Official Notice

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The Hague, July 28, 2016

In accordance with Article 14 of Law of 9 May 2006, on market abuse, Repsol International Finance, B.V. (the "Company") is filing the attached semi-annual consolidated financial statements of Repsol, S.A., Guarantor of the Euro 10,000,000,000 Guaranteed Euro Medium Term Note Programme of the Company, for the period ended on 30 June 2016.

The semi-annual consolidated financial statements were filed today by Repsol, S.A. with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

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Repsol, S.A. and Subsidiaries

Report on Limited Review

Interim Condensed Consolidated Financial Statements and Interim Directors' Report for the six-month period ended 30 June 2016

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

Deloitte.

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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. and Subsidiaries ("the Group"), which comprise the condensed consolidated balance sheet as at 30 June 2016, and the condensed consolidated income statement, condensed consolidated statement of recognized income and expenses, 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

We conducted our limited review 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 statements consists of making inquiries, primarily of 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 to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2016 have not been 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.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Emphasis of Matter

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 2015. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2016 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that 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 interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2016. 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

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 119 of the Consolidated Spanish Securities Market Law, approved by Legislative Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Javier Ares San Miguel

27 July 2016

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the first half of 2016

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, 2016 and December 31, 2015

	Note	Millions of euros	
ASSETS	2.3	**06/30/2016**	**12/31/2015**
Intangible Assets:		5,042	4,790
a) Goodwill	4.1	3,036	3,099
b) Other intangible assets		2,006	1,691
Property, plant and equipment	4.1	27,259	28,202
Investment property		25	26
Investment accounted for using the equity method	4.2	11,903	11,798
Non-current financial assets	4.4	789	715
Deferred tax assets		4,786	4,743
Other non-current assets		278	179
NON-CURRENT ASSETS		**50,082**	**50,453**
Non current assets held for sale	4.3	226	262
Inventories		3,198	2,853
Trade and other receivables:		4,878	5,680
a) Trade receivables		2,517	2,607
b) Other receivables		1,551	2,060
c) Income tax assets		810	1,013
Other current assets		248	271
Other current financial assets	4.4	1,261	1,237
Cash and cash equivalents	4.4	2,225	2,448
CURRENT ASSETS		**12,036**	**12,751**
TOTAL ASSETS		**62,118**	**63,204**

Notes 1 to 6 are an integral part of this consolidated balance sheet at June 30, 2016.

Repsol, S.A. and investees comprising the Repsol Group
Consolidated balance sheet at June 30, 2016 and December 31,2015

	Note	Millions of euros	
LIABILITIES AND EQUITY	2.3	**06/30/2016**	**12/31/2015**
NET EQUITY			
Issued share capital		1,466	1,442
Share premium		6,428	6,428
Reserves		259	259
Treasury shares and own equity instruments		(308)	(248)
Retained earnings and other reserves		17,756	19,571
Profit attributable to equity holders of the parent		639	(1,392)
Dividends and remunerations	4.6	6	(228)
Other equity instruments		1,005	1,017
EQUITY		**27,251**	**26,849**
Items reclassified to the income statement:		**1,347**	**1,691**
Financial assets available for sale		3	3
Hedge transactions		(228)	(227)
Translation differences		1,572	1,915
OTHER ACCUMULATED COMPREHENSIVE INCOME		**1,347**	**1,691**
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AND OTHER HOLDERS OF EQUITY INSTRUMENTS		**28,598**	**28,540**
MINORITY INTERESTS		**224**	**228**
TOTAL EQUITY	**4.6**	**28,822**	**28,768**
Grants		6	7
Non-current provisions	4.7	6,150	5,827
Non-current financial liabilities:	4.4	10,634	10,581
a) Bank borrowings, bonds and other securities		10,512	10,491
b) Other financial liabilities		122	90
Deferred tax liabilities		1,524	1,602
Other non-current liabilities		1,919	1,942
NON-CURRENT LIABILITIES		**20,233**	**19,959**
Liabilities related to non-current assets held for sale	4.3	9	8
Current provisions	4.7	1,243	1,377
Current financial liabilities:	4.4	6,426	7,073
a) Bank borrowings, bonds and other securities		6,383	7,004
b) Other financial liabilities		43	69
Trade payables and other payables:		5,385	6,019
a) Trade payables		1,925	1,799
b) Other payables		3,258	3,975
c) Current income tax liabilities		202	245
CURRENT LIABILITIES		**13,063**	**14,477**
TOTAL LIABILITIES AND EQUITY		**62,118**	**63,204**

Notes 1 to 6 are an integral part of this consolidated balance sheet at June 30, 2016.

Repsol, S.A. and investees comprising the Repsol Group
Consolidated income statement for the second quarter of 2016 and 2015 and the interim periods ended June 30, 2016 and 2015

		Millions of euros			
	Note	Q2 2016	Q2 2015	06/30/2016	06/30/2015
Sales		8,058	10,749	15,695	20,043
Services rendered and other income		34	40	64	76
Changes in inventories of finished goods and work in progress inventories		241	88	323	59
Income from reversals of provisions and gains on disposal of non-current assets	4.3	277	79	357	227
Other operating income	4.8	113	68	452	694
OPERATING REVENUE		**8,723**	**11,024**	**16,891**	**21,099**
Supplies		(5,448)	(7,777)	(10,766)	(14,766)
Personnel expenses		(926)	(569)	(1,468)	(1,024)
Other operating expenses	4.8	(1,396)	(1,482)	(2,768)	(3,129)
Depreciation and amortization of non-current assets		(583)	(684)	(1,158)	(1,360)
Provisions recognised and losses on disposal of non-current assets		(34)	(124)	(53)	(137)
OPERATING EXPENSES		**(8,387)**	**(10,636)**	**(16,213)**	**(20,416)**
OPERATING INCOME		**336**	**388**	**678**	**683**
Finance income		49	33	93	65
Finance expenses		(183)	(198)	(365)	(332)
Changes in the fair value of financial instruments		(22)	(122)	(35)	980
Net exchange gains/ (losses)		19	95	62	(265)
Impairment and gains/ (losses) on disposal of financial instruments	4.4	(1)	(1)	49	(7)
FINANCIAL RESULT		**(138)**	**(193)**	**(196)**	**441**
Share of results of companies accounted for using the equity method after taxes	**4.2**	**53**	**185**	**212**	**258**
NET INCOME BEFORE TAX		**251**	**380**	**694**	**1,382**
Income tax	4.9	(32)	(63)	(34)	(299)
NET INCOME FROM THE PERIOD		**219**	**317**	**660**	**1,083**
Net income attributable to minority interests		(14)	(25)	(21)	(30)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT		**205**	**292**	**639**	**1,053**
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**4.6.3**	**Euros**	**Euros**	**Euros**	**Euros**
Basic		0.14	0.20	0.44	0.73
Diluted		0.14	0.20	0.44	0.73

Notes 1 to 6 are an integral part of this consolidated income statement at June 30, 2016.

Repsol, S.A. and investees comprinsing the Repsol Group
Consolidated statement of recognized income and expenses for the second quarter of 2016 and 2015 and the interim periods ended June 30, 2016 and 2015

	Millions of euros			
	Q2 2016	**Q2 2015**	**06/30/2016**	**06/30/2015**
CONSOLIDATED NET INCOME FOR THE PERIOD (from the Consolidated Income Statement)	**219**	**317**	**660**	**1,083**
OTHER COMPRENHENSIVE INCOME				
Total items not reclassified to the income statement:				
From actuarial gains and losses	-	6	-	5
Share of other comprenhesive income recognized by investees accounted for as interest in joint ventures and associates	(1)	-	(3)	-
Tax effect	-	-	(5)	-
TOTAL	**(1)**	**6**	**(8)**	**5**
OTHER COMPRENHENSIVE INCOME				
Total items reclassified to the income statement:				
Financial assets available for sale	**-**	**3**	**-**	**12**
Valuation gains/(losses)	-	3	-	6
Amounts transferred to profit or loss	-	-	-	6
Cash-flow hedges	**-**	**178**	**(15)**	**(43)**
Valuation gains/(losses)	(20)	(355)	(41)	(555)
Amounts transferred to profit or loss	20	8	26	(13)
Amounts transferred to the initial measurement of hedged items	-	525	-	525
Translation differences	**502**	**(538)**	**(361)**	**1,172**
Valuation gains/(losses)	514	(544)	(346)	1,165
Amounts transferred to profit or loss	(12)	6	(15)	7
Share of other comprehensive income recognized by investees accounted for as interest in joint ventures and associates	**98**	**(121)**	**57**	**39**
Valuation gains/(losses)	94	(118)	50	42
Amounts transferred to profit or loss	4	(3)	7	(3)
Tax effect	**(25)**	**(1)**	**(28)**	**14**
TOTAL	**575**	**(479)**	**(347)**	**1,194**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**793**	**(156)**	**305**	**2,282**
a) Atributable to the parent company	777	(177)	285	2,243
b) Atributable to minority interests	16	21	20	39

Notes 1 to 6 are an integral part of this consolidated statement of recognized income and expenses at June 30, 2016.

Repsol, S.A. and investees comprising the Repsol Group
Consolidated statement of changes in equity for the periods ended June 30, 2016 and 2015

	Equity attributable to equity holders of the parent								
	Capital and reserves								
Millions of euros	Issued share capital	Share premium and reserves	Treasury shares and own equity instruments	Total net income attributable to the parent	Other equity instruments	Other accumulated comprehensive income	Total equity attributable to the parent and to other holders of equity instruments	Minority interests	Total Equity
Closing balance at 12/31/2014	**1,375**	**24,642**	**(127)**	**1,612**	**-**	**435**	**27,937**	**217**	**28,154**
Adjustments	-	225	-	-	-	5	230	-	230
Initial adjusted balance	**1,375**	**24,867**	**(127)**	**1,612**	**-**	**440**	**28,167**	**217**	**28,384**
Total recognized income/ (expense)	**-**	**11**	**-**	**(1,392)**	**-**	**1,259**	**(122)**	**56**	**(66)**
Transactions with shareholders or owners									
Increase/ (decrease) of share	67	(67)	-	-	-	-	-	-	-
Dividend payments	-	-	-	-	-	-	-	-	-
Transactions with treasury shares or own equity instruments (net)	-	3	(121)	-	-	-	(118)	-	(118)
Increases/ (decreases) due to changes in the scope of consolidation	-	49	-	-	-	18	67	(45)	22
Other transactions with partners and owners	-	(471)	-	-	-	-	(471)	-	(471)
Other changes in equity									
Transfers between equity accounts	-	1,612	-	(1,612)	-	-	-	-	-
Perpetual subordinated obligations	-	(22)	-	-	1,017	-	995	-	995
Other changes	-	48	-	-	-	(26)	22	-	22
Closing balance at 12/31/2015	**1,442**	**26,030**	**(248)**	**(1,392)**	**1,017**	**1,691**	**28,540**	**228**	**28,768**
Total recognized income/ (expense)	**-**	**(8)**	**-**	**639**	**-**	**(346)**	**285**	**20**	**305**
Transactions with shareholders or owners	-	-	-	-	-	-	-	-	-
Increase/ (decrease) of share capital	24	(24)	-	-	-	-	-	-	-
Dividend payments	-	-	-	-	-	-	-	(4)	(4)
Transactions with treasury shares or own equity instruments (net)	-	-	(60)	-	-	-	(60)	-	(60)
Increases/ (decreases) due to changes in the scope of consolidation	-	-	-	-	-	-	-	(21)	(21)
Other transactions with partners and owners	-	(144)	-	-	-	-	(144)	-	(144)
Other changes in equity									
Transfers between equity accounts	-	(1,392)	-	1,392	-	-	-	-	-
Perpetual subordinated obligations	-	(15)	-	-	(12)	-	(27)	-	(27)
Other changes	-	2	-	-	-	2	4	1	5
Closing balance at 06/30/2016	**1,466**	**24,449**	**(308)**	**639**	**1,005**	**1,347**	**28,598**	**224**	**28,822**

Notes 1 a 6 are an integral part of this consolidated statement of changes in equity at June 30, 2016.

Repsol, S.A. and investees comprising the Repsol Group
Consolidated statement of cash flows for the second quarter of 2016 and 2015 and the interim periods ended June 30, 2016 and 2015

	Millions of euros			
	Q2 2016	**Q2 2015**	**06/30/2016**	**06/30/2015**
Net income before tax	**251**	**380**	**694**	**1,382**
Adjustments to net income:	**905**	**780**	**1,302**	**607**
Depreciation and amortization of non-current assets	583	684	1,158	1,360
Other adjustments to results (net)	322	96	144	(753)
Changes in working capital	**(319)**	**(477)**	**(520)**	**(450)**
Other cash flows from operating activities:	**(138)**	**(479)**	**125**	**(241)**
Dividends received	182	9	306	133
Income tax received / (paid)	(115)	(287)	136	(142)
Other proceeds from / (payments for) operating activities	(205)	(201)	(317)	(232)
Cash flows from operating activities	**699**	**204**	**1,601**	**1,298**
Payments for investing activities:	**(803)**	**(9,094)**	**(1,582)**	**(9,876)**
Group companies and associates	(301)	(8,267)	(472)	(8,407)
Property, plant and equipment, intangible assets and investment proper	(489)	(766)	(1,001)	(1,331)
Other financial assets	(13)	(61)	(109)	(138)
Proceeds from divestments:	**677**	**923**	**841**	**1,331**
Group companies and associates	578	154	665	255
Property, plant and equipment, intangible assets and investment proper	91	10	167	14
Other financial assets	8	759	9	1,062
Other cash flows	**(1)**	**494**	**(1)**	**494**
Cash flows used in investing activities	**(127)**	**(7,677)**	**(742)**	**(8,051)**
Proceeds from / (payments for) equity instruments:	**(42)**	**(56)**	**(49)**	**1,024**
Issues	-	-	-	995
Acquisition	(46)	(79)	(53)	(154)
Disposal	4	23	4	183
Proceeds from / (payments for) financial liabilities:	**(646)**	**706**	**(274)**	**2,576**
Issues	2,661	3,470	7,120	6,621
Return and depreciation	(3,307)	(2,764)	(7,394)	(4,045)
Payments for dividends and payments on other equity instruments:	**-**	**-**	**(271)**	**(245)**
Other cash flows from financing activities:	**(173)**	**348**	**(482)**	**789**
Interest payments	(109)	(142)	(396)	(395)
Other proceeds from/ (payments for) financing activities	(64)	490	(86)	1,184
Cash flows used in financing activities	**(861)**	**998**	**(1,076)**	**4,144**
Effect of changes in exchange rates	**6**	**(30)**	**(6)**	**63**
Net increase / (decrease) in cash and cash equivalents	**(283)**	**(6,505)**	**(223)**	**(2,546)**
Cash and cash equivalents at the beginning of the period	2,508	8,597	2,448	4,638
Cash and cash equivalents at the end of the period	2,225	2,092	2,225	2,092
COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**Q2 2016**	**Q2 2015**	**06/30/2016**	**06/30/2015**
Cash and banks	1,825	1,550	1,825	1,550
Other financial assets	400	542	400	542
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**2,225**	**2,092**	**2,225**	**2,092**

Notes 1 a 6 are an integral part of this consolidated cash flow statement at June 30, 2016.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE REPSOL GROUP

INDEX

(1) GENERAL INFORMATION

1.1 About the Repsol Group

Repsol constitutes an integrated group of oil and gas (hereinafter "Repsol", "Group Repsol" or "Group") which commenced its 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, liquefied 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 products, LPG and natural gas, as well as the generation and distribution of electricity.

The Repsol Group prepares its consolidated financial statements including the investments in all of its subsidiaries, associates and joint arrangements. Appendix I of the consolidated financial statements for the financial year 2015 details the main companies comprising the Repsol Group, which were included in the consolidation scope at said date. Appendix I of these interim condensed consolidated financial statements details the main changes in the Group's composition taken place during the first six months of 2016.

The activities of Repsol S.A. and its investees are subject to a broad range of regulations. Appendix II outlines the main developments affecting the Regulatory Framework during the reporting period.

1.2 About the interim condensed consolidated financial statements

The accompanying interim condensed consolidated financial statements of Repsol, S.A. and its investees, comprising the Repsol Group entities, present fairly the Group's equity and financial position at June 30, 2016, as well as the results of its operations, the changes in the consolidated equity and the consolidated cash flows for the six-month interim period then ended.

These interim condensed consolidated financial statements have been approved by the Board of Directors of Repsol S.A. at a meeting held on July 27, 2016.

(2) BASIS OF PRESENTATION

2.1 General principles

The accompanying interim financial statements are expressed in millions of euros (except where otherwise indicated) and have been prepared based on the accounting records of the Group entities in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) at June 30, 2016, specifically in accordance with the requirements established in International Accounting Standard (IAS) 34 "*Interim Financial Reporting"*, which establishes the accounting principles applicable to interim financial statements, as stipulated in Article 12 of Spanish Royal Decree 1362/2007, and the specific disclosures required under CNMV Circular 5/2015 of October 28.

In accordance with IAS 34, these interim condensed consolidated financial statements are only intended to provide an update on the latest approved annual financial statements, focusing on new activities, events, and circumstances occurring during the first six months of the year; they do not, accordingly, duplicate information already disclosed in the prior-year annual consolidated financial statements. Given that they do not include information required for the preparation of a complete set of financial statements in accordance with IFRS-EU, and for an appropriate understanding of the information provided in these interim condensed financial statements, they should be read in conjunction with the Repsol Group's consolidated financial statements for the year ended

December 31, 2015, which were ratified at Repsol, S.A.'s Annual General Meeting on May 20, 2016.

2.2 Applicable standards to the financial information

The newly issued accounting standard applicable to the Group from January 1, 2016[1], has not had a significant impact on the accompanying interim condensed consolidated financial statements.

2.3 Accounting policies and comparative information

According to IFRS 6 "*Exploration for and evaluation of mineral resources"*, an entity may develop a specific accounting policy for those assets in the exploration and evaluation phase. To integrate Repsol Oil & Gas Canada Inc (formerly Talisman and hereinafter "ROGCI") on the Group's business and based on its prior experience, the Group has reviewed its accounting policies and, in particular, it has considered that the capitalization of the geology and geophysics costs (G&G) during the exploration phase provides a fairer presentation of the activities´ economic reality and global oil and gas exploration investments, thereby making the information provided more valuable for financial statement users.

Appendix III updates the full wording of notes 7(b) and 8(c) of section 2 "*Basis of presentation*" of the 2015 consolidated financial statements, as modified to reflect the above-mentioned change in accounting policy.

As stipulated in IAS 8, this change in accounting policy must be applied with retrospective effect. To this end, the balance sheet at December 31, 2015 and the statement of changes in equity for the year then ended presented for comparison purposes in these financial statements have been restated to include the necessary modifications in respect of the official 2015 Consolidated Financial Statements[2]. The impacts on the Group's balance sheets at January 1 and December 31, 2015 are as follows:

Millions of euros	Investments accounted for using the equity method	Intangible Assets and Property, Plan and Equipment	Deferred Tax liabilities	Reserves and translation differences	Net Income
January 1, 2015	31	285	86	230	-
December 31, 2015	40	33	(6)	244	(165)

Note: These amounts are presented net of the tax gains associated with the activities in Alaska that were previously recognized as revenue for the purpose of consistency with the new G&G cost accounting policy.

Additionally, as required under prevailing accounting standards, the earnings per share figures for the six-month period ended June 30, 2015 have been restated in order to factor into the calculation the average number of shares outstanding in the wake of the capital increases carried out as part of

[1] The accounting standards applicable for the first time from January 1, 2016 are: i) Amendments to IFRS 11 *Acquisitions of interests in joint operations*; ii) Amendments to IAS 16 and IAS 41 *Bearer plants*; iii) Amendments to IAS 16 and IAS 38 *Clarification of acceptable methods of depreciation and amortization*; iv) Annual Improvements to IFRSs, 2012-2014 Cycle; v) Amendments to IAS 1 *Disclosure initiative*; vi) Amendments to IAS 27 *Equity method in separate financial statements.* As for new standards issued for mandatory application in future years, the only noteworthy developments with respect to the information provided in Note 2 of the 2015 consolidated financial statements have been the issuance of Clarifications to IFRS 15 "*Revenue from contracts with customers"* and Modifications to IFRS 2 "*Classification and valuation of transactions with share-based payments*".

[2] The consolidated income statement for the six-month period ended June 30, 2015 has not been restated as the impact of the accounting change is not significant.

the shareholder remuneration scheme known as the "*Repsol Flexible Dividend*" Program. This scheme is detailed in Note 4.6 "*Equity*".

2.4 Changes in estimates and accounting judgments

The preparation of these interim financial statements requires the use of judgments and estimates that affect the measurement of recognized assets and liabilities, the presentation of contingent assets and liabilities at the reporting date and the amounts of income and expense recognized during the reporting period. Actual results may differ significantly from these estimates.

These estimates are made based on the best information available, as described in Note 3 "*Accounting estimates and judgments*" of the consolidated financial statements for the financial year 2015. The methodology used to calculate the estimates made at year-end 2015 has not changed significantly in the first six months of 2016.

2.5 Seasonality

Amongst the Group activities , the liquefied petroleum gas (LPG) and natural gas businesses are those that involve the greatest seasonality due to their dependence on climatological conditions, with increased activity during winter and decreased activity during summer in the northern hemisphere.

2.6 Information by business segment

Definition of segments

The definition of the Repsol Group´s business segments is based on the delimitation of the different activities performed and from which the Group earns revenue or incurs expenses, as well as on the organizational structure approved by the Board of Directors for business management. Using these segments as a reference point, Repsol's management team (Corporate, E&P and Downstream Executive Committees) analyses the main operating and financial indicators in order to make decisions about segment resource allocation and to assess how the Company is performing. Repsol did not group segments for the presentation of this information.

The operating segments of the Group are:

- *Upstream*, corresponding to exploration and development of crude oil and natural gas reserves;
- *Downstream,* corresponding, mainly, to the following activities: (i) refining and petrochemistry, (ii) trading and transportation of crude oil and oil products, (iii) commercialization of oil products, petrochemical and LPG, (iv) the commercialization, transport and regasification of natural gas and liquefied natural gas (LNG) and;
- *Gas Natural Fenosa,* corresponding to 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.

Finally, *Corporation and adjustments* includes activities not attributable to the aforementioned businesses, and specifically, corporate expenses and financial result, as well as intersegment adjustments of consolidation.

Presentation of segment results

Repsol presents the results for each segment including those corresponding to joint ventures[1] and other managed companies operated as such[2], in accordance with the percentage of interest held by the Group, considering its operational and economic metrics in the same manner and with the same detail as for fully consolidated companies. Thus, the Group considers that the nature of its businesses and the way in which results are analyzed for decision-making purposes is adequately reflected.

In addition, the Group, considering its business reality and in order to make its disclosures more comparable with those in the sector, utilizes as a measure of segment profit the so-called Adjusted Net Income, which corresponds to net income from continuing operations at current cost of supply or CCS after taxes and minority interests and not including certain items of income and expense ("*Special Items*"). Net finance cost is allocated to the *Corporation* segment's Adjusted Net Income/Loss.

Although this measure of profit (CCS), widely used in the industry to report the earnings generated in *Downstream* businesses which necessarily work with significant volumes of inventories that are subject to constant price fluctuations, is not accepted in European accounting standards, it does facilitate comparison with the earnings of sector peers and enables analysis of the underlying business performance by stripping out the impact of price fluctuations on reported inventory levels. Using the CCS method, the cost of volumes sold during the reporting period is calculated using the costs of procurement and production incurred during that same period. As a result, Adjusted Net Income does not include the so-called Inventory Effect. This Inventory Effect is presented separately, net of tax and minority interests, and corresponds to the difference between income at CCS and that arrived at using the Weighted Average Cost approach, which is the method used by the Company to determine its earnings in accordance with European accounting regulations.

Furthermore, Adjusted Net Income does not include the so-called Special Items, i.e., certain material items whose separate presentation is considered appropriate in order to facilitate analysis of the ordinary business performance. It includes gains/losses on disposals, personnel restructuring charges, asset impairment losses and provisions for contingencies and charges. Special Items are presented separately, net of the tax effect and minority interests.

However, Adjusted Net Income of the Gas Natural Fenosa segment includes the company's net income in accordance with the equity method[3].

For each of the metrics identified by segments in Appendix IV (adjusted net income, inventory effect, non-recurring income…), the corresponding items and figures are indicated to facilitate reconciliation with the corresponding metrics prepared in accordance with IFRS-EU.

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[1] See heading 4.2 "*Investments accounted for using the equity method*" of the accompanying interim condensed consolidated financial statements and Appendix I of the Consolidated Financial Statements for the financial year 2015, which identify the Group's main joint ventures.

[2] It corresponds to Petrocarabobo, S.A., (Venezuela), an associated entity of the Group.

[3] The remaining figures (revenue, capital employed, exploration investments...) only include cash flows generated in the Repsol Group as a shareholder of Gas Natural SDG, S.A. (dividends…).

