

OFFERING CIRCULAR



GALP ENERGIA, SGPS, S.A.

(incorporated with limited liability in Portugal)

EUR5,000,000,000 Euro Medium Term Note Programme

Under this EUR5,000,000,000 Euro Medium Term Note Programme (the **Programme**), Galp Energia, SGPS, S.A. (the **Issuer**, the **Company** or **Galp Energia**) may from time to time issue notes (the **Notes**) denominated in any currency (as can be settled through Interbolsa from time to time) agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors".

Application has been made to the Financial Conduct Authority in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for Notes issued under the Programme during the period of twelve months from the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Notes to be admitted to trading on the London Stock Exchange's regulated market. References in this Offering Circular to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC, as amended).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which will be delivered to the UK Listing Authority and the London Stock Exchange. A copy of the relevant Final Terms will also be published on the website of the London Stock Exchange through a regulatory information service. Any websites referred to herein do not form part of this Offering Circular.

Arranger

J.P. Morgan

Dealers

Banco Bilbao Vizcaya Argentaria, S.A.
Banco Santander Totta, S.A.
BofA Merrill Lynch
Deutsche Bank
ING
Millennium Investment Banking

Banco BPI, S.A.
BNP PARIBAS
Caixa - Banco de Investimento, S.A.
Espírito Santo Investment Bank
J.P. Morgan
Société Générale Corporate & Investment Banking

The date of this Offering Circular is 4 November 2013.

IMPORTANT INFORMATION

This Offering Circular comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**).

The Issuer accepts responsibility for the information contained in this Offering Circular and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with any supplement thereto, if any, and with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and Portugal) and Japan, see "*Subscription and Sale*".

Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal

advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").

PRESENTATION OF INFORMATION

In this Offering Circular, all references to:

- **EUR, euro** and € are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union (**EU**), as amended;
- **U.S. dollars, U.S.\$, USD** and \$ are to the lawful currency of the United States;
- **Sterling, GBP** and £ are to the lawful currency of the United Kingdom;
- **JPY, Yen** and ¥ are to Japanese yen;
- **AUD** and A\$ are to Australian dollars;
- **CHF** are to Swiss Francs; and
- **CAD** are to Canadian dollars.

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STABILISATION

In connection with the issue of any Tranche of Notes, one or more relevant Dealers (the Stabilising Manager(s)) (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004, as amended, implementing the Prospectus Directive (the **Prospectus Regulation**).

Words and expressions defined in *"Form of the Notes"* and *"Terms and Conditions of the Notes"* shall have the same meanings in this Overview.

Issuer:	Galp Energia, SGPS, S.A.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under <i>"Risk Factors"</i> below.
Description:	Euro Medium Term Note Programme
Arranger:	J.P. Morgan Securities plc
Dealers:	Banco Bilbao Vizcaya Argentaria, S.A. Banco BPI, S.A. Banco Comercial Português, S.A. Banco Espírito Santo de Investimento, S.A. Banco Santander Totta, S.A. BNP Paribas Caixa-Banco de Investimento, S.A. Deutsche Bank AG, London Branch ING Bank N.V. J.P. Morgan Securities plc Merrill Lynch International Société Générale
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see <i>"Subscription and Sale"</i>) including the following restrictions applicable at the date of this Offering Circular.

Notes having a maturity of less than one year

Notes having a maturity of less than one year will, if the

proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".

Agent:

Caixa - Banco de Investimento, S.A.

Paying Agent:

The Agent, and any other Paying Agent appointed from time to time by the Issuer in accordance with the Agency Agreement (as defined below).

Programme Size:

Up to EUR5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) aggregate nominal amount of Notes outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution:

Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Specified Currencies:

Subject to any applicable legal or regulatory restrictions, Notes may only be denominated in Euro, U.S. dollars, Sterling, Japanese yen, Swiss francs, Australian dollars and Canadian dollars or any other currency as can be settled through Interbolsa from time to time, as agreed between the Issuer and the relevant Dealer.

Maturities:

The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Issue Price:

Notes may be issued on a fully-paid basis and at an issue price which is at par value or at a discount to, or premium over, the par value of the relevant Notes as at the Issue Date.

