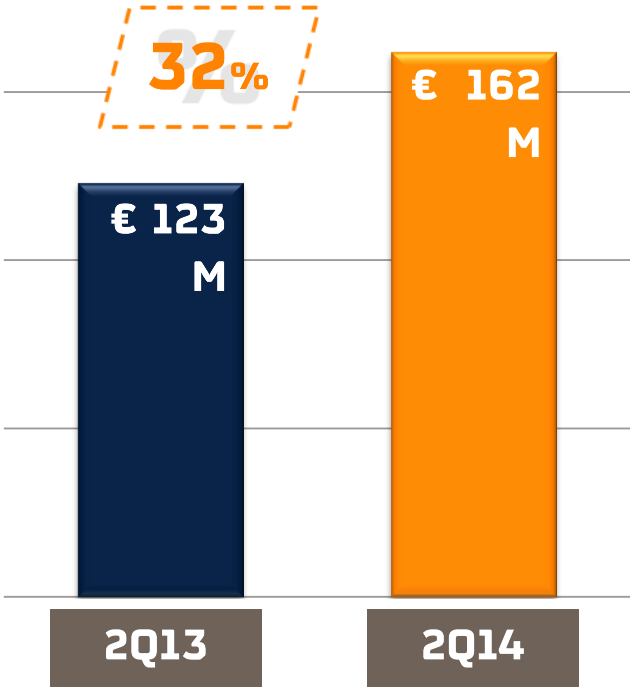
2Q 2014 Downstream Results
Adjusted Net Income

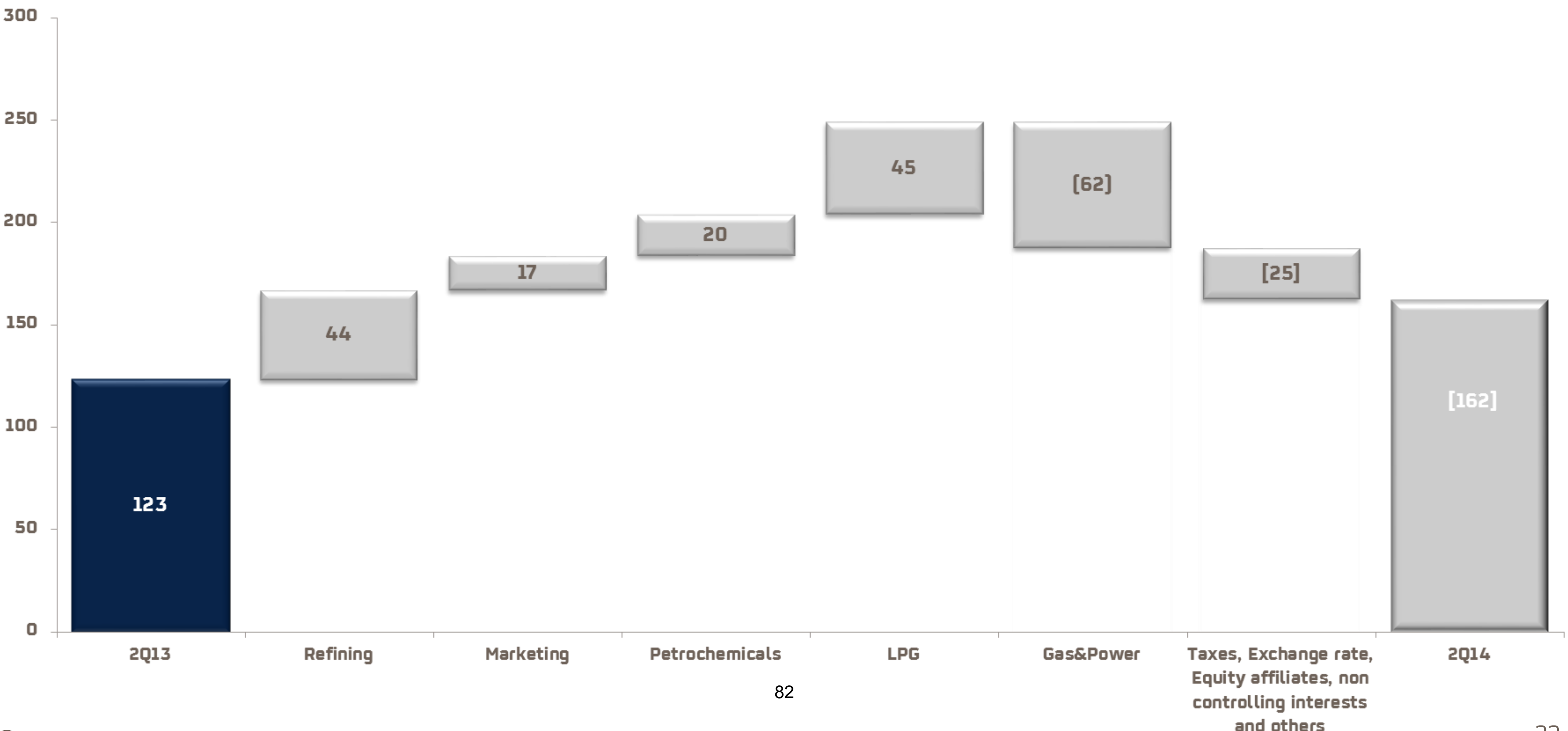


- Refining: Resilient margins despite tough environment
- 2.2 dollars per barrel of premium margin
- Petrochemicals: Efficiency programs implemented
- Commercial businesses: good set of results