(3) SEGMENT RESULTS [1]

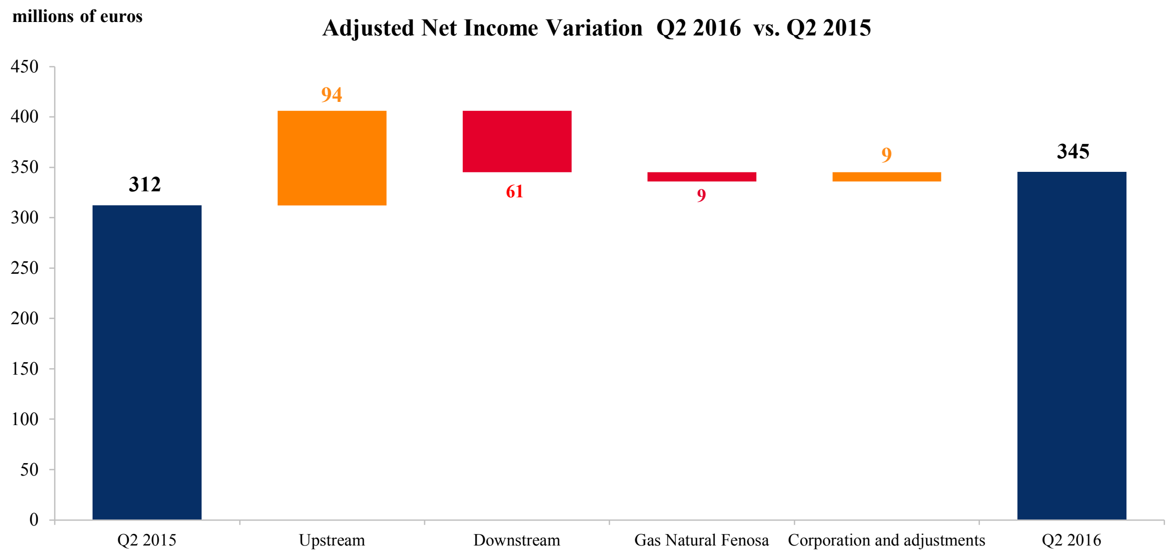
3.1 Results for the period by segments

	Millions of euros			
	Q2 2016	**Q2 2015**	**06/30/2016**	**06/30/2015**
Upstream	46	(48)	63	(238)
Downstream	378	439	934	973
Gas Natural Fenosa	96	105	195	227
Corporation and adjustments	(175)	(184)	(275)	278
AJUSTED NET INCOME	**345**	**312**	**917**	**1,240**
Inventory effect	159	83	2	(57)
Special Items	(299)	(103)	(280)	(130)
NET INCOME	**205**	**292**	**639**	**1,053**

Below is an **explanation of Repsol's second-quarter 2016 results**, including a year-on-year comparison. For an explanation of the first-quarter 2016 results, see the interim condensed consolidated financial statements for the first quarter of 2016; for an explanation of the first-half 2016 results, see the Interim Management Report for the first half of 2016.

The second-quarter 2016 results, compared to the same period in the previous year, occur in an environment marked by low crude and gas prices, (despite gradual price recovery during the period), lower international refining margins and high volatility of the markets. Against this backdrop, the Company has continued with its operating efficiency enhancement, cost and investment reduction and active portfolio management projects under the scope of its 2016-2020 Strategic Plan.

Adjusted Net Income amounted to €345 million in 2Q16, 11% higher than the same period last year. Lower results in the *Downstream* segment, primarily due to lower Refining margins, and at *Gas Natural Fenosa*, due to lower results in the gas trading activity, were more than compensated by better results in the *Upstream* segment which, despite the difficult price environment, continue with the positive trend experienced in the first quarter due to production increase and cost reduction.



[1] All information disclosed throughout this Note, and unless otherwise expressly indicated, it was prepared according to the Group´s reporting model.

In the ***Upstream*** segment, crude oil and gas realization prices decreased by 28% and 29%, respectively, as a result of lower international prices. Despite this challenging environment, Adjusted Net Income in the *Upstream* segment amounted to €46 million, marking significant growth year-on-year. In comparing the results of 2016 and 2015, it must be noted that, as a consequence of ROGCI´s acquisition, its businesses have been consolidated since May 8, 2015.

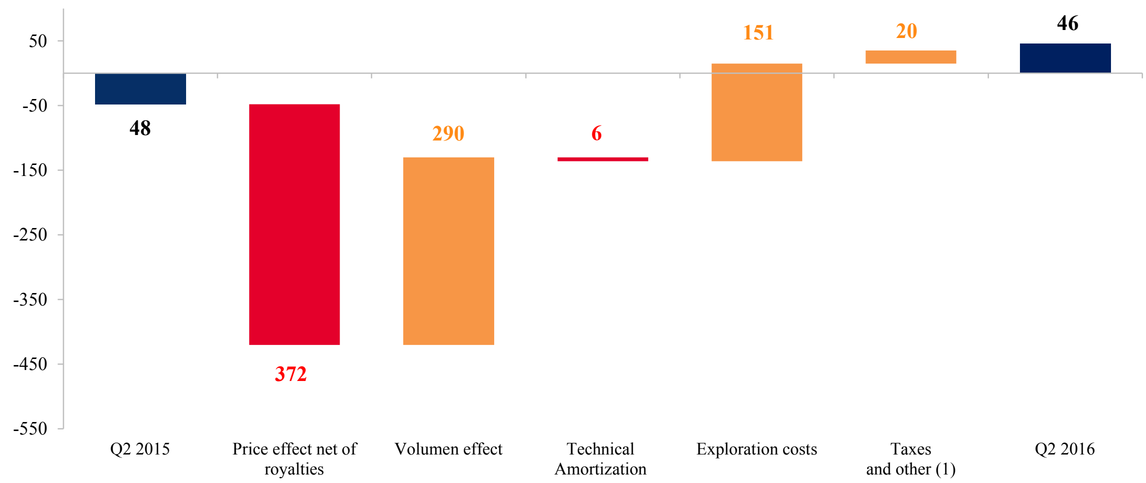
Production increased by 33% to an average of 696.8 kboe/d during the quarter, mainly driven by the contribution of ROGCI´s assets, Cardón IV (Venezuela), Norway, Peru and Brazil, offsetting the drop in production in Trinidad & Tobago, due to stoppages and field maintenance work. Moreover, regarding the exploration activity, the conclusion of three exploratory drills and three appraisal drills during the reporting period stands out. Three of the drills yielded positive results, two yielded negative results and the other one is still under evaluation.

In terms of the income of the period, the negative impact on revenue of the low oil and gas prices was more than offset by a significant reduction in costs during the period. It is worth highlighting the reduction in operating expenses driven by enhanced operating efficiency, lower amortization charges due to the impairment losses recognized on certain assets in 2015, the drop in exploration costs as a result of fewer unsuccessful drills and the capitalization of G&G costs in 2016 (see Note 2.3), and, lastly, lower tax expense, due to the effect of currency appreciation in Brazil and Colombia.

EBITDA in the U*pstream* segment amounted to €529 million. Net capital expenditure of the period (€643 million), which already includes ROGCI's assets and capitalization of G&G costs, was 93% lower in respect to 2015, when ROGCI's impact of the investment was included.

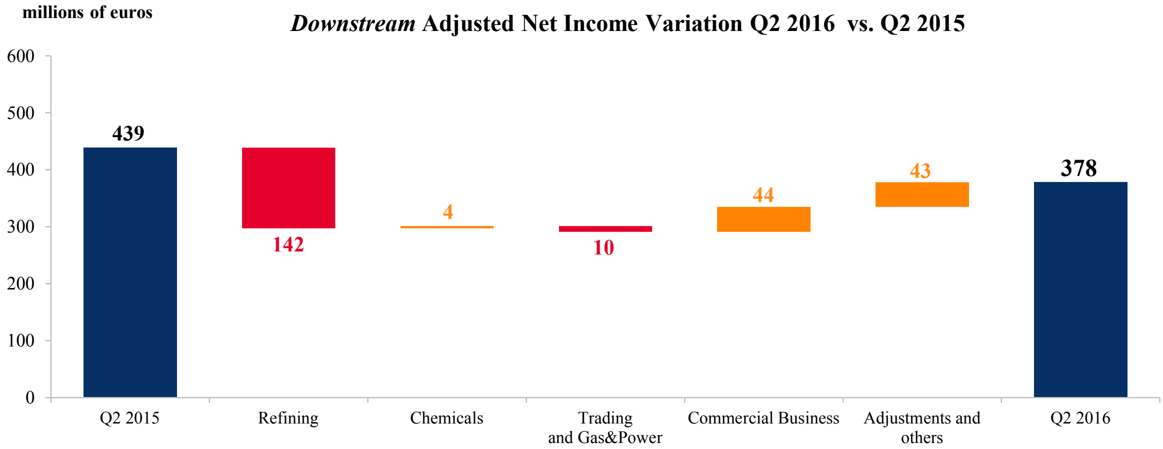
millions of euros

***Upstream* Adjusted Net Income Variation Upstream Q2 2016 vs. Q2 2015**



(1) Mainly includes tax expenses and other operative expenses.

In the ***Downstream*** segment, adjusted net income in the second quarter of 2016 amounted €378 million, 14% lower year-on-year.



This performance is primarily attributable to:

- In Refining, the adverse impact of the drop in margins (due to middle distillate and gasoline spread weakness and narrower differentials in heavy crude grades) and lower distilling volumes (due to programmed stoppages at the Cartagena and Tarragona refineries) was partially mitigated by lower energy costs and lower taxes in Spain.

- In Chemicals, higher sales volumes and margins.

- In Trading, the improvement in Gas&Power results does not compensate for the adverse trend in the results of other operations.

- In the Commercial businesses (Marketing, LPG, Lubricants, etc.), which generally improved with respect to the prior year, higher income from LPG due to the recognition of indemnities arising from the application of the maximum retail prices for regulated LPG containers formula stands out.

EBITDA CCS in the *Downstream* segment amounted to €691 million (compared to €807 million in the second quarter of 2015), while net investments amounted to €-344 million, including €541 million corresponding to the sale of the offshore windfarm business in the UK, the LPG business in Peru and the piped gas assets in Spain.

Second-quarter adjusted net income at ***Gas Natural Fenosa*** amounted to €96 million, compared to €105 million in the second quarter of 2015. This decrease is mainly driven by lower results from gas trading activities due to the *commodities* price environment, partially compensated by higher results in electrical commercialization in Spain for the low prices of the pool.

Corporation and adjustments: this segment reported an adjusted net loss of €-175 million, marking a slight improvement with respect to the second quarter of 2015. This result is mainly explained by better financial results from lower interest costs, the results from exchange rate hedges and lower tax expense.

The positive **inventory effect** (€159 million) is attributable to the increase in crude oil and product prices during the quarter.

Second-quarter **Special Items** (after tax) amounted to €-299 million and correspond mainly to: i) Divestments[1]: gains on the sale of the UK offshore windfarm business (€100 million), the LPG business in Peru (€81 million) and the piped gas assets in Spain (€19 million); ii) workforce Restructuring charges[2]: headcount reduction costs, mainly at the corporate headquarters in Spain, including the adjustments made to the management team (€-316 million); and iii) Provisions and other, mainly related to the impact of the devaluation in Venezuela and provisions for onerous contracts for the use of drilling platforms and provisions for risks (€-164 million).

Millions of euros	**Upstream**		**Downstream**		**Corporation**		**TOTAL**	
	Q2 2016	**Q2 2015**	**Q2 2016**	**Q2 2015**	**Q2 2016**	**Q2 2015**	**Q2 2016**	**Q2 2015**
Divestments	(10)	-	201	27	-	(15)	191	12
Workforce restructuring charges	(37)	(4)	(129)	(1)	(150)	(11)	(316)	(16)
Impairment	(9)	(66)	-	(4)	-	-	(9)	(70)
Provisions and other	(116)	(7)	(12)	12	(37)	(34)	(165)	(29)
TOTAL	**(172)**	**(77)**	**60**	**34**	**(187)**	**(60)**	**(299)**	**(103)**

As a result of the foregoing, **Net Income** amounted to €205 million, compared to €292 million in the same period of 2015.

Net financial debt at the end of the quarter amounted to €11,709 million, which implies a reduction from the March close. This favourable trend is attributable to the businesses capacity to generate free cash flow during the period (cash flow from operations less capital expenditure), even under the unfavourable international price and margin backdrop.

3.2 Information by geographical area

The geographic distribution of the main figures in each of the detailed periods is as follows:

	Second quarter of 2016 and 2015					
	Operating revenue (1)		Adjusted Net Income (2)		Net operating investments (1)(2)	
Millions of euros	Q2 2016	Q2 2015	Q2 2016	Q2 2015	Q2 2016	Q2 2015
Upstream	**1,225**	**1,315**	**46**	**(48)**	**643**	**8,896**
Europe, Africa and Brazil	329	310	34	14	182	117
Latam and Caribbean	430	509	107	60	215	267
North America	241	283	(46)	(6)	25	149
Asia and Russia	225	213	13	25	85	33
Exploration and Other	-	-	(62)	(141)	136	8,330
Downstream	**7,528**	**10,220**	**378**	**439**	**(344)**	**149**
Europe	7,122	9,535	412	461	(189)	94
Rest of the world	817	1,260	(34)	(22)	(155)	55
Adjustments	(411)	(575)	-	-	-	-
Gas Natural Fenosa			**96**	**105**	**-**	**-**
Corporation and other adjustments	**(257)**	**(243)**	**(175)**	**(184)**	**30**	**24**
TOTAL	**8,496**	**11,292**	**345**	**312**	**329**	**9,069**

[1] For more details see Note 4.3.
[2] For more details see Note 4.7.

	First half of 2016 and 2015							
	Operating revenue (1)		Adjusted Net Income (1)		Net operating investments (1)(2)		Capital employed (1)(3)	
Millions of euros	06/30/2016	06/30/2015	06/30/2016	06/30/2015	06/30/2016	06/30/2015	06/30/2016	12/31/2015
Upstream	**2,309**	**2,077**	**63**	**(238)**	**1,281**	**9,649**	**23,804**	**23,286**
Europe, Africa and Brazil	586	456	58	(55)	295	193	-	-
Latam and Caribbean	804	977	172	87	404	550	-	-
North America	466	395	(114)	(19)	194	253	-	-
Asia and Russia	453	249	19	29	107	36	-	-
Exploration and Other	-	-	(72)	(280)	281	8,617	-	-
Downstream	**14,638**	**19,410**	**934**	**973**	**(258)**	**283**	**9,380**	**9,758**
Europe	13,486	17,788	940	951	(137)	205	-	-
Rest of the world	1,941	2,686	(6)	22	(121)	78	-	-
Adjustment	(789)	(1,064)	-	-	-	-	-	-
Gas Natural Fenosa	-	**-**	**195**	**227**	**-**	**-**	**4,849**	**4,769**
Corporation and other adjustments	**(402)**	**(492)**	**(275)**	**278**	**15**	**69**	**2,498**	**2,895**
TOTAL	**16,545**	**20,995**	**917**	**1,240**	**1,038**	**10,001**	**40,531**	**40,708**

(1) For the reconciliation of these figures with the IFRS-EU disclosures, see Appendix IV.
(2) Includes investments accrued during the period net of divestments but does not include investments in "*Other financial assets*".
(3) Includes capital employed corresponding to joint ventures, non-current, non-financial assets, working capital and other non-financial liability headings.

(4) OTHER INFORMATION

This section outlines the most significant changes affecting the consolidated balance sheet and income statement headings in period.

4.1 Assets

On May 8, 2015, Repsol through its Canadian subsidiary Repsol Energy Resources Canada Inc., acquired ROGCI[1]. The total amount paid out for the acquisition amounted to € 8,005[2] million.

The difference between ROGCI's acquisition price and the fair value of the assets acquired and liabilities assumed and recognized, including the deferred taxes arising as a result of the difference between the fair value of the assets acquired and their tax basis, was recognized within "*Goodwill*" following the criteria outlined in Note 4 of the 2015 consolidated financial statements.

The amounts recognized in respect of this business combination are definitive, once the 12-month period following the acquisition date provided for in IFRS 3 "*Business Combinations*" has elapsed. There have been no material changes with respect to the amounts recognized at December 31, 2015. The breakdown of the carrying amount of the net assets acquired and the resulting goodwill is as follows:

[1] Talisman Energy Inc. changed its registered name to Repsol Oil & Gas Canada Inc. on January 1, 2016 (see Note 32 of the 2015 consolidated financial statements).
[2] Includes the effect of exchange rate hedging transactions on the acquisition price (see Note 17.1 of the 2015 consolidated financial statements).

Millions of euros	Fair value	Book value of the acquired company
Intangible assets	493	501
Property, plant and equipment	13,459	9,840
Investment accounted for using the equity method	452	505
Deferred tax assets	2,344	2,022
Other non-current assets	106	106
Other current assets	746	767
Cash and cash equivalents	491	458
Total Assets	**18,091**	**14,199**
Non-current provisions	(4,700)	(1,816)
Non-current financial liabilities	(3,613)	(3,391)
Deferred tax liabilities	(1,879)	(768)
Other non-current liabilities	(108)	(108)
Current provisions	(661)	(564)
Current financial liabilities	(985)	(985)
Other current liabilities	(693)	(693)
Total Liabilities	**(12,639)**	**(8,325)**
NET ASSETS ACQUIRED	**5,452**	**5,874**
ACQUISITION COST	**8,005**	
GOODWILL	**2,553**	

Investments and commitments

The main investments made by the Group are detailed in section 3.2 "*Information by geographical area*".

The main investment commitment acquired with respect to those detailed on the 2015 consolidated financial statements has arisen as a result of the extension of the production-sharing contract ("PSC") on productive block PM3 CAA in Malaysia until December 31, 2027. The Group has assumed new capital commitments due to the minimum works to be made under the scope of the PSC in the amount of $180 million (€162 million) and the payment, in instalments until 2020, as a results of the extension of the contract in the amount of $60 million (€54 million).

4.2 Investments accounted for using the equity method

Repsol accounts using the equity method all investments and results in joint ventures and associated companies in which it participates. Investments in joint ventures correspond mainly to Gas Natural Fenosa S.A. and Repsol Sinopec Brasil S.A. Associates companies in which the Group has significant influence relate mainly to investments in Petrocarabobo, S.A. These investments are reflected in the Group's financial statements as follows:

	Millions of euros			
	Carrying amount of the investment		Share of results	
	06/30/2016	**12/31/2015**	**06/30/2016**	**06/30/2015**
Joint ventures	11,745	11,672	182	273
Associated	158	126	30	(15)
TOTAL	**11,903**	**11,798**	**212**	**258**

Changes in this consolidated balance sheet heading during the period are as follows:

Millions of euros	2016	2015
Balance at January, 1	**11,798**	**11,141**
Net investments	303	210
Changes in the scope of consolidation	1	432
Share of results of companies accounted for using the equity method after taxes [(1)]	212	258
Dividends distributed	(190)	(227)
Translation differences	(71)	599
Reclassifications and other changes	(150)	(40)
Balance at June, 30	**11,903**	**12,373**

(1) See heading 5 of this Note.

4.3 Non-current investments held for sale and gains on disposal of non-current assets

a) Sale of the piped-gas business in Spain

Against the backdrop of the agreements reached in 2015 for the sale of the Group's piped gas business in Spain, during 2016 Repsol Butano, S.A. sold Redexis Gas, S.A. certain LPG facilities with a carrying amount of € 95 million before taxes. Authorization from the authorities for the sale of the rest of the assets is still pending, and it will be completed in the course of 2016.

b) Sale of the UK windfarm business

In May, Repsol agreed the sale of its UK windfarm business to China's SDIC Power for €265 million. The sale includes the Group's interests in Wind Farm Energy UK Limited (100%) and the Inch Cape Offshore Limited (100%), Beatrice Wind Limited (100%) and Beatrice Offshore Windfarm Limited (25%) projects, located on the east coast of Scotland. The sale generated a pre-tax gain of €100 million, a figure that includes the historical exchange differences recognized within "*Other comprehensive income*".

c) Sale of the LPG businesses in Peru and Ecuador

In April 2016, Repsol agreed the sale of its LPG (Liquid Petroleum Gas) businesses in Peru and Ecuador to a local player, Abastible. The sale of the business in Peru closed on June 1, 2016 for €236 million and pre-tax gain of €129 million, a figure that includes the historical exchange differences recognized within "*Other comprehensive income*". The sale of the business in Ecuador remains subject to obtaining the corresponding authorizations from the pertinent authorities at June 30, 2016, to which end its assets and liabilities have been classified within "*Non-current assets held for sale*" in the amounts of €42 and €9 million, respectively.

The carrying amounts of the net assets derecognized are broken down below:

	Millions of euros	
	Sale of the UK windfarm business	Sale of the LPG business in Peru
Cash and cash equivalents	1	1
Other current assets	1	14
Non-current assets	174	171
TOTAL ASSETS	**176**	**186**
Current liabilities	2	51
Non-current liabilities	18	18
TOTAL LIABILITIES	**20**	**69**
NET ASSETS	**156**	**117**

4.4 Financial instruments

Financial Assets

	Millions of euros	
	06/30/2016	12/31/2015
Non-current financial assets	789	715
Non-current derivatives on trading transactions (1)	2	4
Other current financial assets	1,261	1,237
Current derivatives on trading transactions (1)	84	413
Cash and cash equivalents	2,225	2,448
Total financial assets	**4,361**	**4,817**

(1) Recognized in heading "*Other non-current assets*" and "*Other receivables*" of the consolidated balance sheet.

Financial Liabilities

	Millions of euros	
	06/30/2016	12/31/2015
Non-current financial liabilities	10,634	10,581
Non-current derivatives on trading transactions (1)	-	1
Current financial liabilities	6,426	7,073
Current derivatives on trading transactions (1)	108	129
Total financial liabilities	**17,168**	**17,784**

(1) Recognized in heading "*Other non-current liabilities*" and "*Other payables*" of the consolidated balance sheet.

For further information about the financial instruments recognized on the Group's balance sheet, classified into the various categories of financial assets and liabilities, see Appendix V. Below are the main updates for the various financial liability headings:

Bank borrowings

During the first half of 2016, Repsol, S.A. signed loans from several banks; these loans fall due between 2017 and 2020. The outstanding balance of these loans stood at €1,520 million at June 30, 2016.

Bonds and other securities

The main issues, repayments or buybacks of bonds and other marketable securities carried out during the first six months of 2016 are the following:

- In January 2016, Repsol International Finance, B.V. issued €100 million of 15-year 5.375% bonds; the issue was placed privately and was priced at 96.298% of par.
- In February 2016, €850 million of 4.25% bonds issued by Repsol International Finance, B.V. in December 2011 were repaid at maturity.
- In March 2016, $150 million of 8.5% bonds placed privately by Repsol Oil & Gas Canada Inc. in March 2009 were repaid at maturity.
- Repsol Oil & Gas Canada Inc. has repurchased bond issues due 2019, 2021, 2027, 2035, 2037, 2038 and 2042 with a total face value of $631 million. The cancellation of the repurchased bonds has triggered the recognition of a €49 million pre-tax gain (recognized in "*Impairment and gains/ (losses) on disposal of financial instruments*").

The balance of the issues of bonds and other securities at June 30, 2016 is as follows:

Security	Issuer	Date	Currency	Face Value (millions)	Average rate %	Maturity	Market [5]
Bond [3]	Talisman Energy Inc.	oct-97	Dollar	55	7.250%	oct-27	-
Bond	Talisman Energy Inc.	apr-02	Pound	250	6.625%	dec-17	LSE
Bond [3]	Talisman Energy Inc.	may-05	Dollar	90	5.750%	may-35	-
Bond [3]	Talisman Energy Inc.	jan-06	Dollar	131	5.850%	feb-37	-
Bond [3]	Talisman Energy Inc.	nov-06	Dollar	119	6.250%	feb-38	-
Bond [1]	Repsol International Finance, B.V.	feb-07	Euro	886	4.750%	feb-17	LuxSE
Bond [3]	Talisman Energy Inc.	jun-09	Dollar	364	7.750%	jun-19	-
Bond [3]	Talisman Energy Inc.	nov-10	Dollar	241	3.750%	feb-21	-
Bono [1]	Repsol International Finance, B.V.	jan-12	Euro	1,000	4.875%	feb-19	LuxSE
Bond [3]	Talisman Energy Inc.	may-12	Dollar	97	5.500%	may-42	-
Bond [1]	Repsol International Finance, B.V.	sep-12	Euro	750	4.375%	feb-18	LuxSE
Bond [1]	Repsol International Finance, B.V.	may-13	Euro	1,200	2.625%	may-20	LuxSE
Bond [1]	Repsol International Finance, B.V.	oct-13	Euro	1,000	3.625%	oct-21	LuxSE
Bond [1]	Repsol International Finance, B.V.	dec-14	Euro	500	2.250%	dec-26	LuxSE
Bond [2]	Repsol International Finance, B.V.	mar-15	Euro	1,000	4,500% [4]	mar-75	LuxSE
Bond [1]	Repsol International Finance, B.V.	dec-15	Euro	600	2.125%	dec-20	LuxSE
Bond [1]	Repsol International Finance, B.V.	jan-16	Euro	100	5.375%	jan-31	LuxSE

(1) Issues under the *"€ 10,000,000,000 Guaranteed Euro Medium Term Note Programme"* (EMTNs), guaranteed by Repsol S.A, and renewed in September 2015.
(2) A subordinated bond issued by Repsol International Finance, B.V. and guaranteed by Repsol, S.A. This issue does not correspond to any open-ended or shelf program.
(3) Issues undertaken by Talisman Energy Inc. under the scope of its "*Universal Shelf Prospectus*" and "*Medium-Term Note Shelf Prospectus*" in the US and Canada, respectively.
(4) Coupon scheduled for reset on March 25, 2025 and March 25, 2045.
(5) LuxSE (Luxembourg Stock Exchange) and LSE (London Stock Exchange).

Additionally, Repsol International Finance, B.V. (RIF), holds a Euro Commercial Paper (ECP) Programme, arranged on May 16, 2013 and guaranteed by Repsol, S.A., with a limit up to € 2,000 million. Under this program, a number of issues and liquidations were carried out, with an outstanding balance at June 30, 2016 €1,011 million.