Clearing Systems:

Interbolsa, Euroclear and/or Clearstream, Luxembourg (each as defined below) and any additional or alternative clearing system specified in the applicable Final Terms.

Form of Notes:

The Notes will be issued in dematerialised book-entry form (*forma escritural*) and can be either *nominativas* (in which case Interbolsa, at the Issuer's request, can ask the Affiliate Members of Interbolsa for information regarding the identity of the Noteholders and transmit such information to the Issuer) or *ao portador* (in which case Interbolsa cannot inform the Issuer of the identity of the Noteholders).

Fixed Rate Notes:

Fixed interest will be payable on such date or dates as may be

agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (b) on the basis of the reference rate set out in the applicable Final Terms.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices as may be agreed between the Issuer and the relevant Dealer.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less than one year*" above.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain*

Restrictions - Notes having a maturity of less than one year" above, and save that the minimum denomination of each Note will be EUR 100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation:

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.

Negative Pledge:

The terms of the Notes will contain a negative pledge provision as further described in Condition 3.

Cross Default:

The terms of the Notes will contain a cross default provision as further described in Condition 8.

Substitution:

The terms of the Notes will contain a substitution provision as further described in Condition 14. In the event of any substitution pursuant to Condition 14 (except where the Substituted Debtor is the Successor in Business of the Issuer) the Issuer, acting either through its head office or through an international branch as it may determine in its sole discretion, shall irrevocably and unconditionally guarantee in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as principal debtor and (without prejudice to such guarantee) shall remain bound by the obligations (other than the obligations to make payments of interest or principal) of the Issuer under the Notes and the Agency Agreement (with any consequential amendments as may be necessary).

Status of the Notes:

The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

Representative of Noteholders:

The Noteholders may appoint a common representative.

Listing:

Application has been made for Notes issued under the Programme to be listed on the London Stock Exchange.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law save that, the form (*forma de representação*) and transfer of the Notes, the creation (if any) of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by, and shall be construed in accordance with, Portuguese law.

Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom and Portugal) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see " <i>Subscription and Sale</i> ".
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C and TEFRA not applicable as specified in the applicable Final Terms.
Credit Ratings:	Not Applicable. The Programme has not been assigned a credit rating.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Offering Circular the principal risks which the Issuer believes could materially adversely affect its business and ability to make payments due under the Notes.

In addition, the principal risks which the Issuer believes are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

Galp Energia arranges the main risks that may affect its activity and operations into four categories: (i) strategic, (ii) operational and compliance, (iii) external and (iv) financial. The risks described below are the risks that Galp Energia believes could have a negative impact on its strategy, stakeholders (including its employees), the regions in which it operates, its operations, results and assets. Furthermore, these risks can have an impact on the return for the business, financial condition and results of operations of Galp Energia.

1. Strategic Risks

Galp Energia is subject to risks relating to project execution, which may have an impact on its strategy, results, reputation and financial condition.

The success of large projects is essential for the future growth of Galp Energia. If these projects are not carried out within the designated budget and time frame and in compliance with the previously defined specifications, this may influence the execution of Galp Energia's strategy, its results, reputation and financial condition. The execution of these projects is subject to health, safety and environmental hazards, as well as risks of an economic, technical, commercial, legal and regulatory nature. The choice of a less suitable development option, taking account of the project's useful life, can expose the projects to additional costs and risks.

Many of the Company's major projects and operations are conducted through joint ventures and through contracting or subcontracting arrangements and as such Galp Energia is also subject to third party risk, as its activity is dependent on the performance of service providers and other contractors. The Company's partners may have economic or business interests or objectives that are inconsistent with or opposed to, those of the Company, and may exercise veto rights to block certain key decisions or actions that Galp Energia believes are in its or the joint venture's best interests, or approve such matters without the Company's consent. Furthermore, the fact that Galp Energia is involved in different projects where it is not the operator, rather having a minority participating interest, may affect its ability to influence the joint venture's decisions, manage risks and costs.

Additionally, the Company's joint partners or contractual counterparties are primarily responsible for the adequacy of the human or technical competencies and capabilities which they bring to the project, and if those are lacking, joint venture partners may not be able to meet their financial or other obligations to their counterparties or to the projects, potentially threatening the viability of such projects.