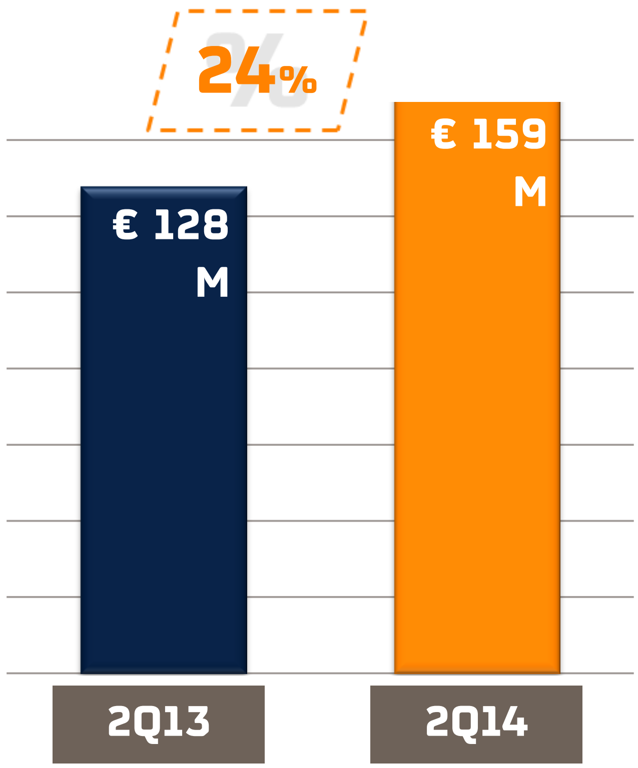
2Q 2014 Downstream Results
Adjusted Net Income

	2Q 2013	2Q 2014	% Variation
Adjusted Net Income	123	162	32 %

Million €

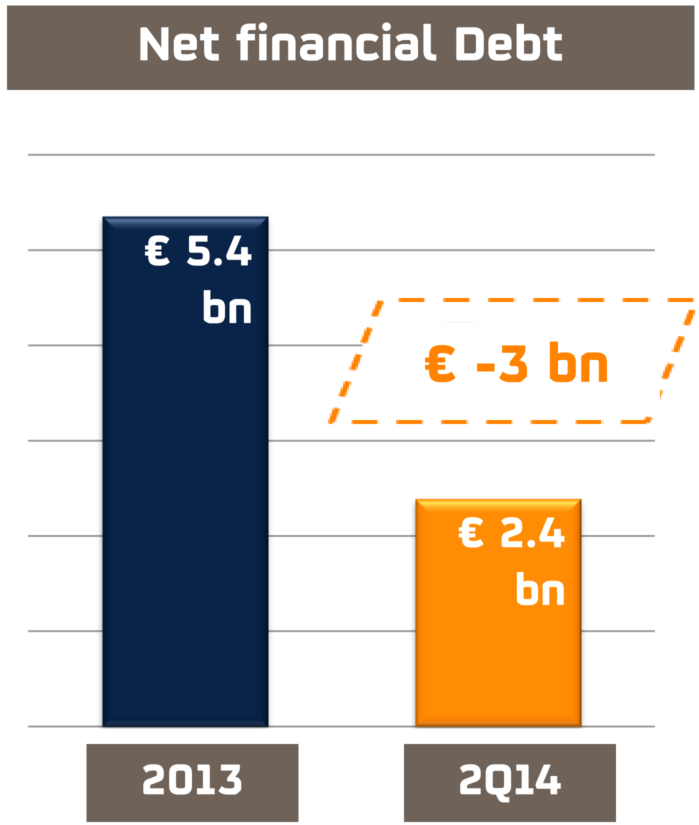


2Q 2014 Gas Natural Fenosa Results
Adjusted Net Income



Quarterly Results

Financial Situation (Figures Ex Gas Natural)



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Liquidity remains healthy at more than 11 billion euros

Conclusions

UPSTREAM

- **More than 30 Kboed** added from our key growth projects year-on-year.
- **Sapinhoa** first phase completed successfully.

DOWNSTREAM

- Our business showed again its capacity to weather the current adverse situation.

CORPORATE

- We have **completed the Agreement for the Amicable Settlement and Compromise of Expropriation** in relation to the expropriation of the controlling stake of Repsol Group in YPF S.A. and YPF Gas S.A. and the **monetization** of the bonds received as compensation together with the rest of our assets in Argentina.

Q&A Session

Second Quarter 2014 Results

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July 24th, 2014