4.5 Other risks. Venezuela

Foreign Exchange Agreement No. 35 took effect on March 10, 2016, establishing a new currency regime encompassing two distinct exchange rates: (i) a protected rate (known as DIPRO), initially set at 10Bs/$ and applicable only to goods, services and remittances qualifying as 'priority'; and (ii) a complementary rate (known as DICOM), a floating yet controlled rate applicable in general. The initial exchange rate established for this rate was 207 Bs/$. Therefore, as of June 30, 2016 two exchange rates coexisted for the Venezuelan Bolivar: the DIPRO (10Bs/$) and the DICOM (628Bs/$).

In addition, Foreign Exchange Agreement No. 9 is applicable to the revenue generated by mixed-ownership companies from oil and gas exports since 2004. This revenue can be kept in currency accounts abroad with a view to servicing payments and outlays that have to be made outside of Venezuela. Exchange Rate Agreement No. 37, which took effect on May 27, 2016, allows privately-held companies that hold gas permits (Cardón IV, S.A.) to hold the dollars generated by their activities outside of Venezuela for the purpose of serving payments and outlays that have to be made outside of Venezuela. The above Agreement further stipulates that these companies may not acquire currency using the official exchange systems.

The impact on profit and loss of the new Exchange Agreements amounts to €-112 million and is recognized against the share of earnings of entities accounted for using the equity method.

Venezuela is a hyperinflationary economy. According to data published by the Central Bank of Venezuela, inflation was 56.2% in 2013, 68.5% in 2014 and over 180.9% in 2015. In 2016, the Central Bank of Venezuela has not officially released the cumulative inflation figures; however, according to unofficial reports, cumulative inflation on June 30, 2016 estimates around at 128.60%.

Against this backdrop, Repsol keeps the US dollar as the functional currency of most of its oil and gas exploration and production businesses in Venezuela (primarily carried on through its investees Cardón IV, S.A., Empresa Mixta Petroquiriquire, S.A. and Empresa Mixta Petrocarabobo, S.A.).

Repsol's equity exposure to Venezuela at June 30, 2016 amounts to € 2.414 million.

4.6 Equity

4.6.1 Issued Share Capital

At the Annual General Meeting of May 20, 2016, the Company's shareholders approved two bonus share issues to execute the shareholder remuneration scheme named "*Repsol Flexible Dividend*", in substitution of what would have been the traditional final dividend from 2015 profits and the interim dividend from 2016 earnings, under which shareholders can instead choose between receiving their remuneration in cash (by selling their bonus share rights in the market or back to the Company) or in Company shares.The first of these bonus share issues was executed between June and July. The main characteristics of this issue are detailed below:

		June / July 2016
COMPENSATION IN CASH	Holders who accepted the irrevocable purchase commitment [1]	35.46%
	Regulated fixed price guaranteed	€0.292 gross/right
	Repsol gross rights acquisition	€149 million
REPSOL SHARES REMUNERATION	Holders who chose to receive new shares of Repsol	64.54%
	No.of rights needed for entitlement to one new share	39
	New issued shares	23,860,793
	Increase share capital (approximately)	1.65%
	Bonus share issue close	July 6

(1) Repsol has renounced the corresponding shares to the bonus share rights acquired by virtue of the aforementioned purchase commitment. The balance sheet at June 30, 2016 recognizes a reduction in equity in the line item "*Retained earnings and other reserves*" along with the obligation to pay the shareholders that had accepted Repsol's irrevocable purchase commitment.

Following the capital increase, the registered share capital of Repsol, S.A. amounted to €1,465,644.100 at June 30, 2016, represented by 1,465,644,100 shares with a nominal value of 1 euro each.

According to the latest information available the significant shareholders of Repsol, S.A. are:

Significant shareholders	% of share capital
Fundación Bancaria Caixa d'Estalvis y Pensions de Barcelona [1]	10.05
Sacyr, S.A.[2]	8.34
Temasek Holdings (Private) Limited [3]	4.87
Blackrock, Inc. [4]	3.04

(1) Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona" holds its stake through CaixaBank, S.A
(2) Sacyr S.A. holds its stake through Sacyr Participaciones Mobiliarias, S.L
(3) Temasek holds its stake through its subsidiary, Chembra Investment PTE, Ltd.
(4) Blackrock, Inc. holds its shareholding through several funds and accounts managed by fund managers under its control. The information pertaining to Blackrock, Inc. is based on declaration presented by the latter to CNMV on January 15, 2016 regarding its shareholding as of that date.

4.6.2 Treasury shares and own equity investments

The main transactions undertaken by the Repsol Group involving treasury shares were as follows:

	No.of shares	Cost Millions of€	% of capital
Balance at 12/31/2015	**18,047,406**		**1.25%**
Open-market purchases	5,610,561	59.8	0.383%
Employee Share Acquisition Plan [(1)]	403,891	4.1	0.028%
Loyalty Program 2013-2016 [(1)]	23,815	0.3	0.002%
Repsol Flexible Dividend [(2)]	91,228	-	-
Balance at 06/30/2016 [(3)]	**23,749,195**		**1.620%**

(1) All of the shares bought back under the scope of the Share Acquisition Plan have been delivered to employees (see section 11 of this Note).

(2) New shares received under the "*Repsol Flexible Dividend*" scheme bonus share issues corresponding to treasury shares.

(3) Between March and June, Repsol Tesorería y Gestión Financiera, S.A. sold 23 million of Repsol, S.A.'s shares. Simultaneously, Repsol have arranged equity swaps with financial institutions over a notional of 23 million of Repsol, S.A.'s shares under which the voting rights and economic risk intrinsic to the shares sold have been transferred.

4.6.3 Earning per share

Earnings per share at June 30, 2016 and 2015 are detailed below:

EARNINGS PER SHARE (EPS)	Q2 2016	Q2 2015	06/30/2016	06/30/2015
Net income attributable to the parent (millions of euros)	205	292	639	1,053
Adjustment for the interest expense of the subordinated perpetual bonds (millions of euros)	(7)	(7)	(15)	(8)
Weighted average number of shares outstanding at June 30 (millions of shares) [(1)]	1,421	1,438	1,422	1,437
EPS basic/diluted (€/shares)	**0.14**	**0.20**	**0.44**	**0.73**

(1) Share capital registered at June 30, 2015, amounted to 1,400,361,059 shares, though the weighted average number of shares in circulation for purposes of calculating EPS includes the effect of share capital increases carried out as part of the remuneration scheme for shareholders "*Repsol Flexible Dividend*", in accordance with the applicable accounting standard (see Note 2.3 "*Accounting Policies and Comparison of information*").

4.6.4 Shareholder remuneration

The following table breaks down the dividend payments received by Repsol's shareholders during the six-month period ending in June 30, 2016, carried out under the "*Repsol Flexible Dividend*" program:

	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 2015/ January 2016	489,071,582	0.466	228	41,422,248	425
June / July 2016	511,212,326	0.292	149	23,860,793	272

4.7 Provisions

The breakdown of current and non-current provisions for the first half of 2016 and 2015 is provided below:

Millions of euros	2016	2015
Balance at January 1	**7,204**	**2,626**
Allowances of provisions charged to results	633	201
Reversals of provisions with a credit to results	(25)	(85)
Provisions released due to payment	(237)	(232)
Changes in the scope of consolidation	83	5,110
Translation differences	(53)	146
Reclasifications and other movements	(212)	(99)
Balance at June 30	**7,393**	**7,667**

During the first half of 2016, the necessary steps to materialize the workforce reduction announced under the scope of the 2016-2020 Strategic Plan have continued. The legal instrument used to articulate this downsize in Spain is a collective redundancy program, which must be executed in each of the affected companies in accordance with prevailing labor law provisions.

The deed certifying the agreement reached by the Oversight Committee for the Seventh Framework Agreement between the union representatives and Repsol's management to enable the workforce adjustment process in Spain was signed on June 8, ratified in July for all companies involved. The criteria used to designate the affected employees included proximity to retirement age, depending on the company and workplace to which each was assigned.

At June 30, 2016, the Group has recognized a provision for restructuring charges under the above-detailed collective redundancy program in the amount of €330 million pre-tax, a sum that represents the present value of the best estimate of future disbursements and the number of people that will apply for the plan. The payments related with this provision are expected to begin in the second half of 2016 and will end in 2024.

4.8 Operating income and expense

Heading "*Other operating income*" includes €80 million corresponding to the damages caused by the application of the maximum retail prices for regulated LPG containers formula established in Spanish Ministerial Order ITC/2608/2009 (which was subsequently overruled by a Supreme Court sentence dated June 19, 2012) in respect of the period comprising the fourth quarter of 2009 and all four quarters of 2010, as well as €18 million of statutory interests accrued on the damages corresponding to the period between the fourth quarter of 2009 and the third quarter of 2012.

Regarding heading "*Personnel expenses*", it is worth highlighting the workforce restructuring charges deriving mainly from the collective redundancy program in Spain, the adjustments for workforce restructuring in other countries and the changes made to the management team (see Note 3).

4.9 Tax situation

Income tax

For the calculation of this interim period´s corporate income tax, the estimated effective annual tax rate was used. However, 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 applicable in the first half of 2016 to income from continuing operations before tax and before the Group's share of the profits of entities accounted for using the equity method was 7.1%.

This rate is significantly lower compared to the same period last year (26.6%), mainly due to the reduction in deferred tax liabilities, in turn due to local currency appreciation in countries with businesses whose functional currency is the dollar (Brazil, Colombia, Malaysia, Peru), as well as the recognition of losses in countries and businesses with high tax rates and the reduction in the statutory corporate tax rate in Spain (that, generally changes from 28% to 25%)

Government and legal proceedings with tax implications

As for the main tax proceedings affecting the Group at December 31, 2015, there have been no material changes at June 30, 2016, except as noted below:

Trinidad & Tobago

In 2015, BP Trinidad & Tobago LLC, a company in which the Repsol Group has a 30% interest along with BP, signed an agreement with the local authorities (*"Board of Inland Revenue"*), resolving most of the matters under dispute in relation to several taxes and for the years 2003-2009: *"Petroleum Profit Tax"* (income tax), *"Supplemental Petroleum Tax*" (production tax), and non-resident personal income tax withholdings and the issues recurring in the years not subject to inspection (2010-2014).

Subsequently, the Administration has issued a new tax assessment requiring additional payments in relation to the 2007-2009 exercises (which were included in the above agreement and therefore were considered reviewed and already closed). BP Trinidad & Tobago LLC submitted the appropriate administrative appeal and the Administrative Court admitted such appeal, accepting the BP Trinidad & Tobago LLC's submission that such periods were already closed. Therefore, Repsol continues expecting that the Administration annul the actions in the near future.

In view of the uncertainty concerning the materialization of the existing tax contingencies associated with lawsuits and other tax matters, at the reporting date, the Group has recognized amounts under provisions that are deemed adequate to cover those tax contingencies.

4.10 Litigation

The information herein updates the status of the information included under Note 28 "*Contingencies, commitments and guarantees*", since the preparation of the 2015 consolidated financial statements.

Argentina

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

The plaintiff claims the reimbursement of all the amounts the consumers of bottled LPG were allegedly charged in excess from 1993 to 2001, corresponding to a surcharge for such product. It should be noted that Repsol has never participated in the LPG market in Argentina.

On February 4, 2016, Repsol was notified of a sentence condemning YPF to pay ARP 98,208,681 (€7 million) plus interest (the "Sentence"). Although the judgment does not expressly clarify that the lawsuit is dismissed in respect of Repsol, a specific section thereof does absolve it from damages since Repsol was not a shareholder of YPF during the period to which the sentence applies (1993 to 1997). The claimant appealed the Sentence on February 11, 2016; however, the grounds for the appeal do not question the absolution of Repsol, to which end the Sentence is final with respect to Repsol.

United States of America

Passaic River / Newark Bay, United States, Lawsuit.

The events underlying this lawsuit related to the sale by Maxus Energy Corporation ("Maxus") of its former chemicals subsidiary, Diamond Shamrock Chemical Company 97 ("Chemicals") to Occidental Chemical Corporation ("OCC"). Maxus agreed to indemnify Occidental for certain contingencies relating to the business and activities of Chemicals prior to September 4, 1986. In 1995, YPF S.A. ("YPF") acquired Maxus and subsequently (in 1999) Repsol S.A. acquired YPF.

In December 2005, the New Jersey Department of Environmental Protection ("DEP") and the New Jersey Spill Compensation Fund (together, the "State of New Jersey") sued Repsol YPF S.A. (today called Repsol, S.A., hereinafter, "Repsol"); YPF, YPF Holdings Inc. ("YPFH"), CLH Holdings ("CLHH"); Tierra Solutions, Inc. ("Tierra"); Maxus and OCC for the alleged contamination caused by the former Chemicals plant which allegedly contaminated the Passaic River, Newark Bay and other bodies of water and properties in the vicinity (the Passaic River and Newark Bay clean-up lawsuit). In August 2010, the scope of the suit was expanded to include YPF International, S.A. ("YPFI"), and Maxus International Energy Company.

On September 26, 2012 OCC filed a "Second Amended Cross Claim" (the "Cross Claim") against Repsol, YPF, Maxus (jointly, the "Defendants"), Tierra and CLHH.

Between June 2013 and August 2014, the Defendants, among other parties, signed a series of settlement agreements, without acknowledging liability, with the State of New Jersey under which the latter withdrew its cases against the former in exchange for certain payments.

The judge ruled on certain Motions to Dismiss presented by the Defendants in respect of the Cross Claim on January 29, 2015, dismissing, in full or in part, without scope for re-admission, 10 of the 12 claims presented by OCC.

On November 27, 2015, the parties presented several Motions for Summary Judgment and on January 14, 2016, the Special Master issued recommendations on these Motions, admitting the motions submitted by Repsol in relation to its classification as alter ego to Maxus and dismissing OCC's Motion against Repsol's claim vis-a-vis OCC in respect of the $65 million paid pursuant to the agreement with New Jersey State. The Presiding judge decided on April 5, 2016 to uphold all of the recommendations issued by the Special Master, thereby dismissing in full OCC's suit against Repsol. His decision can be appealed. On June 16, 2016, the Special Master agreed to hear the Motion for Summary Judgment presented by Repsol with regard to its claim against OCC for the $65 million paid as part of the settlement reached with the State of New Jersey. On June 17, 2016, Maxus filed for bankruptcy protection before the United States Bankruptcy Court for the District of Delaware, also seeking release from its main litigation liability, a petition the Court must rule on.

United Kingdom

Galley

In August 2012, a portion of the Galley pipeline, in which Repsol Sinopec Resources UK Limited ("RSRUK", formerly known as Talisman Sinopec Energy UK Limited."TSEUK"), has a 67.41% interest, suffered an upheaval buckle.

In September 2012, RSRUK filed a claim seeking coverage of the damages and losses sustained as a result of the incident from the insurance company Oleum Insurance Company ("Oleum"), a wholly-owned subsidiary of ROGCI (see heading 1 of this Note), which in turn owns 51% of RSRUK. In July 2014, TSEUK presented Oleum with a $351 million claim.

To date, the documentation delivered by RSRUK in support of its claim has proven insufficient to conclude on the existence of coverage under the policy.

*Addax arbitration (*in relation to the acquisition of Talisman Energy (UK) Limited)

On July 13, 2015, Addax Petroleum UK Limited ("Addax") and Sinopec International Petroleum Exploration and Production Corporation ("Sinopec"), filed a "Notice of Arbitration" against Talisman Energy Inc. (now known as "ROGCI") and Talisman Colombia Holdco Limited ("TCHL") in connection with the purchase of 49% shares of TSEUK (now known as "RSRUK"). ROGCI and TCHL filed their response to the Notice of Arbitration on October 1, 2015. On May 25 2016, Addax and Sinopec filed the Statement of Claim, in which they seek, in the event that their claims were confirmed in their entirety, repayment of their initial investment in RSRUK, which was executed in 2012 through the purchase of 49% of RSRUK from the Canadian group Talisman, together with any additional investment, past or future, in such company, and further for any loss of opportunity, and which they estimate in a total approximate amount of 5,500 million US$. The Court of Arbitration has decided, among other procedural matters, to schedule the hearing for January 29 to February 16, 2018. Repsol maintains its opinion that the claims included in the Statement of Claim are without merit.

4.11 Remuneration, other obligations and workforce

4.11.1 Remuneration of Board members and executive officers

During the first half of 2016, a total of 16 have been part of the Board of Directors and a total of 11 members of the Corporate Executive Committee[1].

The table below details the remuneration accrued during the first half of 2016 by the people who, at some point during the six-month period and during the time they occupied such positions, were members of the Board of Directors, and by the people who, similarly for the same period and duration, were members of the Group's Corporate Executive Committee. Unless indicated

[1] For reporting purposes in this section, Repsol considers "*executive officers*" to be the members of the Corporate Executive Committee. The aforementioned classification of *"executive officers",* to mere informational purposes, does neither replace nor is configured as an interpreting element of other senior management concepts contained in the regulations applicable to the Company (as contained in Royal Decree 1382/1985), and it does not seek the creation, recognition, modification or termination of legal or contractual rights or obligations.

otherwise, the compensation figures provided for "*executive officers*" 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"* remuneration.

The information provided for the interim period of 2015 is prepared using the same criteria for comparative purposes:

	Thousands of euros	
Directors [1]	06/30/2016	06/30/2015
Compensation:		
Fixed compensation	1,182	1,971
Variable compensation	1,615	1,512
Bylaw stipulated remunerations	3,678	2,901
Others [2]	171	473
Total compensation received by directors	**6,646**	**6,857**

	Thousand of euros	
Executives	06/30/2016	06/30/2015
Total compensation received by executives [2][3]	**22,313**	**23,141**

[1] The composition and number of members of the Board of Directors varied between 2016 and 2015.
[2] Includes settlement of the third cycle of the Loyalty Plan and in-kind benefits received. In-kind benefits include the corresponding payments on account.
[3] Includes the amounts for compensation when terminating contracts and covenant not to compete amounting €13.8 and €15.3 million at June 30, 2016 and 2015, respectively.

During the first half of 2016 the accrued cost of the retirement, disability, and death insurance policies for Board Members, including the corresponding tax payments on account, amounts to € 133 thousand (€198 thousand in the first half of the previous year); and the contributions to pension plans and long-service bonuses amount to €231 thousand (€230 thousand for the same period in the previous year).

As for the Group's executives, the amount accrued during the first half of 2016 in respect of contributions to the pension plans offered to these individuals by the Group, contributions to savings plans and life and accident insurance premiums (including in the latter instance the corresponding payments on account) totaled €857 thousand (€1,112 thousand during the first semester of the previous period).

4.11.2 Share acquisition plans

As for the share-based acquisition plans of Repsol, S.A.approved at the Annual General Meeting, duly reported in the 2015 consolidated financial statements, the following developments occurred during the first half of 2016:

i.) "*Share Purchase Plan by the Beneficiaries of the Pluri-Annual Remuneration Program"*

The Annual General Meeting of May 20, 2016 approved five new cycles of the Share Purchase Plan by the Beneficiaries of the Pluri-annual Remuneration Programs, originally approved at the Annual General Meeting of April 15, 2011.

This Plan enables the beneficiaries of these programs (which include the Executive Directors and the members of the Corporate Executive Committee) to invest up to 50% of their pre-tax annual bonuses in Repsol, S.A. shares. If the beneficiaries continue to hold the shares so acquired for three years after they are purchased and the rest of the Plan terms and conditions are met, the Company will provide them with one additional share for every three initially acquired.

The beneficiaries qualifying as Senior Management, defined to this end as the Executive Directors and the other Members of the Corporate Executive Committee, are subject to an additional performance requirement in order to qualify for receipt of these additional shares, namely overall satisfaction of at least 75% of the targets set in the multi-year bonus remuneration program closed in the year immediately preceding that of delivery of the shares.

A total of 132 employees and executives took part in the sixth cycle of the Plan 2016-2019, having acquired a total of 160,963 shares on June 30, 2016, with an average price of € 11.378 per share. Consequently, the Group is committed corresponding to this sixth plan to deliver a maximum of 53,604 shares to those employees who fulfill the Plan requirements after the three-year vesting period ends.

During this sixth cycle, the current members of the Corporate Executive Committee have acquired a total of 68,218 shares.

In addition, the third cycle of the Plan vested on May 31, 2016. As a result, the rights of 173 beneficiaries to 31,269 shares vested (receiving a total of 23,815 shares net of the payment on account of the personal income tax to be made by the Company). In parallel, the rights of the members of the Corporate Executive Committee and the rest of the Executive Directors to 9,735 shares also vested (net of the withholding retained by the Company, these individuals received a total of 6,739 shares).

ii.) *"Share Acquisition Plan"*

The Share Acquisition Plans were approved at the Annual General Meetings of April 15, 2011 (the 2011-2012 Share Acquisition Plan), May 31, 2012 (the 2013-2015 Share Acquisition Plan) and April 30, 2015 (the 2016-2018 Share Acquisition Plan).

These Plans are targeted at executives and employees of the Repsol Group in Spain and is designed to enable those so wishing to receive up to €12,000 of their annual remuneration in Company shares. During the first half of 2016, the Group has purchased 403,891 treasury shares for € 4.1 million, to be delivered to Group employees.

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.

4.11.3 Average workforce

The average workforce at June 30, 2016 and 2015 was:

	06/30/2016	06/30/2015
Men	17,950	18,526
Women	8,964	8,984
Average workforce	**26,914**	**27,510**

4.12 Related party transactions

Repsol carries out transactions with related parties on an arm's length basis.

During the first half of 2016, the sale and purchase of finished and in-progress good to and from related parties was affected by the low prevailing oil and gas prices (Note 3.1). In addition, following the sale of the Group's interest in Compañía Logística de Hidrocarburos, S.A. ("CLH") in September 2015, note that transactions with CLH, mainly the purchase and sale of finished and in-progress goods, are no longer considered related-party transactions in 2016. For more detailed information, see "*Related-party transactions*" in Appendix V.

(5) SUBSEQUENT EVENTS

- Repsol International Finance, B.V. completed two private bond placements in July 2016. On the one hand, it raised €600 million of bonds due in two years and bearing interest at 3-month Euribor+70 bps; it raised €100 million of 3-year 0.125% bonds, on the other.
- On July 4, 2016, Talisman Sinopec Energy UK Limited's name was officially changed to Repsol Sinopec Resources UK Limited.

(6) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These interim condensed consolidated financial statements are prepared on the basis of International Financial Reporting Standards, as endorsed by the European Union (IFRS-UE), and Article 20 of Royal Decree 1362/2007. Consequently, certain accounting practices applied by the Group may not conform to other generally accepted accounting principles in other countries.

APPENDIX I: SCOPE OF CONSOLIDATION

The principal companies comprising the Repsol Group are itemized in Appendix I of the 2015 consolidated financial statements. The main changes to the Group's composition compared with the information provided in the 2015 consolidated financial statements are detailed below[1]:

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

Entity	Category	Transaction closing date	% of voting rights acquired (1)	% of total voting rights acquired in the entity post-acquisition
Repsol UK, Ltd.	Constitution	jan-16	100.0%	100.0%
Rocsole OY	Acquisition	jan-16	15.63%	15.63%
Inch Cape Offshore, Ltd.	Part. Increase	jan-16	49.00%	100.0%
Repsol Ductos Colombia, S.A.S.	Constitution	apr-16	100.0%	100.0%
Vung May 156-159 B.V (2)	Constitution	jun-16	100.0%	100.0%

(1) Corresponds to the percentage of equity in the acquired company.
(2) This company has been incorporated into the scope of consolidation during the first half. Previously inactive.

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

Entity	Category	Transaction closing date	% of voting rights sold or retired	% of voting rights acquired in the entity post-acquisition	Income / (Loss) generated (Millions of euros) (1)
Moray Offshore Renewables, Ltd.	Disposal	jan-16	33.36%	0.00%	7
Alsugas Gaviota, S.L.	Liquidation	mar-16	100.00%	0.00%	-
Talisman Energy Norge AS	Liquidation	mar-16	100.00%	0.00%	-
TLM O&G (Australia) PTY	Disposal	apr-16	100.00%	0.00%	5
Beatrice Offshore Windfarm, Ltd.	Disposal	may-16	25.00%	0.00%	Note (4)
Inch Cape Offshore, Ltd.	Disposal	may-16	100.00%	0.00%	Note (4)
Beatrice Wind, Ltd (2)	Disposal	may-16	100.00%	0.00%	Note (4)
Wind Farm Energy U.K., Ltd. (3)	Disposal	may-16	100.00%	0.00%	Note (4)
Talisman (Jambi) Ltd.	Liquidation	may-16	100.00%	0.00%	-
Talisman Indonesia Ltd.	Liquidation	may-16	100.00%	0.00%	-
TE Resources S.a.r.l.	Liquidation	may-16	100.00%	0.00%	-
Talisman International Business Corporation	Liquidation	jun-16	100.00%	0.00%	-
TLM Finance Corp	Liquidation	jun-16	100.00%	0.00%	-
New Santiago Pipelines AG	Absorption	jun-16	100.00%	0.00%	-
Santiago Pipelines AG	Absorption	jun-16	100.00%	0.00%	-
Talisman Santiago AG	Absorption	jun-16	100.00%	0.00%	-
Talisman SO AG	Absorption	jun-16	100.00%	0.00%	-
TE Colombia Holding S.a.r.l	Liquidation	jun-16	100.00%	0.00%	-
Repsol Exploración Gorontalo B.V.	Liquidation	jun-16	100.00%	0.00%	-
Repsol Exploración Numfor B.V.	Liquidation	jun-16	100.00%	0.00%	-
Repsol LNG Offshore B.V.	Liquidation	jun-16	100.00%	0.00%	1
Repsol Gas del Perú, S.A.	Disposal	jun-16	99.85%	0.00%	Note (5)
Repsol Gas de la Amazonía, S.A.C.	Disposal	jun-16	99.85%	0.00%	Note (5)

(1) Corresponds to net income before tax.
(2) Formerly called Repsol Beatrice, Ltd.
(3) Formerly called Repsol Nuevas Energías UK, Ltd.
(4) These companies have been sold as part of the sale of the Group's windfarm businesses in the UK to China's SIDIC Power (see Note 4.3), a transaction that generated a pre-tax gain of €100 million.
(5) Sale of the Group's LPG business in Peru (Note 4.3), a transaction that generated a pre-tax gain of €129 million.