The development of the Lula/Iracema field in Brazil is the Company's main Exploration & Production (**E&P**) project underway, along with other projects in Brazil and Mozambique. Any problem or constraint arising during the development phase may result in a delay in project execution, potentially jeopardising Galp Energia's production targets and adversely impacting the Company's results of operations and financial condition.

Galp Energia is exposed to country risk as its reserve base is currently concentrated in Brazil.

The Lula/Iracema field is currently the main contributor to Galp Energia's oil and gas reserves, notwithstanding the Company's reinforced focus to further expand and diversify its E&P portfolio (particularly in what concerns geographies and geology).

In fact, although Galp Energia has not experienced any major issues in the course of its Brazilian operations, including, but not limited to, events related to safety hazards, civil unrest, expropriation of assets or changes in the legal, regulatory and fiscal framework, there is no guarantee that such events will not arise in the future.

As such, although the government of Brazil, and related authorities, have so far been cooperative in what regards the development of oil and gas reserves in the country, any adverse circumstance arising during the development phase of Galp Energia's E&P projects in Brazil may jeopardise operations in that country and prevent the Company from reaching its production targets, thus adversely impacting its results of operations and financial condition.

Galp Energia's strategy execution is dependent on meeting the necessary financing and liquidity needs.

In order to pursue its strategic and investment plans Galp Energia will need to secure the necessary funds. Galp Energia expects to finance a substantial part of its capital expenditures out of cash flows from its operating activities, as well as, cash reserves and other liquidity. If its operations do not generate sufficient cash, however, Galp Energia may have to finance more of its planned capital expenditures from outside sources, including bank loans and offerings of debt or equity securities in the capital markets and equity partnerships.

No assurance can be given that Galp Energia will be able to raise the funds required for its planned capital expenditures on commercially acceptable terms or at all. If Galp Energia is unable to meet the necessary financing and liquidity needs, it may have to reduce its planned capital expenditures. Any such reduction could have a negative impact on Galp Energia's strategic and investment plans, the Company's business and, consequently, its results of operations.

Galp Energia's organic growth is dependent to some extent on the efficiency of its investments.

The Company's organic growth is dependent on creating a portfolio of quality assets and investing in the best options. If Galp Energia is not effective in its investment selection and development, this could lead to loss of value and higher capital expenditure, hence risking the implementation of its strategic plans. Galp Energia's inability to successfully execute its business strategy may adversely impact its financial condition and results of operations.

Future growth of Galp Energia's production is subject to ongoing risks and uncertainties associated with the discovery and development of new oil and natural gas reserves and resources.

Galp Energia's future oil and gas production is dependent on the development of its recent discoveries and on its success in acquiring, finding and developing additional resources and reserves that replace depleted reserves on a consistent and cost-effective basis. Galp Energia's ability to acquire or discover new resources

and reserves is, however, subject to a number of factors. For example, there is never any guarantee that exploration and development activities will succeed or, if they do, that the size of the discoveries will be sufficient to replenish current reserves or cover the costs of exploration. In fact, drilling may involve negative results, not only with respect to dry wells, but also discoveries that are considered to be non-economic.

In addition, the Company's E&P activities are often conducted in challenging environments, which heightens the risks of technical integrity failure and natural disasters. As a result Galp Energia may incur cost overruns or may be required to curtail, delay or cancel drilling operations because of a variety of factors, including unexpected drilling conditions, pressures or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment.

In addition, crude oil and natural gas production blocks are typically auctioned by governmental authorities and Galp Energia faces intense competition in bidding for such production blocks, in particular those blocks offering the most attractive potential resources. Such competition may result in Galp Energia's failing to obtain desirable exploration and production blocks, or acquiring them at less competitive conditions, which could adversely affect the economic viability of subsequent long-term production.

If it is not successful in de-risking resources and developing reserves, the Company's total proven reserves will decline and the Company may not meet its production targets. This will have a negative effect on future growth of Galp Energia's production, its results and financial condition.

The successful delivery of Galp Energia's business strategy is dependent on its ability to attract and retain talent.

The successful delivery of Galp Energia's business strategy depends on the skills and efforts of its employees and management teams. In the oil and gas industry, competition for experienced and qualified managers and employees is intense.