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

[1] During the first half of the year and up until the date of authorizing the accompanying interim financial statements for issue: i) the registered names of certain entities comprising the Group have changed, most notably among which the joint venture now called Repsol Sinopec Resources UK Limited (formerly, Talisman Sinopec Energy UK Limited, or TSEUK; Note 5); and ii) company Repsol Exploración México, S.A. de C.V. is now deemed "active".

APPENDIX II: REGULATORY FRAMEWORK

The activities of Repsol, S.A. and subsidiaries are subject to extensive regulation. The information provided in this section constitutes an update that reflects significant developments in the regulatory framework applicable to the Group subsequent to the 2015 consolidated financial statements, as detailed in Appendix IV "*Regulatory Framework*".

Spain

Contributions to the national energy efficiency fund

Article 7 of Directive 2012/27/EU of the European Parliament and of the Council of October 25, 2012 on energy efficiency makes it binding on member states to justify a quantity of energy savings by 2020, obliging each state to establish energy efficiency obligation schemes such that energy distributors and/or retailers are obliged to achieve a cumulative quantity of energy savings by year-end 2020 by means of annual savings between 2014 and 2020 equivalent to 1.5% of their annual energy sales.

Royal Decree-Law 8/2014 and Law 18/2014 transpose this EU Directive into Spanish law by establishing a National Energy Efficiency Fund by virtue of which gas and electricity retailers, oil product wholesalers and liquid petroleum gas wholesalers (although the latter are not considered bound parties under the Directive) are allocated an annual energy saving target at the national level called savings obligations, which is quantified in financial terms.

The creation of a National Fund, which in Spain has been formulated as an alternative to a system of national energy efficiency incentives, is contemplated in Directive 2012/27/EU merely as a supporting or complementary measure.

The successive ministerial orders issued by Ministry of Industry, Energy and Tourism (IET) stipulating mandatory contributions to the National Energy Efficiency Fund, including, as warranted, related collection letters, are being appealed by the various companies of Repsol Group encompassed by the aforementioned National Fund contribution obligation.

Energy audits

Spanish Royal Decree 56/2016, of February 12, 2016, transposing Article 8 of Directive 2012/27/EU, of the European Parliament and of the Council, of 25 October 2012, on energy efficiency, in respect of energy audits, energy service and energy audit provider accreditation and the promotion of energy efficiency, took effect in February 2016.

It has the effect of obliging all enterprises that are not SMEs ("large enterprises") within the European Union to carry out regular energy audits with a view to analyzing whether their energy management is as good as possible and having them establish the opportune energy savings and efficiency opportunities and proposals as warranted.

The bound parties must carry out an energy audit every four years from the date of the last energy audit and it must cover at least 85% of total energy consumption by their universe of facilities located in Spain.

The Group's energy management systems, which are based on the international ISO 50001 standard, are found in the Group's main industrial companies.

Venezuela

So far in 2016, the Venezuelan government has dictated Decrees No. 2,184 (published on January 14 in the Extraordinary Official Journal of the Bolivarian Republic of Venezuela No. 6,214) and No. 2,323 (published on May 13 in the Extraordinary Official Journal of the Bolivarian Republic of Venezuela No. 6,227) declaring a State of Economic Emergency throughout the entire territory of the Republic and a State of Exception and Economic Emergency, respectively.

These Decrees empower the Executive Branch to adopt the measures it deems opportune to address the exceptional, extraordinary and circumstantial situation facing the Venezuelan economy for an anticipated period of 60 days, starting from its date of publication in the Official Journal, with scope for extension for a period of similar length.

Both Decrees were then revoked by the National Assembly, as was the request made by the President of the Republic to extend the State of Economic Emergency in the case of the first Decree. However, the Supreme Court of Justice's Constitutional Court has since ruled and declared both Decrees pertinent and constitutional.

As a result, the State of Economic Emergency proclaimed on January 14, 2016 was extended on March 11, 2016, such that the Executive Branch could subsequently issue the above-mentioned Decree No. 6,214 when it terminated. With respect to this last Decree, the Constitutional Court has ruled it effective from when it was issued and declared its legitimacy, validity, effectiveness and legal-constitutional standing irrevocably intact, as provided in the Fundamental Text.

Along these same lines, the Presidency of the Bolivarian Republic of Venezuela extended the term established in the above-mentioned Decree No. 2,323 by 60 days by means of Decree No. 2,371 of July 12, 2016, published in the Official Journal of the Venezuelan Republic No. 40,942 on that same date. The National Legislative Assembly then decided, in a session held on July 14, 2016, not to approve the extension of Decree No. 2,323 decreed by the Executive Branch, believing it contrary to the country's interests. Even though the National Assembly did not approve the extension, the Executive Branch has not annulled the Decree, which is expected to be upheld by the Supreme Court of Justice, as has been the case in similar recent cases.

For information regarding the new Exchange Agreements introduced during the reporting period, see Note 4.5.

APPENDIX III: ACCOUNTING POLICIES

The accounting criteria and policies used to present the Repsol Group's financial disclosures are outlined in Note 2 of its 2015 consolidated financial statements and are updated in respect of the current reporting period below:

7. Other intangible assets

(b) Exploration rights and geological and geophysical costs

The costs of acquiring rights to explore and the costs incurred in conducting geological and geophysical studies during the exploration phase are capitalized under this heading at their acquisition price and incurred cost, respectively. During the exploration and evaluation phase, these costs are not amortized, although they are tested for impairment at least once a year and whenever there are indications of impairment, in keeping with the indicators itemized in IFRS 6 "*Exploration for and evaluation of mineral resources"*. Any impairment losses or the reversal thereof are recognized in profit or loss following the general criteria stipulated in IAS 36 "*Impairment of assets"*. At the end of the exploration and evaluation phase, the amounts capitalized are charged to profit and loss in the event no reserves have been discovered. In the event the exploration work does yield positive results, i.e., a commercially-viable discovery, these costs are reclassified to "*Investment in areas with reserves*" (section 8 c) at their carrying amount at the time this determination is made. These costs are then amortized/depreciated over the estimated commercial life of the field; these charges are calculated as a function of the relationship between actual production during the period and the field's proved reserves at the start of the amortization period (unit-of-production method).

8. Property, plant and equipment

c) Recognition of oil and gas exploration and production operations

Repsol recognizes oil and gas exploration and production operations using accounting policies based on the successful efforts method. Under this method, the various costs incurred are treated as follows for accounting purposes:

i. The costs incurred to acquire new interests in areas with proved and unproved reserves (including bonuses, legal costs, etc.) are capitalized within "*Investments in areas with reserves*" when incurred, and allocated to proved or unproved reserves, as appropriate.

ii. Exploration and appraisal drilling expenses, including exploratory-type stratigraphic test wells, are capitalized under "*Other exploration expenses*" pending determination of whether the well has found proved reserves justifying their commercial development. If it is determined that the well has not found proved reserves, the capitalized well drilling costs are expensed. In the event that reserves are discovered but remain under evaluation for classification as proved, their accounting treatment will depend on the following circumstances:

- If the area requires additional investments prior to the start of production, the drilling costs continue to be capitalized for as long, and only for as long, as the following conditions are met: (i) the amount of proved reserves found justifies the completion of a productive well if the required investment is carried out; and (ii) the additional exploratory drilling or stratigraphic test wells are either in progress or planned in the very near term. If either of the above two prerequisites is not met, the corresponding exploratory or exploratory-type stratigraphic well drilling costs are recognized in profit or loss.

- Regardless of the circumstances, determination of whether the reserves can be classified as proved must be made within a period of one year from well completion. If such determination has not been made within the prescribed one-year period, the corresponding drilling costs are expensed.

The costs of drilling exploratory-type wells that have yielded a positive find in terms of commercially-viable reserves are reclassified to "*Investments in areas with reserves*".

iii. Exploration costs other than geological and geophysical costs (see section 7 b), excluding the costs of drilling exploratory-type wells, are recognized in profit and loss when incurred.

iv. Development costs incurred to extract proven oil and gas reserves and to transform and store them (including productive and dry development well drilling costs, platforms, recovery enhancement systems, etc.) are capitalized within "*Investments in areas with reserves*".

v. The costs to be incurred in the future to abandon and decommission oil and gas fields (environmental, safety, etc.) are calculated field by field and are capitalized at their present value when the related asset is initially recognized; they are recognized within "*Investments in areas with reserves*". Capitalization of these costs is accounted for by means of a credit to provisions for field decommissioning (see Note 14 of the 2015 consolidated financial statements).

The investments capitalized using the above-listed criteria are amortized/depreciated using the following methodology:

i. Investments corresponding to the acquisition of proved reserves and investments in common facilities are amortized/depreciated over the estimated commercial life of the field; these charges are calculated as a function of the relationship between actual production during the period and the field's proved reserves at the start of the amortization period.

ii. Appraisal and drilling costs incurred to develop and extract oil and gas reserves are amortized over the estimated commercial life of the field; these charges are calculated as a function of the relationship between actual production during the period and the field's proved reserves at the start of the amortization period.

iii. Costs capitalized in respect of unproven reserves or fields under evaluation are not amortized. These investments are, however, tested for impairment at least once a year and whenever there are indications that they may be impaired.

Changes in estimated reserves are factored into amortization charge calculations on a prospective basis.

The recoverable amounts of these assets are compared with their carrying amounts at every reporting date and whenever there is an indication of potential impairment. Any impairment losses, or reversal thereof, resulting from this exercise are recognized within "*Provisions recognized and losses on disposal of non-current assets*" or "*Reversal of provisions and gains on disposal of non-current assets*" in profit or loss, as warranted.

APPENDIX IV: RECONCILIATION BETWEEN REPSOL'S REPORTING MODEL AND IFRS-EU[1]

The reconciliation between adjusted net income (loss) and IFRS-EU net income (loss) for the first semester of 2016 and 2015 is as follows:

	First half income/ (loss) 2016 and 2015											
			ADJUSTMENTS									
	Adjusted Net Income		Joint Ventures Reclasification		Special Items		Inventory Effect		Total Adjustments		IFRS-EU Results	
Millions of euros	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Operating Income	997	1,109	(108)	(102)	(219)	(236)	8	(88)	(319)	(426)	678	683
Financial Result	(262)	456	84	(37)	(18)	22	-	-	66	(15)	(196)	441
Share of results of companies accounted for using the equity method-net of tax	206	235	6	23	-	-	-	-	6	23	212	258
Net Income before tax	**941**	**1,800**	**(18)**	**(116)**	**(237)**	**(214)**	**8**	**(88)**	**(247)**	**(418)**	**694**	**1,382**
Income tax	(4)	(524)	18	116	(45)	84	(3)	25	(30)	225	(34)	(299)
Net Income	**937**	**1,276**	**-**	**-**	**(282)**	**(130)**	**5**	**(63)**	**(277)**	**(193)**	**660**	**1,083**
Net income attributable to minority interests	(20)	(36)	-	-	2	-	(3)	6	(1)	6	(21)	(30)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT	**917**	**1,240**	**-**	**-**	**(280)**	**(130)**	**2**	**(57)**	**(278)**	**(187)**	**639**	**1,053**

	Second quarter income/ (loss) 2016 and 2015											
			ADJUSTMENTS									
	Adjusted Net Income		Joint Ventures Reclasification		Special Items		Inventory Effect		Total Adjustments		IFRS-EU Results	
Millions of euros	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Operating Income	437	522	(83)	(99)	(241)	(159)	223	124	(101)	(134)	336	388
Financial Result	(185)	(199)	87	7	(40)	(1)	-	-	47	6	(138)	(193)
Share of results of companies accounted for using the equity method-net of tax	95	109	(42)	76	-	-	-	-	(42)	76	53	185
Net Income before tax	**347**	**432**	**(38)**	**(16)**	**(281)**	**(160)**	**223**	**124**	**(96)**	**(52)**	**251**	**380**
Income tax	6	(101)	38	16	(20)	57	(56)	(35)	(38)	38	(32)	(63)
Net Income	**353**	**331**	**-**	**-**	**(301)**	**(103)**	**167**	**89**	**(134)**	**(14)**	**219**	**317**
Net income attributable to minority interests	(8)	(19)	-	-	2	-	(8)	(6)	(6)	(6)	(14)	(25)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT	**345**	**312**	**-**	**-**	**(299)**	**(103)**	**159**	**83**	**(140)**	**(20)**	**205**	**292**

	Second quarter metrics 2016 and 2015 (million of euros)					
	Group reporting model		Reclassification of joint ventures (2)		IFRS-EU	
OTHER METRICS	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
EBITDA CCS	1,167	1,297	(11)	(137)	1,156	1,160
Net financial debt (1)	11,709	11,934	1,035	1,310	12,744	13,244

(1) The comparable 2015 metric corresponds to December 31, 2015 in the case of net financial debt.
(2) The adjustment to EBITDA CCS includes pre-tax inventory effects.

[1] The interim financial statements for the first half of 2016 contain amounts and metrics prepared using the Group's internal reporting model (Alternative Performance Measures or APMs). For further information regarding the APMs used by the Group, go to Appendix I of the first-half 2016 Group management report.

The revenue breakdown by segments is disclosed below:

	Millions of euros					
	Operating revenue from customers		**Operating revenue from inter segment sales**		**Total operating revenue**	
Segments	**06/30/2016**	**06/30/2015**	**06/30/2016**	**06/30/2015**	**06/30/2016**	**06/30/2015**
Upstream	1,917	1,643	392	434	2,309	2,077
Downstream	14,627	19,350	11	60	14,638	19,410
Corporation	-	2	3	-	3	2
(-) Inter-segment adjustments and eliminations of operating income	1	-	(406)	(494)	(405)	(494)
TOTAL	**16,545**	**20,995**	**-**	**-**	**16,545**	**20,995**

The reconciliation of other metrics disclosed in Note 3.2 with the IFRS-EU disclosures for the first semester of 2016 and 2015 is as follows:

	Millions of euros	
	H1 2016	H1 2015
Adjusted operating revenue (1)	**16,545**	**20,995**
Adjustments for joint ventures or other companies managed as such:		
Upstream	(771)	(834)
Downstream	(15)	(41)
Corporation	-	(1)
IFRS-EU operating revenue (2)	**15,759**	**20,119**
Adjusted operating investments (1)	**1,038**	**10,001**
Adjustments for joint ventures, other companies managed as such and other (3)		
Upstream	(325)	(569)
Downstream	(1)	41
Corporation and adjustments	-	(4)
IFRS-EU operating investments (net) (4)	**712**	**9,469**
Adjusted capital employed (1)	**40,531**	**40,702**
Adjustments for interests in joint ventures or other companies managed as such:		
Upstream	1022	1,304
Downstream	13	6
Capital employed according to the balance sheet	**41,566**	**42,012**

(1) Figures compiled in keeping with the Group reporting model described in Note 2.6 "*Information by business segment*".
(2) The IFRS-EU revenue figure corresponds to the sum of the "*Sales*" and "*Services rendered and other income*" headings on the consolidated income statement.
(3) Other correspond to the time difference between cash and accrual.
(4) Includes investments accrued during the period net of divestment. Include investments in "*Other financial assets*".

APPENDIX V: OTHER DETAILED INFORMATION

Operating revenue by geographic area

The distribution of operating revenue (corresponding to the headings "*Sales*" and "*Services rendered and other income*" in the accompanying IFRS-EU consolidated income statement) by geographical area, based on the markets they are intended, is as follows:

	Millions of euros	
Geographic Area	06/30/2016	06/30/2015
Spain	9,002	10,555
European Union	2,499	3,028
O.E.C.D.	1,755	2,765
Rest of countries	2,503	3,771
TOTAL	**15,759**	**20,119**

Financial instruments

Financial assets

The breakdown of the Group's financial assets by the various asset classes used for financial reporting purposes is provided below:

	At June 30, 2016 and December 31, 2015													
	Financial assets held for trading (3)		Other financial assets at fair value through profit or loss (3)		Financial assets available for sale (3)		Loans and receivables (2)		Held-to-maturity investments (2)		Hedging derivatives (3)		Total	
Millions of euros	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Equity instruments	-	-	-	-	82	82	-	-	-	-	-	-	82	82
Derivatives	2	4	-	-	-	-	-	-	-	-	-	-	2	4
Other financial assets	-	-	75	66	-	-	632	567	-	-	-	-	707	633
Long term/ Non-current	**2**	**4**	**75**	**66**	**82**	**82**	**632**	**567**	**-**	**-**	**-**	**-**	**791**	**719**
Derivatives	97	477	-	-	-	-	-	-	-	-	7	1	104	478
Other financial assets	-	-	11	11	-	-	1,239	1,170	2,216	2,439	-	-	3,466	3,620
Short term/ Current	**97**	**477**	**11**	**11**	**-**	**-**	**1,239**	**1,170**	**2,216**	**2,439**	**7**	**1**	**3,570**	**4,098**
TOTAL (1)	**99**	**481**	**86**	**77**	**82**	**82**	**1,871**	**1,737**	**2,216**	**2,439**	**7**	**1**	**4,361**	**4,817**

(1) There are also trade receivables included under the balance sheet headings "*Other non-current assets*", "*Trade receivables*" and "*Other receivables*" (at June 30, 2016, €276 million was classified as non-current and €3,986 million as current; at December 31, 2015, €175 million was classified as non-current and €4,254 as current).
(2) These assets' fair value coincides with their carrying amount.
(3) In the section titled "*Fair value of financial instruments*" in this appendix, the Group's financial instruments are classified using the fair value hierarchy.

Financial liabilities

The breakdown of the Group's financial liabilities by the various classes of financial liabilities used for financial reporting purposes is provided below:

	June 30, 2016 and December 31, 2015									
	Financial liabilities held for trading [(2)]		Financial liabilities and other payables		Hedging derivatives [(2)]		Total		Fair value	
Millions of euros	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Bank borrowings	-	-	3.033	1.543	-	-	3.033	1.543	3.034	1.543
Bonds and other securities	-	-	7.479	8.939	-	-	7.479	8.939	7.839	8.878
Derivatives	7	1	-	-	115	90	122	91	122	91
Other financial liabilities	-	-	-	9	-	-	-	9	-	9
Long-term/ Non-current	**7**	**1**	**10.512**	**10.491**	**115**	**90**	**10.634**	**10.582**	**10.995**	**10.521**
Bank borrowings	-	-	1.276	1.707	-	-	1.276	1.707	1.276	1.707
Bonds and other securities	-	-	2.023	2.376	-	-	2.023	2.376	2.048	2.380
Derivatives	145	193	-	-	6	5	151	198	151	198
Other financial liabilities [(3)]	-	-	3.084	2.921	-	-	3.084	2.921	3.084	2.921
Short-term / Current	**145**	**193**	**6.383**	**7.004**	**6**	**5**	**6.534**	**7.202**	**6.559**	**7.206**
TOTAL [(1)]	**152**	**194**	**16.895**	**17.495**	**121**	**95**	**17.168**	**17.784**	**17.554**	**17.727**

(1) There are also finance lease obligations at June 30, 2016 and December 31, 2015, specifically €1,495 million and €1,540 million registered within "*Other non-current liabilities*", respectively, and €197 million and €206 million within "*Other payables*", respectively.
(2) In the section titled "*Fair value of financial instruments*" in this appendix, the Group's financial instruments are classified using the fair value hierarchy.
(3) Corresponds mainly to the loan extended by Repsol Sinopec Brasil S.A. through its subsidiary Repsol Sinopec Brasil B.V.

Fair value of financial instruments

The classification of financial instruments recognized in the financial statements at fair value at June 30, 2016 and December 31, 2015, is as follows:

Millions of euros

	Level 1		Level 2		Level 3		Total	
Financial Assets	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Financial assets held for trading	4	298	95	183	-	-	99	481
Other financial assets at fair value through profit and loss	86	77	-	-	-	-	86	77
Financial assets available for sale [(1)]	1	1	-	-	-	-	1	1
Hedging derivatives	-	-	7	1	-	-	7	1
Total	**91**	**376**	**102**	**184**	**-**	**-**	**193**	**560**

	Level 1		Level 2		Level 3		Total	
Financial Liabilities	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Financial liabilities held for trading	41	4	111	190	-	-	152	194
Hedging derivatives	-	-	121	95	-	-	121	95
Total	**41**	**4**	**232**	**285**	**-**	**-**	**273**	**289**

Financial instruments recognized at fair value are 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) Does not include € 81 million at June 30, 2016 and December 31, 2015 corresponding to equity investments in companies that are measured at acquisition cost under IAS 39.

The valuation techniques used for instruments classified under level 2, in accordance with accounting regulations, are based on the income approach, which entail the discounting to present value of future cash flows, either known or estimated, using discount curves from the market reference interest rates (in the case of derivative instruments, estimated using implicit forward curves offered in the market), including adjustments for credit risk based on the life 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, commodities prices curves and the volatilities of all the aforementioned factors. In all cases, market data is obtained from reputed information agencies or correspond to quotes issued by official bodies.

Related party transactions

For the purpose of the accompanying disclosures, the following are deemed related parties:

a. Significant Shareholders: Fundación Bancaria Caixa d'Estalvis i Pensions de Barcelona, Sacyr Vallerhemoso S.A., Temasek Holdings (Private) Limited (see heading 4.6.1.).

b. Executives and directors: includes members of the Board of Directors as well as members of the Corporative Executive Committee whose members are considered as "*executives*" for purposes of this section (see heading 4.11.1).

c. Group persons, companies and entities: includes transactions with Group companies and entities that 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 for the six-months period ended June 30, 2016 with related parties were as follows:

Thousands of euros	2016				2015			
EXPENSES AND INCOME	**Significant shareholders**	**Directors and executives** (1)	**People, companies or entities within the Group**	**Total**	**Significant shareholders**	**Directors and executives** (1)	**People, companies or entities within the Group**	**Total**
Finance costs	4,264	-	26,107	30,371	2,676	-	20,029	22,705
R&D transfers and license agreements	-	-	-	-	-	-	266	266
Leases	360	-	1,195	1,555	622	-	1,246	1,868
Services received	7,956	-	81,123	89,079	4,634	-	159,195	163,829
Purchase of goods (finished and in-progress)	4	-	720,026	720,030	-	-	3,316,576	3,316,576
Impairment losses for receivables (uncollectil	1	-	-	1	34	-	-	34
Losses on derecognition or disposal of assets	-	-	70	70	-	-	643	643
Other expenses	10,268	-	633	10,901	7,447	-	724	8,171
TOTAL EXPENSES	**22,853**	**-**	**829,154**	**852,007**	**15,413**	**-**	**3,498,679**	**3,514,092**
Finance income	1,864	-	62,612	64,476	38,458	1	43,092	81,551
Management and collaboration agreements	-	-	-	-	-	-	5,255	5,255
R&D transfers and license agreements	344	-	2,002	2,346	-	-	-	-
Leases	3,396	-	2,238	5,634	399	-	1,893	2,292
Services rendered	47,430	-	240,392	287,822	4,216	-	800	5,016
Sale of goods (finished and in-progress)(3)	-	-	-	-	41,285	-	342,650	383,935
Gains on derecognition or disposal of assets	22	-	33,697	33,719	-	-	21,842	21,842
Other income	-	-		-	160	-	49,434	49,594
TOTAL INCOME	**53,056**	**-**	**340,941**	**393,997**	**84,518**	**1**	**464,966**	**549,485**

Thousands of euros	2016				2015			
OTHER TRANSACTIONS	**Significant shareholders**	**Directors and executives** (1)	**People, companies or entities within the Group**	**Total**	**Significant shareholders**	**Directors and executives** (1)	**People, companies or entities within the Group**	**Total**
Purchase of PP&E, intangible and other assets	27,017	-	-	27,017	19,359	-	-	19,359
Financing agreements: loans and capital contributions (lender) (4)	-	-	2,409,009	2,409,009	-	64	2,757,626	2,757,690
Finance lease agreements (lessor)	-	-	3,000	3,000	-	-	4,978	4,978
Repayment or cancellation of loans and lease agreements (lessor)	-	-	-	-		-		-
Sale of PP&E, intangible and other assets	27,516	-	-	27,516	14,789	-	-	14,789
Financing agreements: loans and capital contributions (borrower) (5)	550,560	-	3,991,361	4,541,921	515,295	-	3,852,505	4,367,800
Repayment or cancellation of loans and lease agreements (borrower)	-	-	-	-		-		-
Guarantees and sureties extended (6)	321,312	-	2,178,267	2,499,579	65,259	-	2,654,963	2,720,222
Guarantees and sureties received	60,449	-	3,639	64,088	48,452	-	193	48,645
Commitments assumed (7)	2,118,939	-	4,123,219	2,004,280	2,642,429	-	6,000,375	3,357,946
Commitments / guarantees cancelled	-	-	-	-	-			-
Dividends and other profits distributed (8)	166,599	8	-	166,607	172,601		-	172,601
Other transactions (9)	1,200,621	-	-	1,200,621	1,303,505	-	-	1,303,505

Note: In 2015, it includes the related-party transactions performed by Talisman from the effective acquisition date of May 8, 2015. The details regarding the information included in the tables corresponding to the first half of 2015 are disclosed in the interim condensed consolidated financial statements for the six months ended June 30, 2015.