If Galp Energia fails to attract, retain, motivate and organise highly skilled human resources in the future, this may have an adverse impact on the success of its business and consequently on its financial condition and results of operations.

2. Operational and Compliance Risks

Galp Energia's activity involves risks inherent in the process of estimating oil and natural gas resources and reserves.

Estimates of oil and natural gas resources and reserves are based on available geological, technological and economic data, and therefore subject to a great number of uncertainties. The accuracy of these estimates depends on a number of different factors, assumptions and variables, some of which are beyond Galp Energia's control. These factors, assumptions and variables include (i) changes in prevailing oil and natural gas prices, which could have an impact on the quantities of proved reserves (since estimates of reserves are calculated under existing economic conditions when such estimates are made); (ii) subsequent changes in any applicable tax rules or other government regulations and contractual conditions (which could adversely affect the economic viability of exploration of the reserves); and (iii) certain actions of third parties, including the operators of fields in which Galp Energia has an interest.

The process of estimating resources and reserves involves informed judgments, and hence it is subject to revision. The results of drilling, testing and production after the date of the estimates may require substantial downward revisions in Galp Energia's resources and reserves data. Any downward revision in estimated quantities of proved reserves could adversely impact the results of operations of Galp Energia, leading to

increased depreciation, depletion and amortisation charges and/or impairment charges, which would have an adverse impact on Galp Energia's financial condition.

Galp Energia is exposed to health, safety and environmental risks, which may negatively affect its reputation, operational performance or financial condition.

Given the range and complexity of Galp Energia's operations – for example, in ultra-deep water exploration and production, or during the process of refining – the potential risks for health, safety and the environment are considerable. This includes major incidents involving safe processes and installations, failure to meet approved policies, natural disasters and civil unrest, civil war and terrorism. Galp Energia is further exposed to generic operational, health and personal safety risks and criminal activities.

Such incidents may cause injury or loss of life, environmental damage or the destruction of premises, and, depending on their cause, severity and extent, they may negatively affect Galp Energia's reputation, operational performance or financial condition.

Galp Energia is subject to risks associated with business continuity and effective crisis management.

Galp Energia is subject to business continuity risk, both of its own and of its partners, and may suffer financial losses resulting from any kind of interruption to business, namely due to natural disasters, industrial accidents, power outages, and loss of information technology (IT) systems.

Galp Energia is also subject to the risk of labour disputes and adverse employee relations and these disputes and adverse relations could disrupt its business operations and adversely affect its business, financial condition and results of operations. Existing individual and collective labour agreements may not prevent a strike or work stoppage at any of Galp Energia's facilities in the future. Any such work stoppage could have a material negative effect on the business, financial condition and results of operations of Galp Energia.

Crisis management plans and the ability to deal with a crisis scenario are essential to deal with emergencies at every level of the operations of the Company. If Galp Energia does not respond or if it is perceived not to respond in an appropriate manner to either an external or internal crisis, the Company's business and operations could be severely disrupted, with a potential negative effect on Galp Energia's reputation, results of operations and financial condition. Additionally, an inability to restore or replace critical capacity to an agreed level within an agreed time frame could prolong the impact of any disruption.

Failure to report data accurately and in compliance with standards may result in regulatory action, legal liability and damage to Galp Energia's reputation.

External reporting of financial and non-financial data is reliant on the integrity of systems and people. Failure to report data accurately and in compliance with external standards could result in regulatory action, legal liability and damage to the reputation of the Company, with a potential adverse impact on Galp Energia's results of operations and financial condition.

Galp Energia's current insurance coverage for all its operational risks may not be sufficient.

Oil and gas activities involve significant hazards. Galp Energia's operations are subject to risks generally relating to the exploration and production of oil, including blowouts, fires, equipment failure and other risks that can result in personal injuries, loss of life and property and environmental damage, as well as uncertainties relating to the physical characteristics of an oil field. Offshore exploration, in particular, is subject to a wide range of hazards, including capsizing, collision, bad weather and environmental pollution. In addition, the operations of refinery and petrochemical complexes and oil and natural gas pipeline systems, storage and loading facilities are subject to mechanical difficulties, disruptions, shortages or delay in the delivery of equipment.