(1) Includes transactions performed with executives and directors not included in heading 4.11 *"Remunerations, other obligations and workforce"*, regarding remunerations perceived by the 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) It mainly includes purchases with the group Gas Natural Fenosa (GNF), the group Repsol Sinopec Brasil (RSB), and BPRY Caribbean Ventures LLC (BPRY), entities consolidated by the equity method amounting €309, €220 and €153 million.

(3) Mainly includes sales to the group Gas Natural Fenosa (GNF), Iberian Lube Base Oils Company (ILBOC) and BPRY Caribbean Ventures LLC (BPRY) amounting €88, €60 and €56 million.

(4) Mainly includes the loans and undrawn credit lines extended to Group companies consolidated using the equity method

(5) *"Significant shareholders"* includes credit lines with La Caixa for the maximum amount granted of €358 million. The column titled "*People, companies or entities within the Group*" mainly includes the loan extended by Repsol Sinopec Brasil S.A. to its shareholders (see "*Financial instruments*" in this Appendix) as well as undrawn credit lines with investees accounted for using the equity method.

(6) It mainly includes €1,322 million corresponding to 3 guarantees issued by Repsol, S.A. in relation with three operating floating leases of the subsidiary Guará BV and €695 million, corresponding to the counter guarantees granted by Repsol Oil & Gas Canada Inc associated with issued bank guarantees on behalf of its subsidiary Talisman Sinopec

Energy UK Ltd (TSEUK – RSRUK from July 6) covering decommissioning obligations arising from its exploration activity in the North Sea. (see Note 29 of the 2015 consolidated financial statements).

(7) Corresponds to firm purchase commitments net of firm sales commitments outstanding at the reporting date.

(8) The amounts recorded under dividends and other profit distributions 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 January 2016 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 2016, 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.

(9) Includes remunerated accounts and deposits in the amount of €827 million, reverse factoring lines by €130 million, exchange rate hedges in the amount of €88 million and interest rate hedges in the amount of €75 million arranged with La Caixa Group.

INTERIM MANAGEMENT REPORT

For the first half of 2016

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

INDEX

1. MAIN EVENTS DURING THE PERIOD

In 2016, subsequent to the acquisition of Talisman Energy Inc. (currently Repsol Oil & Gas Canada Inc. and hereinafter "ROGCI") and the publication of the new 2016-2020 Strategic Plan, Repsol has moved forward with its **transformation process**, designed through different efficiency programs and synergies, divestments in non-strategic assets, and a reduction in investment, in order to prepare itself to face the low prices environment as well as uncertain about market dynamics.

RESULTS[1]

€ Million	H1 2016	H1 2015	Variation
Upstream	63	(238)	126%
Downstream	934	973	(4%)
Gas Natural Fenosa	195	227	(14%)
Corporation and adjustments	(275)	278	(199%)
Adjusted Net Income	**917**	**1,240**	**(26%)**
Inventory effect	2	(57)	104%
Special items	(280)	(130)	(115%)
Net Income	**639**	**1,053**	**(39%)**

In the first half of 2016, in an environment marked by low crude oil and gas prices, lower Refining margins, a mild unusual climate in the northern hemisphere and high market volatility, **Adjusted Net Income** amounted to €917 million. In comparison with the results of the same period in the previous year, it is noteworthy the improvement in Upstream results, which continue implementing efficiency and cost reduction measures while at the same time increasing production, which were partially offset by lower Corporation results during this period, mainly caused by the absence of the extraordinary exchange rate gains which were obtained in 2015, and lower Downstream results, most notably as a result of lower margins in the Refining business.

Net Income, amounted to €639 million, and was negatively affected by certain Special items during the period: extraordinary costs necessary to meet the workforce restructuring plans deployed within the framework of the efficiency programs, as well as the effects of the devaluation in Venezuela. This was only partially offset by capital gains generated from divestments in the LPG businesses, piped gas assets and new energies. Section 3 includes a more detailed analysis of results for the first half.

OTHER EVENTS

As part of **active portfolio management measures** during the first half of 2016:

- An agreement has been reached for the sale of its LPG businesses in Peru and Ecuador to the South American international operator Abastible. In June, the sale of the LPG business in Peru has been completed for €236 million, generating capital gains of €81 million after taxes;
- UK wind farm business has been sold to the Chinese group SDIC Power for €265 million generating capital gains of €100 million after taxes;

[1] All the information presented throughout this section, unless expressly indicated otherwise, has been prepared in accordance with the Group's reporting model, which is described in Note 2.6 "*Information by business segment*" in the interim condensed consolidated financial statements for the first half of 2016. Appendix I of this document includes the reconciliation between the adjusted figures and those corresponding to IFRS-EU financial information. Some of the figures included in this document are considered alternative performance measures reporting procedures (APMs), in accordance with the Guidelines of the European Securities Markets Authority (ESMA) (see Appendix I "*Alternative Performance Measures*").

- In addition, within the framework of the agreement reached in 2015 for the sale of piped gas business in Spain, Repsol Butano, S.A. sold certain facilities to Redexis Gas, S.A. for €119 million, generating capital gains of €71 million after taxes.

In 2016, Repsol's **financial prudence** measures continued, which are making it possible for the Group to maintain its credit rating. **Net financial debt** at the end of the first half amounted to €11,709 million, which is below to that in December 2015, despite the fact that dividends were paid in January. This trend can be explained by the €775 million of free cash flow generated during the period even in a the difficult context of prices.

The Company has maintained its **shareholder remuneration scheme** and closed in January and July two capital increases through the "*Repsol Flexible Dividend*" program, which allows shareholders to choose to receive their compensation, in total or in part, in new shares or cash.

Repsol's **performance on the stock exchange** ended with a 12.7% revaluation; during the first six months of the year, with a performance which is superior to the Ibex-35 index as well as the other peers in the European Oil & Gas industry.

During the first half, necessary **actions to reduce** around 1,500 jobs continued as announced in the 2016-2020 Strategic Plan. In June, an agreement was signed to facilitate the adjustment process in Spain, based on the commitment acquired to right-size the company in a responsible manner and on consensus. Furthermore, workforce adjustments have been made worldwide (mainly in the US and Canada).

Finally, Repsol maintains its commitment to **Safety and the Environment.** As regards to workplace accidents, the Overall Lost Time Injury Frequency Rate (LTIFR) rose as compared to the first half of 2015, while the Total Recordable Incident Rate (TRIR[1]) dropped. Regarding the environment, during the first half of 2016, actions aimed at improving our facilities were implemented to reduce energy consumption, and have represented a reduction of 145,000 tons in CO_2 emissions assuming equivalent operating conditions.

[1] This indicator widens the scope of accident probability, as it measures the consequences of personal damages to include other less serious accidents. Repsol has therefore considered the TRIR is the most appropriate indicator currently in existence for evaluating accident figures.

MAIN FIGURES AND INDICATORS

Financial indicators [1]	H1 2016	H1 2015
Results		
EBITDA CCS	2,409	2,471
Adjusted Net Income	917	1,240
Net Income	639	1,053
Earnings per share (€/share)	0.44	0.73
Capital employed [2][5]	40,531	40,702
ROACE (%)[3]	5.3	3.0
Financial overview		
Free cash flow [4]	775	(8,023)
Net financial debt [5]	11,709	11,934
Net financial debt / EBITDA CCS (x times)	2.43	2.68
Net financial debt / Capital employed (%) [5]	28.9	29.3
Shareholder remuneration		
Total shareholder remuneration (€/acción)	0.466	0.472

Main stock indicators [1]	H1 2016	H1 2015
Share price at close of financial year (€)	11.41	15.75
Average share price (€)	10.26	16.97
Market capitalisation (at closure)	16,451	21,651

Other indicators	H1 2016	H1 2015
People		
Total employees [6]	26,944	28,277
Number of new hires in the year [7]	1,308	4,866
Safety and environmental management		
Overall Frequency Rate of accidents [8]	0.82	0.77
Total Frequency Rate of accidents [9]	1.74	2.04
Reduction of CO_2 emissions (million t)	145	100

Macroeconomic environment	H1 2016	H1 2015
Brent ($/bbl) average	39.8	57.8
WTI ($/bbl) average	39.8	53.3
Henry Hub ($/Mbtu) average	2.0	2.8
Algonquin ($/Mbtu) average	2.9	6.9
Average exchange rate ($/€) average	1.12	1.12

Our business performance [1]	H1 2016	H1 2016
Upstream		
Net liquids production (kbbl/d)	251	168
Net gas production (kboe/d)	454	273
Net hydrocarbon production (kboe/d)	705	440
Average crude oil realization price ($/bbl)	35.1	51.1
Average gas realization price ($/kscf)	2.3	3.1
EBITDA	933	903
Adjusted Net Income	63	(238)
Net Investments [10]	1,281	9,649
Downstream		
Refining capacity (kbbl/d)	998	998
Conversion index in Spain (%)	63	63
Refining margin indicator in Spain ($/bbl)	6.4	8.9
Oil product sales (kt)	22,051	22,721
Petrochemical product sales (kt)	1,477	1,424
LPG sales (kt)	1,052	1,230
Gas sales in North America (TBtu)	220.8	164.2
EBITDA CCS	1,577	1,743
Adjusted Net Income	934	973
Net Investments [10]	(258)	283
Gas Natural Fenosa		
Adjusted Net Income	195	227

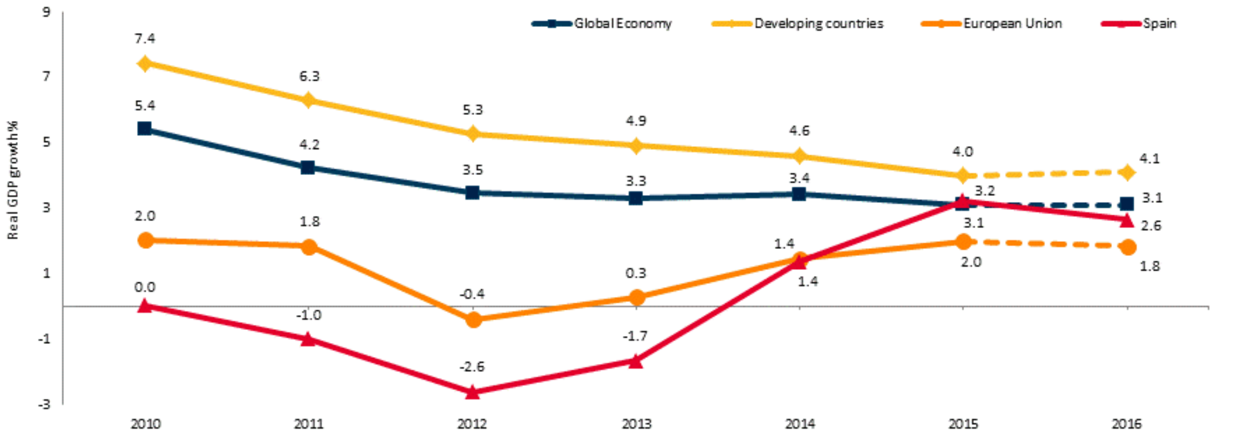
(1) Where applicable, expressed in € million.
(2) Capital employed from continuing operations.
(3) The ROACE for the first half of 2016 is an annualised indicator by a mere extrapolation of this period´s figures, and the corresponding to the 2015 financial year corresponds to the annual real data.
(4) Corresponds to the cash flow from operating and investment activities. During 2015, this includes the investment in the ROGCI business combination (see Note 4.1 in the interim condensed consolidated financial statements corresponding to the first half of 2016).
(5) Comparative figure 2015 corresponds to December 31, 2015.
(6) The workforce figure does not include employees of partially-owned companies in which Repsol does not have management control.
(7) The reporting criteria was changed to further align it with the figure recorded on the 2015 consolidated management report. It only contemplates fixed and temporary employees with no prior working relationship with the company as new hires. The % of fixed new hires in the year for the first half of 2016 and 2015 amounts 44% and 72%, respectively.
(8) Overall Lost Time Injury Frequency Rate (LTIFR) with sick leave: number of lost time and fatal accidents recorded over the year, per million work hours.
(9) Total Recordable Incident Rate (TRIR): number of time accidents without lost time, with lost time and fatal accidents over the year, per million work hours.
(10) Net investments in operating assets divestments.

2. MACROECONOMIC OUTLOOK

RECENT ECONOMIC DEVELOPMENTS

After the global economy grew 3.1% during 2015, the slowest rate since 2009 and an episode of higher instability at the beginning of 2016, the activity in recent months seems to have stabilized to similar rates to those during previous years. In general terms, developed economies have shown a gradual recovery, faced with the need for deleveraging within the current environment of uncertainty and financial instability. This will strongly affects any decision regarding consumption and investment. Emerging economies reflected a clear deceleration trend which was further aggravated by the low price of commodities; this trend has slowed to a halt this year.

Evolution of GDP growth



Source: IMF (WEO July, 2016) and Economic Research Department of Repsol

By regions, the Eurozone held its moderate growth, based on the gradual improvement of the employment situation as well as the ECB`s expansive monetary policies. Activity in Spain is moving forward in a surprisingly positive manner as a result of the favorable evolution of employment. Therefore, the 2016 growth might be slightly over 3.0%, surpassing IMF forecast (WEO July 2016) which placed annual growth at 2.6%. Nonetheless, at the same time some of the favorable tailwinds seem to be dying down, such as the depreciation of the euro or the lower prices of crude oil, which will have a gradual impact on growth.

Meanwhile, US growth has been lower than expected, especially during the Q12016 (1.1% quarter-on-quarter annualised) due to the strong dollar and the decline in investing in the energy sector. Although high-frequency data point to a more favorable outlook, serious risks still persist.

In this context, the US Federal Reserve has continued to postpone the expected normalization of interest rates, while the ECB expanded its monetary stimulus, including corporate bonds in its purchasing program.

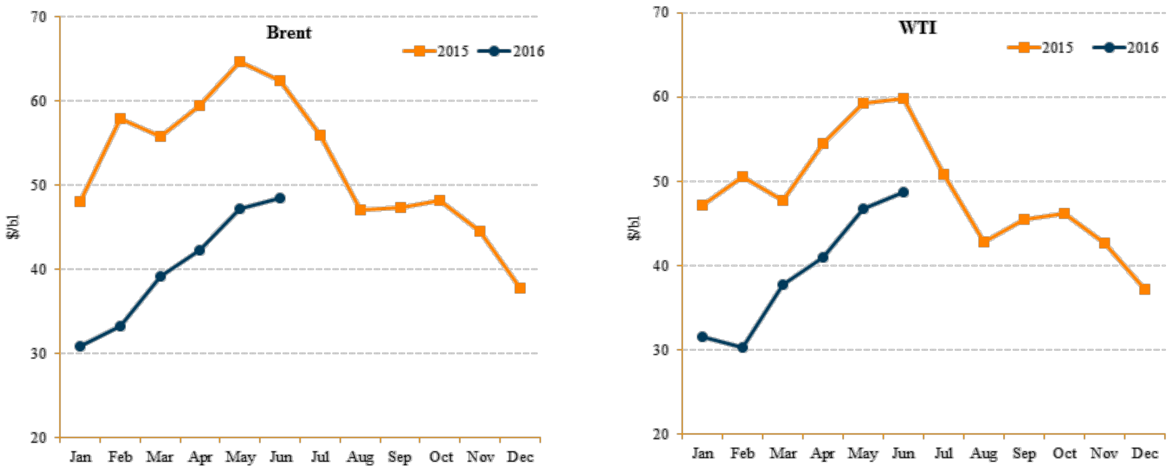
Given the boost from central banks and a recovery in the price of crude oil, most emerging economies have been alleviated its deceleration. The Chinese economy also contributed to this dynamic. The complexity of the rebalance of the Chinese economy and concerns regarding its health led to global uncertainty towards the end of 2015 and beginning of 2016. This exerted a negative influence on commercial flows as well as international financial markets. However, during the first months of the year, Chinese growth stabilized thanks to greater stimuli, most notably infrastructure spending, thereby dissipating the fear of a hard landing in the short term. Other key emerging countries such as Brazil and Russia are currently beginning a recovery after profound recession, while India has provided positive surprises by keeping its growth rates very high.

DEVELOPMENTS IN THE ENERGY SECTOR

Crude – Brent

During the first half of 2016, crude oil prices (Brent and WTI) continued on a generally upward swing, although not without volatility. After minimum levels in January, when the Brent market dropped to a low not seen for 13 years (on January 20) of $26.39/bbl, the price of European crude oil reached $51.33/bbl at the beginning of June. The first half average price was around $39.8/bbl, representing a 31% drop in the price vs. the same period of 2015.

Evolution of Brent and WTI prices per barrel

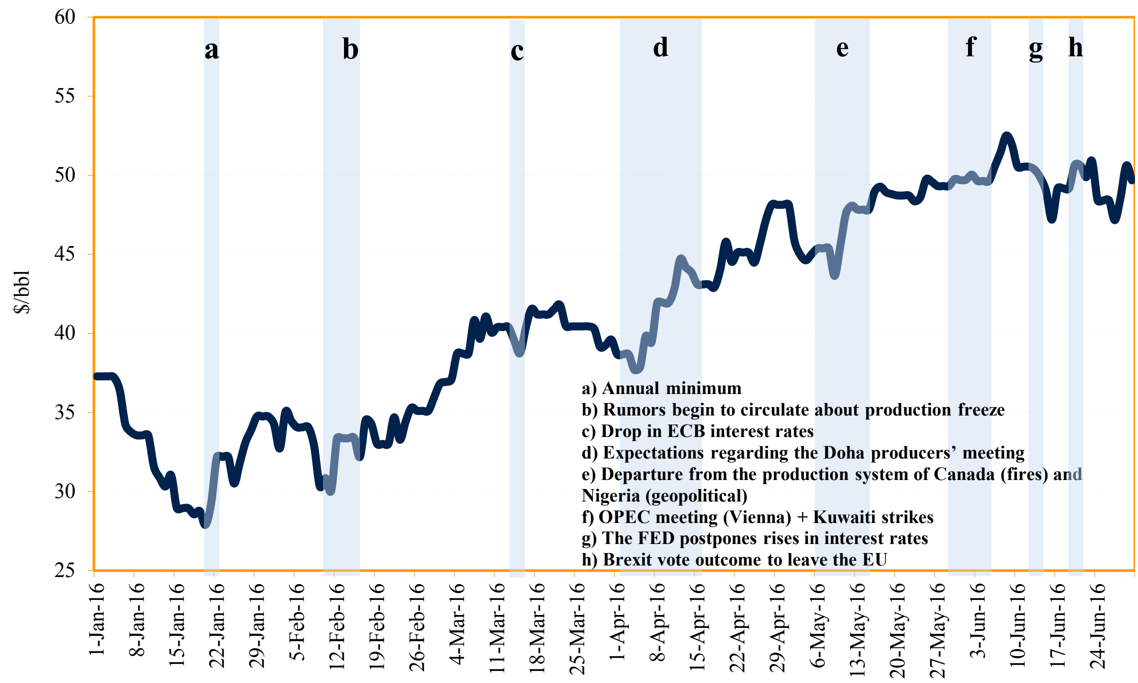


Source: Bloomberg and Economic Research Department of Repsol.

Among the factors supporting this trend are the following: drop in Non-OPEC production, especially in non-conventional shale areas in the US; solid global demand growth still underpinned by low prices; and diverse geopolitical matters (Nigeria, Kuwait, and Kurdistan Iraq) as well as natural disasters (Canada), leading to a significant volume out of the system. In summary, market feeling has shifted since the beginning of the year, due to the registered rebalancing of the market in the second quarter of 2016. According to the International Energy Agency June report, during the second half of the year the level of supply and demand and global offer should even off.

Factors which have introduced volatility in the market include: OPEC inaction on the market glut, most notably after meetings held in Doha (April 17) and Vienna (June 2) where no consensus was reached to freeze the supply level; the uncertainty regarding possible rises in interest rates by the FED, and the increasingly worrying situation in the UK with regard to the Brexit referendum on June the 23th that resulted in a small majority in favor of leaving the EU. All the above factors had sporadic downward effects, which were not sufficient to reverse the rising price trend.

Chief factors affecting the listed price of a barrel of Brent crude oil during the first half of 2016



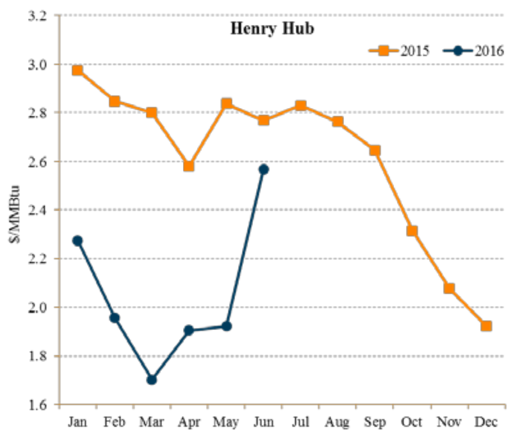
Source: Bloomberg and Economic Research Department of Repsol.

Gas Natural – Henry Hub (HH)

As regards US natural gas, the HH price was $2.0/MBtu (until June 28, 2016 during the first half of 2016, which is 27% below the average price recorded during the same period the prior year ($2.8/MBtu).

During the first months of the year, the price reflected a downward trend due to the persistence of a lax balance characterized by high production levels and inventories. However, during May and June, prices spiked upward due to indications of a possible sustained drop in production as well as provisions for temperature increases.

Henry Hub Evolution



Source: Bloomberg and Economic Research Department of Repsol.

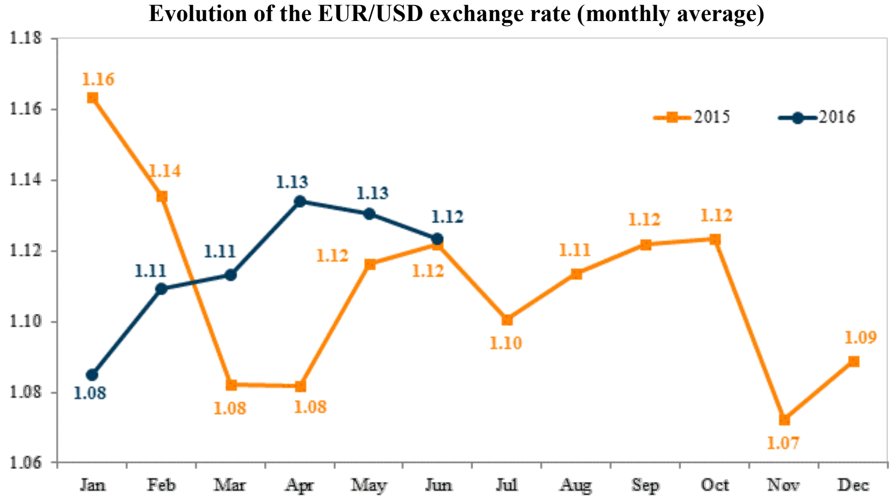
EVOLUTION OF EXCHANGE RATE

So far this year, the foreign exchange market has been guided by the uncertainty regarding the deceleration momentum of Chinese growth as well as other developed economies, vulnerabilities of emerging economies, and above all the pace of US interest rates normalization. All the above in a context of expansive monetary policies on the ECB and Bank of Japan (BOJ) set as a result of low inflation expectations mainly arising from the drop in the price of oil.

The beginning of the year was very unstable for international financial markets, which were focused on safe assets. China attempted to gain ground by depreciating the Renminbi, while at the same time the price of crude oil dropped to levels close to $35/bl leading to a strong depreciation of emerging currencies. The euro and the yen remained stable within this uncertain context, and the US$ strengthened its position.

The risk in emerging countries decreased after the markets' assimilation of a decline in global growth forecast and China's application of fiscal and monetary stimuli. Additionally, less optimistic data from the US labor market assuaged fears of a new rise in interest rates by the FED, which favored an appreciation of emerging currencies. Japan's clear position in the G-20 against competitive devaluation solidified confidence in the Yen, which resulted in an important revaluation. Despite the fact that the ECB extended asset purchasing programs, the euro remained in the average range of around 1.11 vs. the dollar, guided by the normalization rate of FED interest rates.

Evolution of the EUR/USD exchange rate (monthly average)



Source: Bloomberg and Economic Research Department of Repsol**.**

At the end of the first half of the year, Brexit agitated the foreign exchange market. While the sterling pound went into a downward spiral, the euro drop but resisting the depreciative pressure, while the dollar and the yen once again act as safe haven assets. Finally, the Renminbi also tended to depreciate starting in April, and then began to accelerate its depreciation as a result of the Brexit referendum results.