In line with industry best practices, Galp Energia contracts insurance to cover business-specific risks. The insured risks include, among other hazards, damage to property and equipment, industry liability, maritime transport liability of crude oil and other goods, pollution and contamination, third-party liability of Executive Directors and staff, and work accidents.

Nevertheless, some major risks inherent in Galp Energia's activities cannot reasonably be insured for a commercially appropriate sum. In addition, Galp Energia's insurance policies contain exclusions that could result in limited coverage in certain circumstances. Furthermore, Galp Energia may not be able to maintain adequate insurance at rates or on terms that it considers reasonable or acceptable, or be able to obtain insurance against certain risks that could materialise in the future. As such, under extreme conditions, Galp Energia may incur substantial losses following events that are not covered by insurance, which would have an adverse impact on the business, financial condition and results of operations of Galp Energia.

Trading activities may result in losses.

In the normal course of business, Galp Energia is subject to operational risks around its treasury and trading activities. Galp Energia conducts trading operations in the derivatives market and has procedures in place designed to limit its exposure to risks relating to trading operations conducted from time to time. With respect to the physical commodities relating to Galp Energia's business, there can be no assurance that it will not incur losses in the future as a result of adverse movements in commodity prices or other factors which may affect its trading positions.

Effective controls over these activities are dependent on Galp Energia's ability to process, manage and monitor a large number of complex transactions across many markets and currencies. Any event in this context resulting in losses could have an adverse effect on Galp Energia's business, results of operation and financial condition.

3. External Risks

Galp Energia is subject to political, legal and regulatory risks in the countries where its activities are located.

The Company's E&P activities are mainly located in non-European countries, some of which have developing economies or political and regulatory environments with a history of instability. Galp Energia also sources natural gas from Algeria and Nigeria, and sells its oil products in several African countries. As a result, some of Galp Energia's revenues is derived from or dependent on countries with inherent economic and political risks. These include the possible expropriation and nationalisation of property, significant increases in taxes or royalties that are levied on crude oil and natural gas production, the establishment of limits on production and export volumes, the compulsory renegotiation or cancellation of contracts, changes in local government regimes and policies, changes in business customs and practices, payment delays, currency exchange restrictions or currency devaluations as well as losses and impairment of operations due to the actions of insurgent groups.

In addition, political changes may lead to changes in the business environment. In particular, regulatory changes in matters such as the award of exploration and production interests, the imposition of specific drilling and exploration obligations, restrictions on production and exports, price controls, environmental measures, control over the development and abandonment of fields and installations and risks relating to changes in local government regimes and policies could further adversely affect the E&P business of Galp Energia. In addition, in certain countries in which Galp Energia is active, it may be difficult to repatriate capital investments and profits. Economic downturns, political instability or civil disturbances may disrupt the supply chain or limit sales in the markets affected by such events.

While Galp Energia has not experienced significant disruptions as a result of economic or political instability in the past, future disruptions could adversely affect its business, financial condition and results of operations.

Galp Energia believes that it abides by applicable international norms in all countries in which it operates. However, any irregularities (effective or alleged) could have a materially adverse effect on Galp Energia's ability to conduct business and/or on the price of its shares or other securities issued by it.

The Company's downstream and gas activities in the Iberian Peninsula are also subject to political, legal and regulatory risk. In particular, a change at those levels could impact the business environment, potentially affecting Galp Energia's business and results of operations.

Particularly regarding the Company's refining and marketing of oil products activities, a change in regulation, either in the Iberian Peninsula or at the European level, could lead to significant changes in Galp Energia's operations, namely as incremental costs could arise from requirement to comply with new regulation, thus potentially having a negative impact on the Company's competitiveness, results of operations and financial condition.

In addition, Galp Energia carries out activities related to regulated natural gas infrastructure. These activities are based on concession agreements with the Portuguese authorities that encompass compensation systems geared to safeguard the recovery of the Company's investments. Consequently, the recovery of such investments is conditioned upon the definition and stability of such legal and regulatory frameworks, which are out of Galp Energia's scope of control. As such, a change at that level could adversely affect Galp Energia's results of operations and financial condition.

Furthermore, significant changes in the tax regimes of countries in which the Company carries its activities could have a materially adverse effect on Galp Energia's results of operations or financial condition.