3. RESULTS, FINANCIAL OVERVIEW AND OUR SHAREHOLDER REMUNERATION

3.1 RESULTS AND CASH FLOW

€ Million	H1 2016	H1 2015	Variation
Upstream	63	(238)	126%
Downstream	934	973	(4%)
Gas Natural Fenosa	195	227	(14%)
Corporation and adjustments	(275)	278	(199%)
Adjusted Net Income	**917**	**1,240**	**(26%)**
Inventory effect	2	(57)	104%
Special items	(280)	(130)	(115%)
Net Income	**639**	**1,053**	**(39%)**

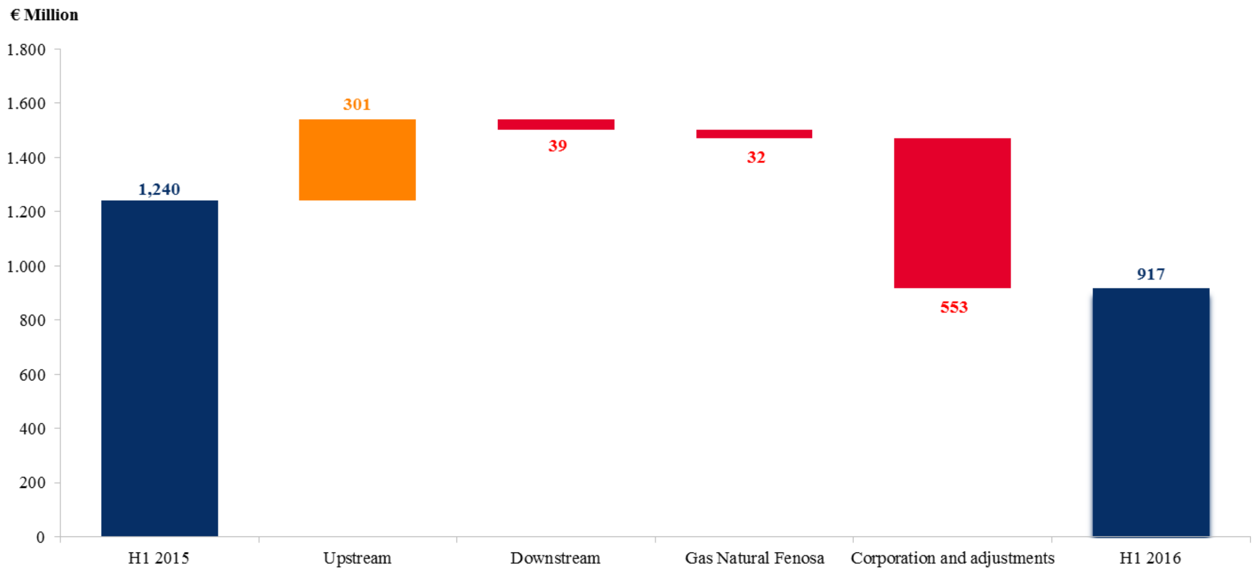
NOTE: For further information on the business segments results, see Note 3 "*Segment Results*" of the interim condensed consolidated financial statements for the first half of 2016.

Adjusted Net Income

Compared to the same period the prior year, results for the first half of 2016 were produced in a macroeconomic environment marked by low crude oil and gas prices (a 31% decrease in Brent prices, a 28% decrease in Henry Hub prices, and a 58% decrease in Algonquin prices), lower Refining margins, and the favourable international context in the Chemical business.

Adjusted Net Income for the first half of 2016 amounted to €917 million. The EBITDA CCS totalled €2,409 million, which is in line with the previous year, while net investments (€1,038 million) dropped 90% compared to 2015 (when ROGCI was acquired).

Adjusted Net Income Variation for H1 2016 vs H1 2015



Upstream

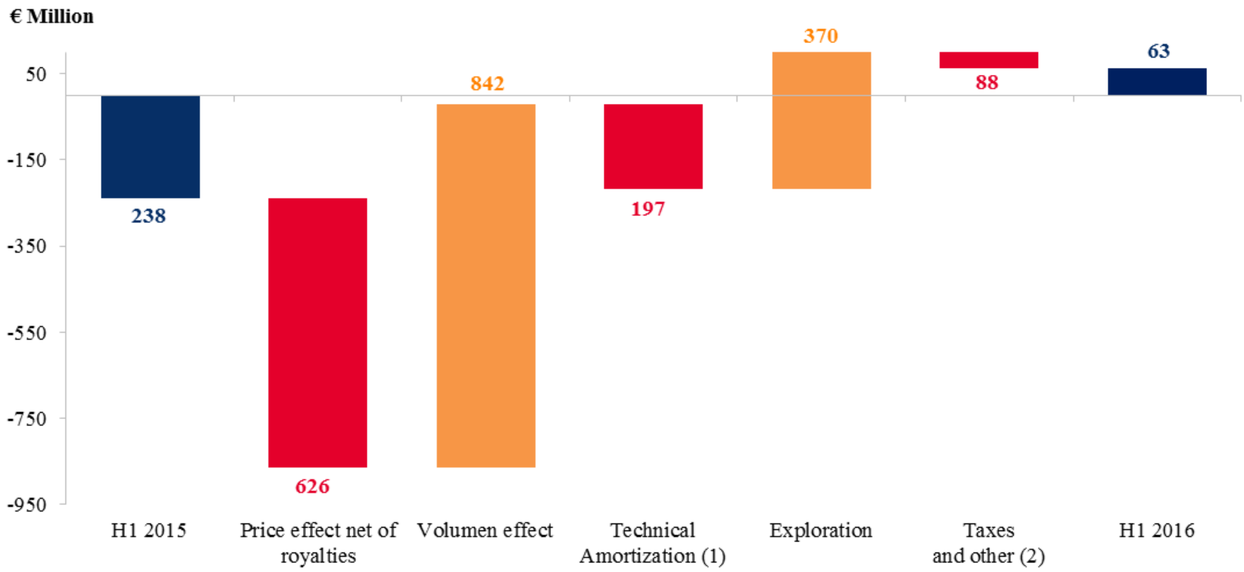
In **Upstream,** realization crude oil and gas prices decreased by 31% and 26%, respectively, as a result of the decline in international benchmark prices, which fell to their lowest levels in January (Brent prices in $26.39 bbl), to progressively improve throughout the period (Brent prices in $50 bbl). Despite this difficult environment, the Upstream's adjusted net income has improved significantly. For the comparison of 2015 and 2016 results, it should be taken into consideration that after the acquisition of ROGCI its businesses have been consolidated since May 8, 2015.

Production has increased by 60%, reaching an average of 705 Kboe/d, mainly due to the contribution of the ROGCI assets (228.1 Kboe/d until May 8, 2016), and the start-up of production at Cardón IV (Venezuela) in the third quarter of 2015 and the new wells located in Sapinhoá Norte (Brazil), offsetting the decreased production in Trinidad and Tobago due to stoppages and maintenance work. Moreover, regarding the exploratory activity, the conclusion of six exploratory drills and five appraisal drills during the period stands out. Four had positive results, four negative, and three were under evaluation.

During the period, the negative impacts of low crude and gas prices have been more than offset by the important reduction in expenses. It should be noted the reduction in operating costs due to improvements in the efficiency of operations, a drop in exploration costs due to fewer failed drills, and the capitalization of Geology and Geophysics (G&G) [1]costs , as well as lower tax costs due to the effect of the appreciation of the Brazilian and Colombian currencies.

EBIDTA in Upstream amounted to €933 million, which is 3% higher than 2015. Net investments for the first half of 2016, which already include ROGCI´s assets as well as the capitalization of G&G costs, dropped 87% compared to 2015 (including ROGCI acquisition).

Adjusted Net Income Variation from Upstream for H1 2016 vs H1 2015



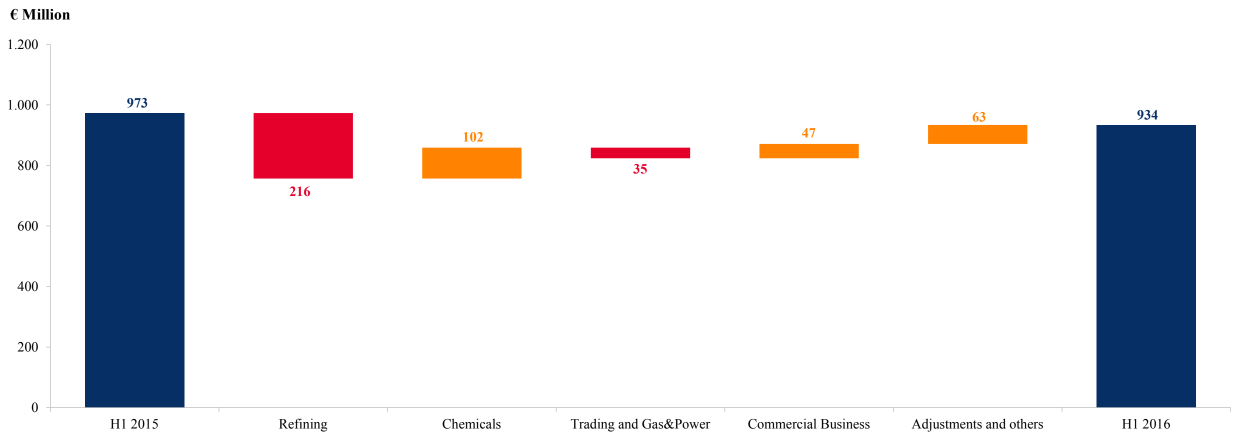
(1) Higher amortizations due to the inclusion of ROGCI which was partially offset by lower amortizations arising from impairment of the value of certain assets in 2015.
(2) Taxes and other net costs (mainly by the inclusion of ROGCI).

[1] In 2016, within the context of the integration of the ROGCI businesses and based on past experience, the Group capitalised its G&G expenses. This change in the Group's accounting procedures is applied respectively, and is discussed in Note 2.3 "Accounting policies and comparative information" of the interim condensed consolidated financial statements corresponding to the first half of 2016.

Downstream

Downstream's adjusted net income in 2016 amounted to €934 million, which represents a 4% decrease with respect to the same period in 2015.

Adjusted Net Income Variation from Downstream for H1 2016 vs H12015



This performance is primarily attributable to:

- In Refining, the negative impact of the reduction of margins (arising from spread weakness of middle distillate and narrower spreads of heavy crude oil) and decreased distillation for planned stops in Cartagena and Tarragona, which was partially offset by lower energy costs and the decrease on Spanish taxes.
- Better margins and growth in sales in the Chemical business, supported by an improved international environment, lower stoppage-related costs, and the positive effect of the reduction in taxes in Spain.
- Lower Trading results and the adverse trend in the Gas&Power business in North America due to lower margins as a result of low gas prices, despite the increased volume sold.
- Results from commercial businesses (Marketing, LPG, Lubricants, etc.) improved with respect to the prior year, with higher income from LPG standing out due to the indemnities arising from losses resulting from the application of the maximum retail prices for regulated LPG container formula.

The EBITDA CCS of Downstream totaled €1,577 million (2015: €1,743 million), while net investments amounted to €-258 million, including €587 million related to the sale of the UK offshore wind farm business, the LPG business in Peru and the piped gas assets in Spain.

Gas Natural Fenosa

Adjusted net income for **Gas Natural Fenosa** during the first half in 2016 was €195 million compared to €227 million for the same period in previous year. This decline is mainly attributable to lower results in the gas commercialization business, due to commodities prices, and in the gas distribution business in Latin American caused by the negative impact of the exchange rate difference arising from the depreciation in local currencies, all partially offset by improved results from the sale of electricity in Spain due to low pool prices.

Corporation and adjustments

Corporation and adjustments in the first half of 2016 amounted to €-275 million. The difference can mainly be explained by lower financial results which were favorably affected in 2015 by the exceptional results obtained from the effect of the exchange rate on important positions held in dollars as result of the collection of indemnities from the YPF expropriation. In 2016, the financial result already reflects the integration of ROGCI's finance expenses, partially offset by the gains generated on the repurchase of bonds. Regarding the Corporation's operating expenses in 2016, despite the inclusion of ROGCI (Calgary) corporation expenses, cost reduction due to efficiency gains and the synergies materialized with ROGCI during the period have had a favorable impact.

Net Income

Adjusted Net Income should include the effects of:

- Positive **Inventory effect** of €2 million by the increase in the price of crude oil and products during the first half of the year.
- **Special items** (after taxes) during the first half of 2016 amounted to €-280 million, mainly due to: i) Divestments[1]: capital gains obtained from the sale of the UK offshore wind farm business (€100 million), the LPG business in Peru (€81 million) and piped gas assets in Spain (€71 million), ii) Workforce[2] restructuring charges: headcount reduction costs mainly at the corporate center in Spain, including adjustments made to the management team, and iii) Provisions and others: mainly as a result of the effect of the devaluation in Venezuela, provisions for onerous contracts for the use of drilling platforms and provisions for contingencies.

The breakdown of Special items by corresponding concept and segment is as follows:

	Upstream		Downstream		Corporation		TOTAL	
€ Million	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015	H1 2016	H1 2015
Divestments	(11)	(3)	261	29	-	(15)	250	11
Workforce restructuring	(54)	(7)	(130)	(1)	(162)	(26)	(346)	(34)
Impairment	(8)	(65)	(2)	(11)	-	(7)	(10)	(83)
Provisions and other	(137)	(30)	(21)	12	(16)	(6)	(174)	(24)
TOTAL	**(210)**	**(105)**	**108**	**29**	**(178)**	**(54)**	**(280)**	**(130)**

Due to the above, **Net Income** amounted to €639 million compared to € 1,053 million for the same period in the previous year.

The main financial performance indicators for the first half of 2016 and 2015 are as follows:

PERFORMANCE INDICATORS	**H1 2016**	**H1 2015**
Return on average capital employed (ROACE) (%)	5.3	3.0
Earnings per Share (€/share)	0.44	0.73

[1] For further information please see 4.3 heading in the interim condensed consolidated financial statements corresponding to the first half of 2016.
[2] Refer to 4.4 heading in this document.

Cash Flow

The following is a reflection of the performance of cash flows during the period, indicating the company capacity for generating cash flow within the current complex scenario, thanks to the quality of the Company's asset as well as reductions in cost and investments.

	H1 2016	H1 2015
I. CASH FLOWS FROM OPERATING ACTIVITIES		
EBITDA CCS	**2,409**	**2,471**
Changes in working capital	(723)	(652)
Dividends received	303	119
Income tax received / (paid)	119	(222)
Other proceeds from / (payments for) operating activities	(336)	(239)
	1,772	**1,477**
II. CASH FLOWS FROM OPERATING ACTIVITIES		
	(997)	**(9,500)**
FREE CASH FLOW (I. + II.)	**775**	**(8,023)**
Payments for dividends and payments on other equity instruments:	(271)	(245)
Net Interest and leasing	(462)	(393)
Financial operations[1]	(366)	6,149
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(324)**	**(2,512)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**2,769**	**5,027**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**2,445**	**2,515**

[1] Includes payments for dividends and payments on other equity instruments, interest payments, other proceeds from/ (payments for) financing activities, proceeds from / (payments for) equity instruments , proceeds from / (payments for) financial liabilities and the exchange rate fluctuations effect.

3.2 FINANCIAL OVERVIEW

During the first half of 2016, in line with the commitment of strengthening the Group's financial structure after the acquisition of ROGCI, different measures have been launched to maintain its credit rating.

Improvements in cash flows generated by business during the period made it possible to cover net investment needs, the payment of interest and dividends, and the reduction of the Group's net debt.

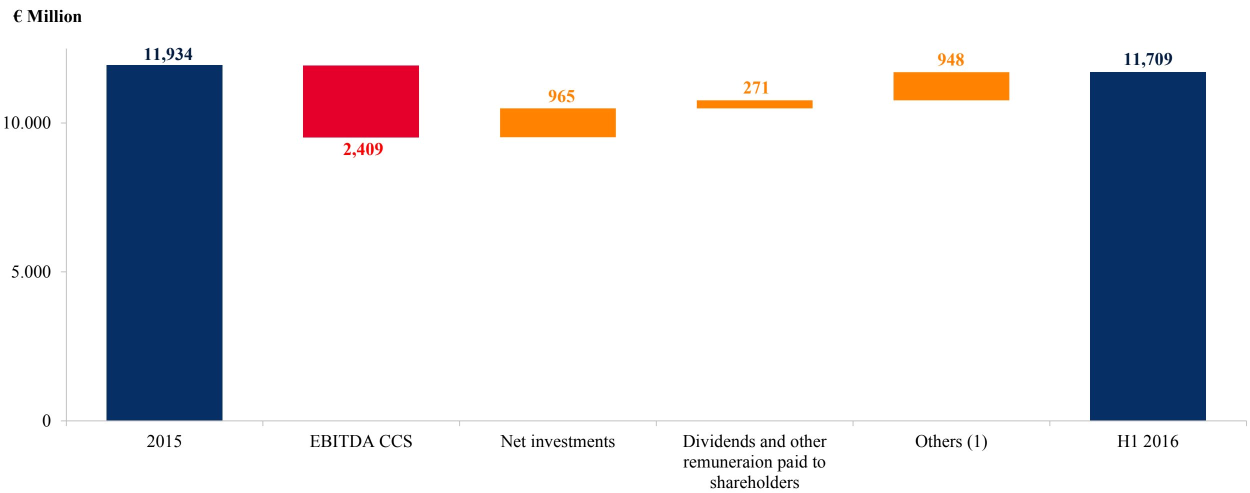
In line with the financial prudence policy, as well as the commitment to keep a high level of liquidity, the liquid resources held by the Group at the end of the six-month period in the form of cash and available lines of credit widely surpassed short-term debt maturities.

Leverage

Net financial debt at the end of the first half of the year amounted to €11,709 million, which is €225 million less than in December 2015.

The evolution of adjusted net financial debt in the first half of 2016 is described below:

Net financial debt variation



(1) Mainly includes income tax payments, net interests, changes in working capital, dividends received and provisions applied.

Main financing operations

- On January 2016, Repsol International Finance, B.V. issued €100 million of 15-year 5.375% bonds; the issue was placed privately and was priced at 96.298% of par.

- During the first half of 2016 ROGCI has repurchased bond issues due 2019, 2021, 2027, 2035, 2037, 2038 and 2042 with a total face value of $631 million.

- During the period Repsol, S.A. has received financing from several banks with maturities between 2017 and 2020. At June 30, 2016 the outstanding debt amounted to €1,520 million.

- In early July 2016, Repsol International Finance B.V. issued two private placement bonds. One matures in 2 years in the amount of €600 million, with a variable Euribor 3-month coupon + 70 bps, and the other at 3 years at €100 million and a 0.125% fixed annual coupon.

Maturity dates for gross debt

The maturity date profile of the existing financial debt at June 30, 2016, is as follows:

Gross Debt [1] [2] (€ Million)	Total Amount
Maturity in 2016	2,064
Maturity in 2017	2,602
Maturity in 2018	1,947
Maturity in 2019	1,675
Maturity in 2020	2,166
Maturity in 2021 and subsequent	3,810
TOTAL	**14,264**

Maturity of Bonds [1] issued at June 30, 2016				
Year	Currency	Nominal	%	Maturity date
2017	€	886 [3]	4.75	feb-17
	£	250 [4]	6.63	dec-17
2018	€	750 [3]	4.38	feb-18
2019	€	1,000 [3]	4.88	feb-19
	$	364 [4]	7.75	jun-19
2020	€	1,200 [3]	2.63	may-20
	€	600 [3]	2.13	dec-20
2021 and subsequent	$	241 [4]	3.75	feb-21
	€	1,000 [3]	3.63	oct-21
	€	500 [3]	2.25	dec-26
	$	55 [4]	7.25	oct-27
	€	100 [3]	5.38	jan-31
	$	90 [4]	5.75	may-35
	$	131 [4]	5.85	feb-37
	$	119 [4]	6.25	feb-38
	$	97 [4]	5.50	may-42
	€	1,000 [5]	4.50	mar-75

(1) Does not include €1,000 million of perpetual subordinated bond issued by Repsol International Finance, B.V (RIF) on March 25, 2015.
(2) Includes exchange rate derivatives and interest.
(3) Notes issued by RIF by under its "Euro 10,000,000,000 Guaranteed Euro Medium Term Note Programme" (EMTN) which is guaranteed by Repsol S.A.
(4) Issuances through ROGCI, within the scope of the "Universal Shelf Prospectus" programs and the medium term bond issuance program "Medium-Term Note Shelf Prospectus" in the United States and Canada, respectively.
(5) Subordinated bond, maturing in 60 years, issued by RIF and guaranteed by Repsol S.A. Coupon scheduled for reset on March 25, 2025 and March 25, 2045.

Moreover, Repsol International Finance, B.V. ("RIF"), holds a Euro Commercial Paper (ECP) Programme, arranged on May 16, 2013 and guaranteed by Repsol, S.A. with a limit up to € 2,000 million. As a result of emissions and cancellations, the active balance at June 30, 2016 was €1,011 million.

Financial prudence

The Group's liquidity during 2016 thus far, including undrawn credit facility commitments was over €6,659 million, which is sufficient to cover 1.8 times the maturities of current debt. Repsol held undrawn credit facilities amounting to €4,214 and €6,360 million during the first half of 2016 and December 31, 2015, respectively.

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 FINANCE SITUATION	06/30/2016	06/30/2015
Net financial debt (€ Million)	11,709	11,934
Net financial debt / EBITDA CCS (x times)[1]	2.43	2.68
Net financial debt / Capital employed (%)	28.9	29.3
Liquidity/ Short-term gross debt (x times)	1.8	2.15

(1) This indicator is compared with the total amount of the first half of 2015.

Credit rating

Repsol, S.A. and ROGCI´s current credit rating is as follows:

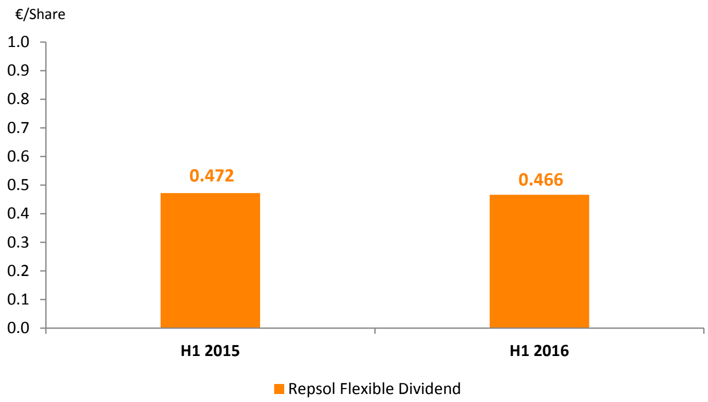
	STANDARD & POOR'S		MOODY'S		FITCH RATINGS	
TERM	**Repsol, S.A.**	**Repsol Oil & Gas Canada Inc.**	**Repsol, S.A.**	**Repsol Oil & Gas Canada Inc.**	**Repsol, S.A.**	**Repsol Oil & Gas Canada Inc.**
Long-term	BBB-	BBB-	Baa2	Baa3	BBB	BBB-
Short-term	A-3	A-3	P-2	P-3	F-3	F-3
Outlook	Negative outlook	Negative outlook	Negative outlook	Negative outlook	Negative outlook	Negative outlook
Latest data review	03/21/2016	03/21/2016	03/21/2016	03/21/2016	03/23/2016	03/23/2016

Treasury shares and own equity investments

During the first six months of 2016, transactions with relevant treasury shares and own equity investments took place. For further information on treasury shares and equity instruments, please see Note 4.6.2 heading "*Treasury shares and own equity investments*" of the interim condensed consolidated financial statements for the first half of 2016.

3.3 SHAREHOLDER REMUNERATION

Shareholder remuneration in the first half of 2016 and 2015, including cash dividend and script dividend under the *"Repsol flexible dividend"* program, is as follows:



Remuneration indicated in the above table for the first half of 2015 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 2015 (€0.472 per right), under the remuneration scheme called *"Repsol flexible dividend"*. Consequently, Repsol has paid a total gross amount of €245 million to its shareholders in the first half of 2015, and has delivered 24,421,828 new shares for an equivalent amount of €392 million, to those who opted to receive new-issue company shares.

Remuneration during the first half of 2016 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 2015 (€0.466 per right), under the remuneration scheme called *"Repsol flexible dividend"*. Consequently, Repsol has paid a total gross amount of €228 million to its shareholders in the first half of 2016, and has delivered 41,422,248 new shares for an equivalent amount of €425 million, to those who opted to receive new-issued company shares.

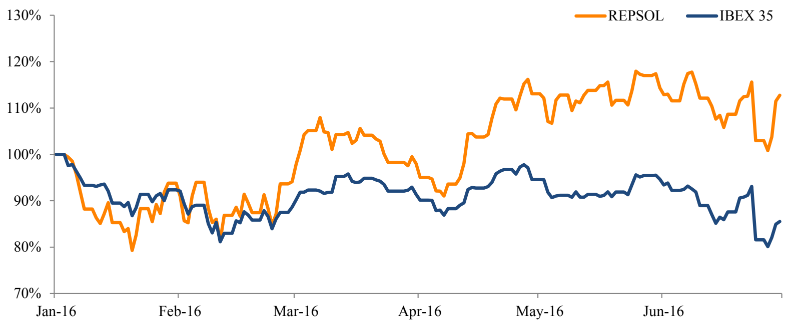
Likewise, in July 2016, under the "*Repsol Flexible Dividend*" program, and to replace what would have been the dividend on account for 2015, Repsol made a cash of € 149 million (€0.292 per right) to those shareholders who chose to sell their free of charge allocation rights to the Company, and distributed 23,860,793 shares, for an equivalent amount of € 272 million, to those who chose to receive new shares in the Company.

For additional information on the total remuneration received by shareholders, the aforementioned paid-up capital increases issued under the "*Repsol flexible dividend*" scheme, see Note 4.6.1 heading "*Issued share capital*" of the interim condensed consolidated financial statements for the first half of 2016.

Perfomance of our shares

Ibex-35 performance during the first half of 2016 was generally negative as for most of the leading European markets. Although at the beginning of the year stock markets received a push from the announcement and subsequent implementation of the European Central Bank's "Quantitative Easing" scheme, macroeconomic uncertainties mainly caused by the Brexit referendum vote, and to a lesser degree, Spain's current political state of affairs inverted this positive trend during the rest of year. The Ibex closed the period with a 14% reduction after a loss of over 870 points in June.

Repsol's share price performance relative to the Ibex-35

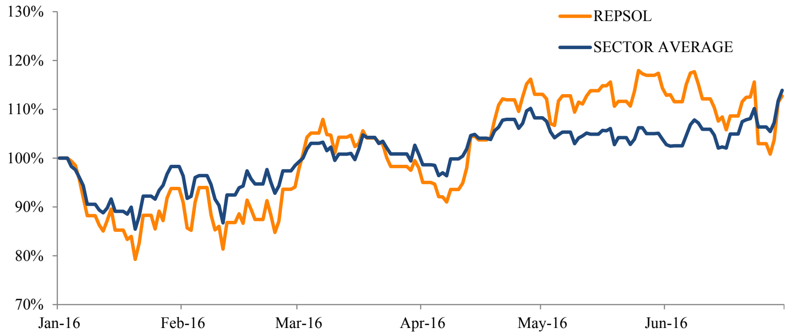


Source: Bloomberg.

Repsol shares closed the first half of 2016 with a 12.7% increase. Both Repsol and the rest of the European oil sector benefited during this period from the gradual recovery of oil prices from minimums reached in January this year.

Macroeconomic uncertainty unleashed by Brexit also penalized the sector at the end of June which was reflected in the generalized performance of stock exchanges. Nonetheless, during the first weeks of July, Repsol shares had totally recovered after their drop caused by the UK referendum outcome. Repsol is still a leader in its sector as well as within Ibex-35 as regards shareholder remuneration.

Repsol's share price performance relative to Peer group



Source: Sector average formed by BP, ENI, Total, RDS(B), OMV, Galp and Statoil.

The main stock-exchange indicators of the Group during the first half of 2016 and 2015 are detailed bellow:

MAIN STOCK EXCHANGE INDICATORS	H1 2016	H1 2015
Shareholder remuneration (€/share) (1)	0.466	0.472
Share Price at close of financial year (2) (euros)	11.41	15.75
Average share price (euros)	10.26	16.97
Maximum Price for the period (euros)	11.94	18.54
Minimum Price for the period (euros)	8.02	14.37
Outstanding shares at the end of the period (€ Million)	1,442	1,375
Market capitalization at the end of the period (€ Million) (3)	16,451	21,651
Book value per share (euros) (4)	19.84	22.56

(1) The shareholder remuneration policy for the each period includes dividends paid and the fixed price set for Repsol for the freely-assigned acquisition rights included in the “Repsol Flexible Dividend” program.
(2) Corresponds to the quoted year-end price per share in the Continuous Market of the Spanish Stock Exchanges.
(3) Corresponds to the trading price per share at closing multiplied by the number of outstanding shares.
(4) Corresponds to the Net Equity attributable to the parent / number of shares outstanding at closing.

4. PERFOMANCE OF OUR BUSINESS AREAS

4.1 UPSTREAM

Figures, indicators and investments

	H1 2016	H1 2015
Net production of liquids (kbbl/d)	251	168
Net production of gas (kboe/d)	454	273
Total Net production of hydrocarbons (kboe/d)	705	440
Average crude realization price ($/bbl.)	35.1	51.1
Average gas realization price ($/Thousand Scf)	2.3	3.1
Bonus, dry wells and general and administration expenses [3]	65	422
Net investments [1][2]	**1,281**	**9,649**

[1] Gross investments less divestments during the period.
[2] Gross investment during the period are broken down as follows:
- Investment in development (73% of total investments): Trinidad and Tobago (21%), US (17%), UK (11%), Brazil (11%), Algeria (10%), Venezuela (9%), Bolivia (5%) and Canada (5%).
- Investment in exploration (21% of total investments): US (23%), Brazil (12%), Angola (11%), Indonesia (9%), Colombia (6%), Bulgaria (6%), Australia (4%), Norway (4%), and Algeria (3%).

[3] Only includes direct costs for oil and gas exploration projects.

Results

€ Million	H1 2016	H1 2015	Variation
Operating income	(79)	(182)	57%
Income tax	137	(56)	345%
Income from equity affiliates and non-controlling interests	5	-	-
Adjusted Net Income [1]	**63**	**(238)**	**126%**
Special items	(210)	(105)	(100%)
Net Income	**(147)**	**(343)**	**57%**
Effective Tax Rate (%)	(173)	31	(204)
EBITDA	**933**	**903**	**3%**

[1] Breakdown of Net Adjusted Income by geographic area:

Geographical Area	H1 2016	H1 2015	Variation
Europe, África and Brazil	58	(55)	205%
South America	172	87	98%
North America	(114)	(19)	(500%)
Asia and Russia	19	29	(34%)
Exploration and other	(72)	(280)	74%
Adjusted Net Income	**63**	**(238)**	**126%**

Main events of the first half of 2016

- **Exploratory campaign:** during the first half of 2016, drilling concluded in six exploratory wells and five *appraisal* wells, four with positive results (all of them appraisal), four with negative results (all of them exploratory) and three (two exploratory and one appraisal), which at June 30 were still under evaluation. At the end of the first half of 2016, there were three ongoing exploration wells and one appraisal. Additionally, two drills in Indonesia and one in Rumania were suspended.
- During March of 2016, **Armstrong Oil and Gas** become the **company operator in the US Alaskan North Slope.**
- In March, the **Bolivian Margarita-Huacaya field** reached an output of 20 million of daily cubic meters (Mm^3/d) of gas, which is a **new maximum production record**.
- At the Margarita-Huacaya field in Bolivia, **well MGR-7ST began producing** from the H1B reservoir during the month of March, thanks to the early start-up of the recollection duct.
- The Colombian authorities (ANH) granted approval to **the temporary suspension of production in the CPO-9** field for a six-month period, due to the prices of crude oil. The drilling plan was moved up to take place in 2017.
- During the first quarter of the year, two exploratory drills finished in Malaysia **(Zoisit-1 and Baiduri-1) with negative outcomes.**
- On April 6 in Malaysia, Repsol signed **a 10-year extension for the PM3 CAA PSC production block** (*Production Sharing Contract*) with Petroliam Nasional Berhad (Petronas) and Vietnam Oil and Gas Group (PetroVietnam). After signing the extension, Repsol and Petronas will each own 35%, and PetroVietnam the

remaining 30%. Repsol will continue as the operator of the PM3 CAA block until the extension is terminated in 2027.

- On April 14, 2016, it was announced that the **Perla 9 offshore** well (located in the Cardón block in Venezuela) **began production**. Repsol and Eni hold 50% each in the Cardón IV block.
- On April 18, 2016, Repsol Sinopec Brasil announced that the **Gavea A1 evaluation/appraisal** well drilled in the ultra-deep waters of the BM-C-33 **block located in the Brazil Campos basin found a 175-meter hydrocarbons column**. Repsol Sinopec Brasil owns 35% of the BM-C-33 block with Statoil (35%) and Petrobras (30%). The well reached a total depth of 6,230 meters, satisfactorily passing production tests, and producing around 16Mscf/d and 4,000bbl/d. The consortium also drilled and carried out tests on the Seat-2, PdA-A1, and PdA-A2 evaluation wells in recent years. The potential resources for the three discoveries are currently under analysis.
- In April, once the **transportation capacity** of the 1,230 million daily cubic feet **TGP pipe** was increased to 1,540 Mscfd, gas delivery **from Block 57 to Block 56 was increased** from 85 Mscfd to 160 Mscfd. Block 56 and 57 gas is solely used for export.
- During April , **operation of the US Eagle Ford productive asset** in the Eastern area **was ceded to Statoil**, which will now operate all the asset it. This cession falls under the framework agreement with Statoil which was announced in December of 2015, by virtue of which Repsol cedes 13% of its share in Eagle Ford in exchange for 15% of Norway's Gudrun oil field. Repsol now owns 37% of the Eagle Ford project.
- During the month of May, the Cidade de Caraguatatuba FPSO (Floating Production Storage and Offloading) which will be used for starting up production at the Lapa field at BM-S-9 block in the deep waters of Brazil reached the country. Early production at the Lapa field should begin during the final quarter of 2016.
- On June 1, 2016 in Norway, **operations at the Varg-operated filed shut down**. It is expected that the Teekay-operated FPSO for the Varg production will abandon the field in August. These works all fall under the first phase of the Varg decommissioning project.
- In the UK, under the **MonArb production area re-development project**, in June of 2016, **the project had progressed 77%** which is in line with initial plans. It is expected that an increase in production from this project will start in 2017.
- During June, **the Strickland-2 exploratory well** finished in Papua New Guinea **with a negative outcome**.
- During the second quarter of the year, drilling took place and was completed in another production field, Perla 10, in the Cardón IV well. **The Perla 10 well has a production potential of over 100 Mscfd.**
- During the second quarter of 2016, within the Development Program in Block 57 in Peru, to start production at the Sagari discovery, the Sagari 8D development well finished, with work ongoing on the Sagari 7D development well. The campaign should conclude in 2017, with the completion of the Sagari 4X well (the discovery well)
- During the second quarter of the year, drilling at WI-7 development well in the Senzhi production asset in the deep waters of the Gulf of Mexican finished. This is an injection well for **increasing production levels** in the Southern Area of the field.
- During the second quarter of the year, Repsol provided the necessary documentation to the US government authorities to pave the way for its **relinquishment of all the exploratory blocks** in which Repsol participated in the **Alaskan Chuckchi Sea.**
- During the first half of the year, with the effective date of January 1, 2016, **the project for divesting 10% of the 148 license**, **Campo Brynhild, in Norway**, in favor of CapeOmega was completed.
- During the first half of 2016, **in the exploratory Sud Estblock in Illizi (Algeria)** the exploratory and appraisal drill campaign finished, **with the TAOR-1 exploratory well (under evaluation) as well as the TIHS 2 (positive) evaluation/appraisal well**.
- **Four new development wells in the Duvernay project** in Canada were drilled during the first half of 2016.

4.2 DOWNSTREAM

Figures and indicators

	H1 2016	H1 2015
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)	**19.8**	**20.9**
Europe	18.1	19.1
Rest of the world	1.7	1.8
Refining margin indicator ($/Bbl)		
Spain	6.4	8.9
Peru	2.7	5.7
Number of service stations	**4,724**	**4,698**
Europe	4,299	4,312
Rest of the world	425	386
Oil product sales (kt)	**22,051**	**22,721**
Europe	19,737	20,488
Rest of the world	2,314	2,233
Petrochemical product sales (kt)	**1,477**	**1,424**
Europe	1,255	1,214
Rest of the world	222	210
LPG sales (kt)	**1,052**	**1,230**
Europe	682	726
Rest of the world	370	504
LNG sold in North America (Tbtu)	**220.8**	**164.2**
LNG regasified (100%) in Canaport (Tbtu)	**11.7**	**19.1**

Results and investments

€ Million	H1 2016	H1 2015	Variation
Operating income	1,229	1,373	(10%)
Income tax	(281)	(372)	24%
Income from equity affiliates and non-controlling interests	(14)	(28)	50%
Adjusted Net Income [(1)]	**934**	**973**	**(4%)**
Inventory effect	2	(57)	104%
Special items	108	29	272%
Net Income	**1,044**	**945**	**10%**
EBITDA CCS	**1,577**	**1,743**	**(10%)**
Net investments [(2)(3)]	**(258)**	**283**	**(191%)**
Effective Tax Rate (%)	**23**	**27**	**(4)**

[(1)] Breakdown of Net Adjusted Income by geographic area:

Geographical Area	H1 2016	H1 2015	Variation
Europe	940	951	(1%)
Rest of the world	(6)	22	(127%)
Adjusted net Income	**934**	**973**	**(4%)**

[(2)] Gross investments less divestments during the period.
[(3)] In 2016 and 2015, most 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 half of 2016

- In January, an agreement was **signed with Pertamina** (the Indonesian national oil company) in Jakarta, to study the technical and economic feasibility of producing extensor oils for the rubber industry at the Pertamina refinery in Cilacap (Indonesia).
- In January, an agreement was reached to sell the piped **gas business located in the North of Spain and Extremadura**, respectively, for €136 million.
- In February, **25% of the Finnish firm Rocsole OY was acquired**, which has a technology making possible to visualize the flow of multiphasic fluids (water, crude oil, air) through the inside of tubes, to therefore be able to foresee signs of dirt while also optimizing maintenance costs, to thereby avoid non-programmed shutdowns as well as the reduction of operating gas. This technology may be applied to Upstream and Downstream assets.
- In February, the sale of the wind **power business located in the UK** was agreed upon with the Chinese group SDIC Power for €238 million. The sale included 100% of the Inch Cape project, the the investment in 25% of the Beatrice project; both are located on the East coast of Scotland.
- In February, the government **approved the first Mobility plan for alternative energy vehicles (MOVEA)** regulating the direct concession of assistance for acquiring alternative energy vehicles. This Plan will provide LPG the impetus to the AutoGas plan, and also support the availability of supply points at our Service Stations, with a total of 362 supply points in Spain and other 57 in Portugal.
- In March, **AENOR granted approval to Repsol's ISO-50001 energy management** system, which will assist in being more efficient while reducing energy consumption and CO_2 emissions.

- In April, an agreement was **signed with Correos** to develop the "Package drop-off stop in 1,500 Repsol service stations". This is the first stage of the strategic alliance which will permit Repsol to strengthen ties with cutting-edge tendencies linked to electronic commerce.
- In April, the **COPC** (Customer operations performance center) certification was granted to the Repsol Customer Relationship Center, making it the only company in IBEX with that certification.
- In April**, a new line of lubricants called "Repsol Elite"** was launched, in order to gain top performance from the engine with improved efficiency, adapted to the new and more demanding environmental standards.
- During the year, **works in La Pampilla Refinery** have progressed to adapt the plant to the new Peruvian quality standards. In September of this year, low-sulfur diesel production will commence as part of the first phase of the project.
- On April 20, the **sale of the LPG business** was agreed in Peru and Ecuador. On June the LPG business has been sold in Ecuador for $236 million.
- In April an **agreement was reached with the Korean firm Yujin Sangsafor the distribution of our lubricants** there through its online channel.
- In May, **Repsol Neotech fuels** were selected by "Actualidad Económica" as one of the **best ideas of 2015**.
- In May, Repsol began production of a **new line of metallocene-based polyethylene using Chevron Phillips** technology. This new line will be sold **under the Repsol Resistex brand**, and offers a great deal of value to the final product, thereby confirming Repsol's approach towards differentiating products.
- This past May 5, the **Catalonian government announced a new decree to encourage public administrations to acquire clean vehicles**: electric, hybrid, LPG, or CNG in order to contribute to improving air quality. Other measures include the modification of tollroad bonuses to cease favoring diesel vehicles.
- On June 3, in Lyon (France), during the main conference of the European Plastics Converters (EuPC) meeting, Repsol was **awarded the prize for being the best high density polyethylene (PEAD)** producer in Europa, and the **global innovation award** for all types of polymers.
- During the first half of the year, taking advantage of programmed shutdowns in the **Cartagena and Tarragona refineries**, the following improvements were made:
  - In Cartagena, the ejectors and condensers of the vacuum column of the Vacuum 5 unit were modified in order to improve their operating conditions, avoid accelerated fouling in the condensation system, while also improving the boiling point between the vacuum diesel and vacuum residue.
  - In Tarragona, the reactors in the Isomax Unit were replaced, with a new hydrogen compressor installed, which in conjunction with the new reactors, will increase the conversion of heavy feeding 10 points (from 75% to 85%), thereby generating more desulfurized products such as gasoline, kerosene, and diesel. Finally, new heat exchangers were installed to improve the energy consumption index (a saving of 720 t fuel gas/year) and reduce emissions (1,910 t CO_2/year).

4.3 GAS NATURAL FENOSA

Main events of the first half of 2016

- The Shareholders' Meeting held on May 4, 2016 approved the distribution of income, **consisting of allocating €1,001 million to dividends out of 2015 income, which is 10.1% more than in the previous year**, raising Gas Natural Fenosa's pay-out to 66.6%.

- The Board of Directors approved a **dividend policy for 2016-2018** that entails a pay-out of 70% and at least €1 per share, including the possibility of a scrip dividend, and bringing the interim dividend, which will amount to approximately 33% of the total dividend, forward to the month of September of the current year.

- On May 11, the new **2016-2020 Strategic Plan** was presented, designed to protect current businesses while establishing bases for growth through investments of over €14,000 million during 2016-2020. The forecasted generation of cash flow will make it possible to finance investments, considering the new dividend policy while maintaining the level of net debt set for the period.

4.4 CORPORATION

Main events of the first half of 2016

- In March, a number of **changes in the management team** were approved, in order to move forward in handling the challenges and opportunities arising as a result of the Talisman integration as well as sector. This evolution included the exit of 41 directors, including the General Managers Cristina Sanz Mendiola and Pedro Fernández Frial.

- On May 20, 2016, Repsol's Annual General Meeting agreed on the **reappointment** of **Isidro Fainé Casas** as member of the Board, and ratified the appointment and **reelection** of **Gonzalo Gortázar Rotaeche** as Board member.

- On June 8, the Commission agreement for monitoring the progress of the VII Framework Agreement was signed between the union representatives and Repsol´s management (ratified during July for all companies involved) for **adjusting 871 positions in Spain**. The criteria adopted for designating the affected individuals contemplates their proximity to retirement age, depending on the company and work center to which they belong.

- Other **workforce adjustment processes** took place during the year **outside Spain** (mainly in US and Canada).

For the main events affecting financial position and with regard to the effect of workforce adjustment processes on results, see Section 3.

5. RISK MANAGEMENT

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 2016 are the same as those detailed in the management report accompanying the condensed consolidated financial statements for the year-end 2015. Therefore, this information should be read in conjunction with the description of the risk factors included in the Consolidated Management Report for the year-end 2015, as well as with Note 16 "*Financial risk and capital management*" of the Consolidated Financial Statements for the said year.

Below are shown, in summary form, the existing risks at December 31, 2015, that remain valid as risks for the second half of 2016, and any other new risk factor identified the first half of the year 2016.

5.1. STRATEGIC AND OPERATIONAL RISKS

Uncertainty in the current economic context

The latest International Monetary Fund (IMF) forecasts (WEO July 2016) estimate that the global economy in 2016 will grow by 3.1%, the same rate than previous year and lower than the 3.4% seen 2014. They also forecast that the global economy will be slightly higher in 2017, increasing up to 3.4%. Even though advanced economies are experiencing moderate but stable growth, developing and emerging economies are still experiencing the consequences of declining commodity prices, China's economic deceleration and the monetary policy normalisation in the US. These factors may in turn lead to low inflation for a more prolonged period of time.

From a financial perspective, the principal risks to the global economy are China and the divergence in economic policy between the main central banks. Since June 2015, there has been a growing risk for a more acute economic slow-down in China and a possible higher depreciation in its currency, have increased the instability in the global financial markets. On the other hand, whilst the US Federal Reserve (FED) has begun a normalisation of its monetary policy, both the European Central Bank (ECB) and the Bank of Japan (BoJ) continue with an expansive monetary policy. This divergence has allowed the US dollar to appreciate, putting the solvency of many governments and businesses with dollar debt at risk. Furthermore, the euro and the yen having a short term interest rate curve with negative rates affects the margin obtained by banks, who already find themselves in a delicate position because of an increase in non performing loans. Some of these loans are exposure to the energy sector and commodities.

With regard to the geopolitical risks, terrorist attacks, including those in Paris and Belgium, as well as the refugee crisis have had an impact on the markets due to the political instability in Europe. The increase in the political risk threatens the stability of European markets. The UK vote in favor of leaving the EU and the use of the Article 50 of the Treaty of Lisbon imply an end to the irreversibility of participation in the EU. While the British case is very particular, in the short term it creates uncertainty about potential referendums in other countries. In a few years, if there are negative economic effects in the UK, these kind of risks could reduce. Besides, the vote of UK to leave the EU is a relevant volatility factor. In the short term, it creates uncertainty that affects both the stock, commodities and foreign exchange markets. However, the Central Banks reaction it is expected to cushion the negative effects. In the long term, the possibility that other members also leave the EU threatens economic stability and the existence of the Euro. Finally, further details about the rupture process are needed to better assess the impact on the real economy.

So far in 2016, the oversupply of petroleum, which has caused the decrease in crude oil prices since the second half of 2014, is being reduced and close to disappear as a consequence of both: the effect of low prices on investment and the recent increase of unplanned outages (Nigeria, Canada, etc.), that have accelerated the rebalance of the market. The International Energy Agency forecasts a supply/demand balance in equilibrium during the second half of 2016. Low oil prices have had a positive effect on demand in 2015 that persists in 2016, and a negative effect on supply, especially in non-OPEC (Organization of Petroleum Exporting Countries) countries where production has been reduced dramatically, even not considering the effect of the outages. Nevertheless, the petroleum market balance is weak and the high inventory levels act as an important cushion for the market.

Analysts no longer expect an OPEC crude oil production cut this year. Therefore, the adjustment is coming from both sustained demand growth and significant Non-OPEC supply decline. The principal negative risk factors for market price adjustment are: (i) a slower than expected demand growth, especially in the developing and emerging economies; (ii) a Non-OPEC supply more elastic to low prices than expected; and (iii) a higher recovery than expected in Iran and Libya production, or a new upturn in Iraqi supply. On the supply side, the resume of the outages is not a major risk given the bigger effect of the production declines as a consequence of divestment in Non-OPEC and the geopolitical uncertainties in the OPEC region.

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

World oil prices have experienced significant changes over the last 10 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 may be changed to the delay, renegotiation or cancellation of projects. 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 *Upstream* activities 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, in *Downstream* activities, 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, extraction technologies, water discharges, remediation of soil and groundwater and the generation, storage, transportation, treatment and final disposal of waste materials and safety.

Specifically, considering the importance of Climate Change, we must stress that one of the risks the Company faces is the exposure to possible changes in the greenhouse gas emissions regulatory framework as a result of our industrial activities and associated to the use of our products.
Finally, after the acquisition of Repsol Oil & Gas Canada Inc., the Company increased its activities in non-conventional oil and gas resources. From an environmental and social perspective, concern for the impact of exploration and operation of this type of resource could lead governments to approve new legislation or demand further requirements for its development, with the related impact on the Company.

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 the production, equipment and transportation risks, mistakes or inefficiencies in operations management and purchasing and supplier processes, natural hazards and other uncertainties relating to the physical characteristics of oil and gas fields, and their decommissioning. In addition to this, some of the Group´s development projects are located in deep waters, mature areas and other difficult environments such us of Gulf of Mexico, Alaska, the North Sea, Brazil and the Amazon rainforest, or in complex oilfields, which could aggravate these risk further.
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.

Additionally, 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.

Operational risks related to industrial businesses and the sale of oil derivative products

The Refining, Chemicals, Trading and production, and distribution activities related to oil derivatives and LPG are exposed to the risk inherent to their activities, and are related to the products' specific characteristics (flammability and toxicity), their use (including that of clients), emissions resulting from the production process (such as greenhouse gas effects), as well as the materials and waste used (dangerous waste, as well as water and energy management), which might impact health, safety, and the environment. Repsol's industrial assets (refineries, regassing plants, warehouses, ports, ducts, sea vessels, cistern trucks, service stations, etc.) are exposed to accidents such as fire, explosions, leaks of toxic products, as well as large-scale contaminating environmental incidents . These accidents may cause death and injury to employees, contractors, residents in surrounding areas, as well as damage to the assets and property owned by Repsol as well as third parties.

On the other hand, commercialization and industrial activities take place in a highly competitive environment.

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

To estimate proved and unproved oil and gas reserves, Repsol uses criteria established by "SPE/WPC/AAPG/SPEE *Petroleum Resources Management System"*, generally referred to as SPE-PRMS (SPE—*Society of Petroleum Engineers*)".

Measures of reserves are not precise and are subject to revision. The estimated proven and unproven oil and gas reserves are also subject to corrections due to errors in the implementation and/or changes of the standards published.

Projects and operations carried out through joint arrangements and associate companies

Many of the Repsol Group’s projects and operations are conducted through joint arrangements and associates. 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. Acquisitions and investments involve a number of risks, including possible adverse effects on Repsol’s operating result, risks associated with unanticipated events or liabilities relating to the acquired assets or businesses which may not have been disclosed during due diligence investigations, difficulties in the assimilation of the acquired operations, technologies, systems, services and products, and risks arising from contractual conditions that are triggered by a change of control of an acquired company.

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.

On May 8, 2015, Repsol acquired 100% of the shares ROGCI, a Canadian company devoted to the exploration and production of gas and oil. As is the case for any business combination, Repsol's capacity to reach its strategic goals for entering into the acquisition will depend on its capacity to integrate teams, processes, and procedures, as well as to maintain its relationships with clients and partners.

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 Repsol operates, as a result of the significant differences between the supply, demand and regulation conditions and such prices may be lower than prevailing prices in other regions of the world.

In addition, Repsol 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 searching for other sources of natural gas, potentially at higher prices than those envisaged under the breached contracts.

Repsol 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 arising from a number of economic factors, which are the cause of 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.

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 economic and/or material losses in the future caused by such attacks.

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.

Repsol is exposed to negative opinion trends which could have an adverse impact on its image and reputation, thereby affecting its business opportunities

The Repsol Group carries out its transactions in a multiple environments with diverse interest groups, which are mainly local communities in the influence areas in which it operates, as well as local and national civil, political, labor, and consumer organizations, among others.

Should the interests of the above groups be contrary to the Company's activities, and attempts to reach agreements be unsuccessful, Repsol is in a position to be affected by the publication of negative or manipulated information which generates opinion contrary to the Group's activities.

5.2. 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 loss for 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 US 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 result 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.

ABOUT THIS REPORT

This report, it must be read in conjunction with the interim condensed consolidated financial statements of the Repsol Group for the first half of 2016. Users of this report should be aware that the forward-looking information contained in this document reflects the plans, forecasts or estimates of the Group's managers, which are based on assumptions that are considered reasonable, and that cannot be considered as a guarantee of the entity's future performance, in the sense that such plans, forecasts or estimates are subject to numerous risks and uncertainties, meaning that the future development of the Group will not necessarily coincide with what was initially planned. Such risks and main uncertainties are described in section 5 "*Risk Management*".

For the preparation of this report consideration was given to the recommendations contained in the "*Guidelines for the preparation of listed company Management Reports*" by the National Commission on Markets and Competition ("Comisión Nacional del Mercado de Valores", CNMV) published in 2013.

APPENDIX I: ALTERNATIVE PEFORMANCE MEASURES

Repsol's financial information contains indicators and measures prepared in accordance with applicable financial information, as well as other measures prepared in accordance with the Group's[1] Reporting Model defined as Alternative Performance Measures (APMs). APMs are measures which are "adjusted" compared to those presented as IFRS-EU or with Supplementary Information on Oil and Gas Exploration and Production Activities (hereinafter, "E&P[2] Information"), and therefore should be considered by the reader in addition to, but not instead of the GAAP information.

APM are highly useful for users of financial information as they are the measures employed by Repsol's Management to evaluate its financial performance, cash flows, or or its financial position when making operational or strategic decisions for the Group.

1. Financial performance measures

Adjusted net income

Adjusted net income is the key financial performance measure which Management (the E&P Corporate Executive Committee, and Downstream Executive Committee) consults when making decisions in accordance with IFRS 8 "Operating segments"[1].

Repsol presents it segment results including joint ventures or other companies which are jointly managed, in accordance with the Group's investment percentage, considering its operationing and economic indicators within the same perspective and degree of detail as those for companies consolidated under the full consolidation method. In this manner, the Group considers that the nature of its businesses and the manner results are analyzed as part of the decision-making process are correctly reflected.

Adjusted net income is calculated as the ***Result from continuing operations at Current Cost of Supply*** (*Current Cost of Supply*, or CCS[3]), net of taxes and the result from investments minority interests. It does not include certain income and losses ("***Special items***") and the ***Inventory effect***. ***Financial income*** corresponds to the Corporation's Adjusted net income.

Adjusted net income is a useful APM for investors in order to be able to evaluate the performance of operating segments while permitting increased comparability with Oil & Gas sector companies using different inventory measurement methods (see the following section).

Inventory effect

This is the difference between ***the Result from continuing operations at Current Cost of Supply (CCS)*** and the result calculated as the Average Weighted Cost (AWC, which is an inventory valuation method used by the Company to determine its results in accordance with European accounting regulations). It only affects the *Downstream* segment, in that for the ***Current Cost of Supply,*** the cost of volume sold during the period is determined in accordance with supply costs, and production during the year. Apart from the above effect, the ***Inventory effect*** includes other adjustments to the valuation of inventories (write-offs, economic hedges) and is presented net of taxes and minority interests. Repsol management considers that this measure is useful for investors, considering the significant variations arising in the prices of inventory between periods.

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[1] See Note 3 "Segment Results" in the interim condensed consolidated financial statements corresponding to the first half of 2016.

[2] The E&P Information, which the Group performs and publishes annually, is prepared in accordance with the general accepted principles applied in the oil and gas industry and the benchmark principles used to prepare the information herein by Topic 932 in the Financial Accounting Standards Board (FASB).

[3] The Current Cost of Supply (CCS) is commonly used in this industry to present the results of Downstream businesses which must work with huge inventories subject to continual price fluctuations is not a commonly-accepted European accounting regulation, yet does enable the comparability with other sector companies as well as monitoring businesses independently of the impact of price variations on their inventories. Due to the above, the adjusted net income does not include the Equity Effect.

The AWC is a generally-accepted European accounting method which measures inventories, in that it contemplates purchase prices and historic production costs, valuing inventory at the lower between said cost and its market value.

Special items

Significant items of which separate presentation is considered convenient to easily monitor the ordinary management of business operation. It includes capital gains/losses arising from divestitures, restructuring costs, impairments, and provisions for risks and expenses. Special items are presented net of taxes and minority interests.

Section 3.1 "Results" includes the Special items for the first half of 2015 and 2016. The following are the Special items for the first and second quarter of 2015 and 2016.

	Second Quarter							
	Upstream		Downstream		Corporation		TOTAL	
€ Million	**Q2 2016**	**Q2 2015**	**Q2 2016**	**Q2 2015**	**Q2 2016**	**Q2 2015**	**Q2 2016**	**Q2 2015**
Divestments	(10)	-	201	27	-	(15)	191	(12)
Workforce restructuring	(37)	(4)	(129)	(1)	(150)	(11)	(316)	(16)
Impairment	(9)	(66)	-	(4)	-	-	(9)	(70)
Provisions and other	(116)	(7)	(12)	12	(37)	(34)	(165)	(29)
TOTAL	**(172)**	**(77)**	**60**	**34**	**(187)**	**(60)**	**(299)**	**(103)**

	First Quarter							
	Upstream		Downstream		Corporation		TOTAL	
€ Million	**Q1 2016**	**Q1 2015**	**Q1 2016**	**Q1 2015**	**Q1 2016**	**Q1 2015**	**Q1 2016**	**Q1 2015**
Divestments	(1)	(2)	60	1	-	-	59	(1)
Workforce restructuring	(16)	(2)	(1)	-	(12)	(16)	(29)	(18)
Impairment	2	-	(2)	(6)	-	(7)	-	(13)
Provisions and other	(23)	(24)	(9)	-	21	29	(11)	5
TOTAL	**(38)**	**(28)**	**48**	**(5)**	**9**	**6**	**19**	**(27)**

The following is a reconciliation of the Adjusted Income under the Group's reporting model under IFRS-EU.

First Half Results

€ Million	Adjusted Result		ADJUSTMENTS: Joint arrangements reclassification		Special items		Inventory effect [2]		Total adjustments		Profit/loss under EU-IFRS	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Operating income	997	1,109 [1]	(108)	(102)	(219)	(236)	8	(88)	(319)	(426)	678	683
Financial result	(262)	456	84	(37)	(18)	22	-	-	66	(15)	(196)	441
Income from equity affiliates	206	235	6	23	-	-	-	-	6	23	212	258
Net income before tax	**941**	**1,800**	**(18)**	**(116)**	**(237)**	**(214)**	**8**	**(88)**	**(247)**	**(418)**	**694**	**1,382**
Income tax	(4)	(524)	18	116	(45)	84	(3)	25	(30)	225	(34)	(299)
Net income from continuing operations	**937**	**1,276**	**-**	**-**	**(282)**	**(130)**	**5**	**(63)**	**(277)**	**(193)**	**660**	**1,083**
Income attributed to minority interests	(20)	(36)	-	-	2	-	(3)	6	(1)	6	(21)	(30)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT	**917**	**1,240**	**-**	**-**	**(280)**	**(130)**	**2**	**(57)**	**(278)**	**(187)**	**639**	**1,053**

[1] Result from continuing operations at replacement cost.
[2] The inventory effect represents an adjustment to "Consumption of raw materials and other consumables" and "Changes in inventory of finished goods and work in progress" on the income statement under IFRS-EU.

Second Quarter Results

€ Million	Adjusted Result		ADJUSTMENTS: Joint arrangements reclassification		Special items		Inventory effect [2]		Total adjustments		Profit/loss under EU-IFRS	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Operating income	437	522 [1]	(83)	(99)	(241)	(159)	223	124	(101)	(134)	336	388
Financial result	(185)	(199)	87	7	(40)	(1)	-	-	47	6	(138)	(193)
Income from equity affiliates	95	109	(42)	76	-	-	-	-	(42)	76	53	185
Net income before tax	**347**	**432**	**(38)**	**(16)**	**(281)**	**(160)**	**223**	**124**	**(96)**	**(52)**	**251**	**380**
Income tax	6	(101)	38	16	(20)	57	(56)	(35)	(38)	38	(32)	(63)
Net income from continuing operations	**353**	**331**	**-**	**-**	**(301)**	**(103)**	**167**	**89**	**(134)**	**(14)**	**219**	**317**
Income attributed to minority interests	(8)	(19)	-	-	2	-	(8)	(6)	(6)	(6)	(14)	(25)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT	**345**	**312**	**-**	**-**	**(299)**	**(103)**	**159**	**83**	**(140)**	**(20)**	**205**	**292**

[1] Result from continuing operations at replacement cost.
[2] The inventory effect represents an adjustment to "Consumption of raw materials and other consumables" and "Changes in inventory of finished goods and work in progress" on the income statement under IFRS-EU.

	First Quarter Results											
			ADJUSTMENTS									
	Adjusted Result		Joint arrangements reclassification		Special items		Inventory effect [2]		Total adjustments		Profit/loss under EU-IFRS	
€ Million	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Operating income	560 [1]	587 [1]	(25)	(3)	22	(77)	(215)	(212)	(218)	(292)	342	295
Financial result	(77)	655	(3)	(44)	22	23	-	-	19	(21)	(58)	634
Income from equity affiliates	111	126	48	(53)	-	-	-	-	48	(53)	159	73
Net income before tax	**594**	**1,368**	**20**	**(100)**	**44**	**(54)**	**(215)**	**(212)**	**(151)**	**(366)**	**443**	**1,002**
Income tax	(10)	(423)	(20)	100	(25)	27	53	60	8	187	(2)	(236)
Net income from continuing operations	**584**	**945**	**-**	**-**	**19**	**(27)**	**(162)**	**(152)**	**(143)**	**(179)**	**441**	**766**
Income attributed to minority interests	(12)	(17)	-	-	-	-	5	12	5	12	(7)	(5)
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT	**572**	**928**	**-**	**-**	**19**	**(27)**	**(157)**	**(140)**	**(138)**	**(167)**	**434**	**761**

(1) Result from continuing operations at replacement cost.
(2) The inventory effect represents an adjustment to “Consumption of raw materials and other consumables" and “Changes in inventory of finished goods and work in progress” on the income statement under IFRS-EU.

EBITDA:

EBITDA is defined as "Earnings Before Interest, Taxes, Depreciation, and Amortization", and is a financial indicator which determines the operating margin of a company prior to deducting interest, taxes, impairments, restructuring costs, and amortization. Since it does not include financial and tax indicators or accounting expenses not involving cash outflow, it is used by Management to evaluate the company’s results over time, thereby making comparisons with other Oil & Gas sector companies a mare straightforward exercise.

EBITDA is calculated as Operating Income + Amortization + Impairments + Restructuring costs as well as other items which do not represent cash entry or outflows from transactions (capital gains/losses from divestitures, provisions, etc.). Operating income corresponds to the result from continuing operations at average weighted average costs (AWC). In cases in which ***the Result from continuing operations*** at ***Current Cost of Supply*** (CCS) is used, it is considered ***EBITDA CCS***.

	First Half							
	Group reporting model		Joint arrangements reclassification		Inventory effect		Cash Flow Statement IFRS –EU [1]	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
EBITDA	2,417	2,383	(421)	(394)	-	-	1,996	1,989
EBITDA CCS	2,409	2,471	(421)	(394)	8	(88)	1,996	1,989

	Second Quarter							
	Group reporting model		Joint arrangements reclassification		Inventory effect		Cash Flow Statement IFRS –EU [1]	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
EBITDA	1,390	1,421	(234)	(261)	-	-	1,156	1,160
EBITDA CCS	1,167	1,297	(234)	(261)	223	124	1,156	1,160

	First Quarter							
	Group reporting model		Joint arrangements reclassification		Inventory effect		Cash Flow Statement IFRS –EU [1]	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
EBITDA	1,027	962	(187)	(133)	-	-	840	829
EBITDA CCS	1,242	1,174	(187)	(133)	(215)	(212)	840	829

[1] Corresponds to “Pre-tax profit” and “*Result adjustments*” on the consolidated Cash Flow Statement prepared under IFRS-EU.

ROACE:

This APM is used by Repsol Management to evaluate the capacity of its operating assets to generate profit, and therefore measures invested capital (equity and debt).

ROACE is calculated as: (operating results adjusted for joint ventures outcomes excluding “***Special items***” + Income taxes + Recurrent results from investees) / (Capital employed during the continuing operations period). ***Capital employed*** measures own and external capital invested in the company, and corresponds to Total Equity + ***Net debt***. It includes that which corresponds to joint ventures or other companies whose operations are generated as such.

The operating result corresponds to the result from ***continuing operations at average weighted costs (AWC)***.

NUMERATOR	**2015 [1]**	**H1 2016**	
Operating profit EU-IFRS	**(2,697)**	**678**	
Adjustment joint ventures	(441)	108	
Adjustment special items	4,219	219	
Income tax [2]	(304)	(108)	
Share of profit (loss) of entities accounted for using the equity method - net of dividends	475	206	
I. ROACE result at average weighted cost	**1,251**	**1,103**	**2,142[3]**
Inventory effect	502	(5)	(10)[3]
II. ROACE result at Current Cost of Supply (CCS)	**1,753**	**1,098**	**2,132[3]**
DENOMINATOR			
Total equity	28,768		28,822
Net financial debt [3]	11,934		11,709
Capital employed at year end	**40,702**		**40,531**
III. Average capital employed [4]	**41,079**		**40,617**
ROACE (I/III)	**3.0**		**5.3**
ROACE CCS (II/III)	**4.2**		**5.3**

[1] Real figure for 2015.
[2] Does not include income tax corresponding to financial results.
[3] Figure annualized by extrapolating data for the year.
[4] Corresponds to the average balance of capital employed at the beginning and end of the year.

2. Cash flow measures

Adjusted cash flow, free cash flow, and liquidity:

This APM measures cash entries and outflows during the year. ***Adjusted Cash Flow*** is the net accumulation of liquid assets during a certain period, including that which corresponds to joint ventures or other jointly-controlled entities, and as such, is the key indicator used for evaluating cash flow generation for the year by Group Management. It is calculated as the sum of cash flows from operating activities, from investments, and financing arrangements.

Free Cash Flow measures cash flow generation from operating and investment activities, and is quite useful for evaluating the funds available for paying shareholder dividends, and debt service payments.

The following is a reconciliation of ***Adjusted Cash Flow*** and ***Free Cash Flow*** with the consolidated statements of cash flow prepared under IFRS-EU.

	First Half					
	Adjusted Cash Flow		Reclass, Joint Ventures and Others		Cash Flow Statement IFRS –EU	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
I. Cash flows from/(used in) operating activities	1,772	1,477	(171)	(179)	1,601	1,298
II. Cash flows from/(used in) investments activities	(997)	(9,500)	255	1,449	(742)	(8,051)
Free cash flow (I+II)	**775**	**(8,023)**	**84**	**1,270**	**859**	**(6,753)**
III. Cash flows from/(used in) financing activities and others(1)	(1,099)	5,511	17	(1,304)	(1,082)	4,207
Net increase/(decrease) in cash and cash equivalents	**(324)**	**(2,512)**	**101**	**(34)**	**(223)**	**(2,546)**
Cash and cash equivalents at the beginning of the period	2,769	5,027	(321)	(389)	2,448	4,638
Cash and cash equivalents at the end of the period	2,445	2,515	(220)	(423)	2,225	2,092

(1) Includes payments for dividends and payments on other equity instruments, interest payments, other proceeds from/ (payments for) financing activities, proceeds from / (payments for) equity instruments , proceeds from / (payments for) financial liabilities and the exchange rate fluctuations effect.

	Second Quarter					
	Adjusted Cash Flow		Reclass, Joint Ventures and Others		Cash Flow Statement IFRS –EU	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
I. Cash flows from/(used in) operating activities	829	253	(130)	(49)	699	204
II. Cash flows from/(used in) investments activities	(255)	(8,561)	128	884	(127)	(7,677)
Free cash flow (I+II)	**574**	**(8,308)**	**(2)**	**835**	**572**	**(7,473)**
III. Cash flows from/(used in) financing activities and others[1]	(894)	1,830	39	(862)	(855)	968
Net increase/(decrease) in cash and cash equivalents	**(320)**	**(6,478)**	**37**	**(27)**	**(283)**	**(6,505)**
Cash and cash equivalents at the beginning of the period	2,765	8,993	(257)	(396)	2,508	8,597
Cash and cash equivalents at the end of the period	2,445	2,515	(220)	(423)	2,225	2,092

[1] Includes payments for dividends and payments on other equity instruments, interest payments, other proceeds from/ (payments for) financing activities, proceeds from / (payments for) equity instruments , proceeds from / (payments for) financial liabilities and the exchange rate fluctuations effect.

	First Quarter					
	Adjusted Cash Flow		Reclass. Joint Ventures and Others		Cash Flow Statement IFRS –EU	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
I. Cash flows from/(used in) operating activities	943	1,224	(41)	(130)	902	1,094
II. Cash flows from/(used in) investments	(742)	(939)	127	565	(615)	(374)
Free cash flow (I+II)	**201**	**285**	**86**	**435**	**287**	**720**
III. Cash flows from/(used in) financing and others[1]	(205)	3,681	(22)	(442)	(227)	3,239
Net increase/(decrease) in cash and cash equivalents	**(4)**	**3,966**	**64**	**(7)**	**60**	**3,959**
Cash and cash equivalents at the beginning of the period	2,769	5,027	(321)	(389)	2,448	4,638
Cash and cash equivalents at the end of the period	2,765	8,993	(257)	(396)	2,508	8,597

[1] Includes payments for dividends and payments on other equity instruments, interest payments, other proceeds from/ (payments for) financing activities, proceeds from / (payments for) equity instruments , proceeds from / (payments for) financial liabilities and the exchange rate fluctuations effect.

The Group measures liquidity as the total of "Cash and cash equivalents" and undrawn committed lines of credit at year end which correspond to loans granted by financial institutions which may be drawn down by the company in instalments, the amount, and the remaining terms of the agreement.

	First Half					
	Group Reporting Model		Joint arrangements reclassification		IFRS -EU	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Cash and cash equivalents	2,445	2,514	(220)	(422)	2,225	2,092
Undrawn credit lines	4,214	5,755	-	-	4,214	5,755
Liquidity	**6,659**	**8,269**	**(220)**	**(422)**	**6,439**	**7,847**

	Second Quarter					
	Group Reporting Model		Joint arrangements reclassification		IFRS -EU	
	2016	2015	2016	2015	2016	2015
Cash and cash equivalents	2,445	2,514	(220)	(422)	2,225	2,092
Undrawn credit lines	4,214	5,755	-	-	4,214	5,755
Liquidity	**6,659**	**8,269**	**(220)**	**(422)**	**6,439**	**7,847**

	First Quarter					
	Group Reporting Model		Joint arrangements reclassification		IFRS -EU	
	2016	2015	2016	2015	2016	2015
Cash and cash equivalents	2,765	8,993	(257)	(396)	2,508	8,597
Undrawn credit lines	6,175	2,886	-	-	6,175	2.886
Liquidity	**8,940**	**11,879**	**(257)**	**(396)**	**8,683**	**11,483**

Net operating investments

Group management uses this APM to measure each period's investing effort, as well as its assignment by businesses segment, and corresponds to net investments of divestments made by different Group businesses. It includes that which corresponds to joint ventures or other companies whose operations are generated as such.

	First Half					
	Net Operating Investments		Reclass. Joint Ventures and Others		Cash Flow Statement IFRS –EU [1]	
	2016	2015	2016	2015	2016	2015
Upstream	1,281	9,649	(376)	(569)	905	9,080
Downstream	(258)	283	(1)	41	(259)	324
Corporation and adjustments	15	69	(20)	(4)	(5)	65
TOTAL	**1,038** [2]	**10,001**	**(397)**	**(532)**	**641**	**9,469**

	Second Quarter					
	Net Operating Investments		Reclass. Joint Ventures and Others		Cash Flow Statement IFRS –EU [1]	
	2016	2015	2016	2015	2016	2015
Upstream	643	8,896	(198)	(239)	445	8,657
Downstream	(344)	149	1	43	(343)	192
Corporation and adjustments	30	24	(11)	(4)	19	20
TOTAL	**329**	**9,069**	**(208)**	**(200)**	**121**	**8,869**

	First Quarter					
	Net Operating Investments		Reclass. Joint Ventures and Others		Cash Flow Statement IFRS –EU [1]	
	2016	2015	2016	2015	2016	2015
Upstream	638	753	(178)	(330)	460	423
Downstream	86	134	(2)	(2)	84	132
Corporation and adjustments	(15)	45	(9)	-	(24)	45
TOTAL	**709**	**932**	**(189)**	**(332)**	**520**	**600**

(1) This corresponds to "Proceeds from divestments" and "Payments on investments" on the consolidated statement of cash flows prepared under IFRS-EU, and does not include items corresponding to "Other financial assets."
(2) Gross Operating Investments for the first half of 2016 amounted to €1,668 million.

On certain occasions, operating investments are known as CAPEX ("Capital Expenditures"), which is the case of the Upstream segment, and may therefore be presented including general and administration expenses (G&A).

3. Financial position measures

Debt and financial position ratios:

Net Debt is the main APM used by management to measure the Company's level of debt. It is comprised of financial liabilities less financial assets, cash and cash equivalents, and the effect arising from net market valuation of financial derivative (ex - exchange rates). It also includes the net debt corresponding to joint ventures and other companies operationally managed as such, except for Gas Natural Fenosa.

	Net debt			Joint arrangements reclassification [1]			Figure accord. to IFRS-EU Balance Sheet		
	H1 2016	Q1 2016	2015	H1 2016	Q1 2016	2015	H1 2016	Q1 2016	2015
Non-current assets									
Non-current financial instruments [2]	98	93	121	609	545	512	707	638	633
Current assets									
Other current financial assets	30	62	118	1,231	1,143	1,119	1,261	1,205	1,237
Cash and cash equivalents	2,447	2,765	2,771	(222)	(257)	(323)	2,225	2,508	2,448
Non-current liabilities[3]									
Non-current financial debt	(10,688)	(11,130)	(10,716)	54	129	135	(10,634)	(11,001)	(10,581)
Non-current liabilities[3]									
Current financial liabilities	(3,719)	(3,879)	(4,320)	(2,707)	(2,675)	(2,753)	(6,426)	(6,554)	(7,073)
Items not included on the balance sheet									
Net mark to market valuation of financial derivatives (ex: exchange rate)[4]	123	111	92	-	-	-	123	111	92
NET DEBT	**(11,709)**	**(11,978)**	**(11,934)**				**(12,744)**	**(13,093)**	**(13,244)**

(1)Mainly includes the net financing of Grupo Repsol Sinopec Brasil broken down in the following sections:
December 2015 (Cash and cash equivalents amounting to €11 million, and Current financial liabilities from intra-group loans amounting to €2,819 million, less €300 million for third-party loans).
March 2016 (Cash and cash equivalents amounting to €17 million, and Current financial liabilities from intra-group loans amounting to €2,699 million, less €329 million for third-party loans).
June 2016: (Cash and cash equivalents amounting to €16 million, and Current financial liabilities from intra-group loans amounting to €2,780 million, less €366 million for third-party loans).
(2) Corresponds to "Non-current financial assets" on the consolidated balance sheet without taking financial assets available for sale into account.
(3) Does not include financial leases amounts.
(4) The net mark to market value of financial derivatives different from exchange rate derivatives has been eliminated from this section.

Gross debt is an indicator used to analyze the Group's solvency, and includes financial liabilities and the net market measurement of exchange rate derivatives.

	Deuda Bruta			Reclasif. negocios conjuntos			Magnitud según balance NIIF-UE		
	H1 2016	Q1 2016	2015	H1 2016	Q1 2016	2015	H1 2016	Q1 2016	2015
Current financial liabilities	(3,675)	(3,820)	(4,252)	(2,708)	(2,672)	(2,752)	(6,383)	(6,492)	(7,004)
Net valuation at the market rates of financial derivative, such as current exchange rate [(1)]	(22)	(7)	(1)	-	-	-	(22)	(7)	(1)
Current gross debt	**(3,697)**	**(3,828)**	**(4,253)**	**(2,708)**	**(2,672)**	**(2,752)**	**(6,405)**	**(6,500)**	**(7,005)**
Non-current financial liabilities	(10,567)	(11,020)	(10,626)	55	128	135	(10,512)	(10,892)	(10,491)
Non-current gross debt	**(10,567)**	**(11,020)**	**(10,626)**	**55**	**128**	**135**	**(10,512)**	**(10,892)**	**(10,491)**
TOTAL GROSS DEBT	**(14,264)**	**(14,847)**	**(14,879)**	**(2,653)**	**(2,544)**	**(2,617)**	**(16,917)**	**(17,392)**	**(17,497)**

[(1)] The heading eliminates the net current market value of financial derivatives which differ from exchange rate derivatives.

The following ratios are based on **Debt** and are used by Group management to evaluate leverage ratios as well as Group solvency.

The ***Leverage ratio*** corresponds to ***Net Debt*** divided by ***Capital employed*** at year end. This ratio can be used to determine the financial structure and degree of indebtedness with regard to capital contributed by shareholders and entities which provide financing. It is the chief measure used to evaluate and compare the Company's financial position with others in the Oil & Gas sector

Hedging instruments correspond to ***Net debt*** divided by ***EBITDA CCS***, and makes it possible to evaluate the company's capacity for repaying external financing over a number of years (x times), as well as to compare it to similar sector companies.

The ***Solvency ratio*** is calculated as ***Liquidity*** (section 2 of this Appendix) divided by ***Current Gross debt***, and is used to determine the number of times the Group may handle its current debt using its existing liquidity.

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	$1.7x10^6$
	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]	tep	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 feet=$1.04x10^6$ 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

Term	Description
bbl/bbl/d	Barrel/Barrel per day
bcf	Billion cubic feet
bcm	Billion cubic meters
boe	Barrels of oil equivalent
Btu/MBTu/MMBTu	British thermal unit/ thousand ofe Btu/millions of Btu
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/Mt	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
kscf/d	Thousands of cubic standard feet per day
MW	Million watts
MWh	Million watts per hour
TCF	Trillion cubic feet
toe	ton of oil equivalent
USD/Dollar	US dollar

			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