Finally, Galp Energia's downstream and gas activities are subject to antitrust and competition laws and regulations, namely in Portugal and in Spain, and the Company may incur significant losses in future years in connection with potential future antitrust and competition proceedings, including those arising from plaintiffs seeking compensation for any alleged damages. The occurrence of such events may have a material adverse effect on Galp Energia's business, results of operations and financial condition.

Galp Energia faces competition from other oil and gas companies in all areas of its operations.

The oil and gas industry is highly competitive. Competition puts pressure on product prices, affects oil products marketing and requires continuous management focus on reducing unit costs and improving efficiency, while ensuring that safety and operational risk are not compromised. The implementation of the Company's strategy requires continued technological advances and innovation, including advances in exploration, production, refining and advances in technology related to energy usage. The Company's performance could be impeded if competitors developed or acquired intellectual property rights or technology that the Company required, or if the Company's innovation lagged the industry.

Some of Galp Energia's competitors are much larger, well-established companies with substantially greater resources. These larger companies are developing strong market power through a combination of different factors, including: diversification and reduction of risk; financial strength required for capital-intensive developments; exploitation of economies of scale in technology and organisation; and exploitation of advantages in terms of expertise, industrial infrastructure and reserves. These companies may be able to acquire more, and/or pay more for, exploratory prospects. They may also be able to invest more in developing technology than Galp Energia's financial or human resources allow it to. As a result, the described high levels of competition may adversely affect the business, financial condition or results of operations of Galp Energia.

Galp Energia is subject to extensive laws and regulations regarding climate change and natural habitats protection.

Galp Energia is subject to the effects of government policies to curb climate change in the countries where it operates, including extensive environmental, health and safety laws and regulations, including, for example, those relating to emissions, energy consumption and waste treatment and disposal. These initiatives may affect the conditions in which Galp Energia conducts its business, especially in the exploration, production and refining businesses, with a potential negative impact on its results of operations and financial condition.

Galp Energia is generally required to obtain and comply with environmental permits or licences for its operations which cause emissions or discharge of pollutants and for the handling of hazardous substances or waste treatment and disposal. In particular, and due to concerns over the risk of climate change, a number of countries have adopted, or are looking to adopt, new regulatory requirements to reduce greenhouse gas emissions, such as carbon taxes, increasing efficiency standards, or adopting emissions trading schemes. Although Galp Energia also participates in the development of renewable energy, the adoption of policies to promote the use of this type of energy may affect the demand for hydrocarbon-based energy, which makes up the majority of Galp Energia's business. Furthermore, the cost of producing this type of energy may be significantly increased by constraining licences for carbon dioxide (CO₂) emissions.

Likewise, access to oil and natural gas reserves, which provide for the seizing of strategic growth opportunities, may be restricted due to initiatives to protect the integrity of natural habitats. In this regard, Galp Energia closely monitors the development of government policies for environmental protection and adjusts its strategy in line with relevant developments.

Galp Energia has made, and will continue to make, expenditures to comply with environmental, health and safety laws and regulations. To the extent that the cost of compliance increases and Galp Energia cannot pass on future increases to its customers, such increases may have an adverse effect on Galp Energia's results of operations and financial condition. Failure to comply with environmental, health and safety laws and regulations could result in substantial cost for Galp Energia, as well as liabilities vis-à-vis third parties or governmental authorities.

Failure to meet its stakeholders' expectations regarding corporate responsibility would impair Galp Energia's reputation.

A number of stakeholders, including employees, shareholders, media, governments, civil society groups, non-governmental organisations and those living in local communities affected by Galp Energia's operations, have legitimate interests in Galp Energia's business.

Any possibility, however remote, that Galp Energia will not meet its stakeholders' expectations in terms of corporate responsibility, would impair Galp Energia's reputation and/or its business, financial condition and results of operations.

In this regard, there are particular risks relating to Galp Energia's potential inability to manage environmental impacts, if any, due to an inadequate response to stakeholder expectations, lack of effective internal controls or failure to enforce anticorruption policies.

Galp Energia's activity is subject to uncertainty in the economic context.

Economic tensions are causing a rise in social tensions as well as the upsurge of protectionist tendencies in various parts of the world. The Eurozone remains especially vulnerable, the main risk to the global outlook being a new escalation of the crisis in the area. The key focus is on the ability of peripheral countries to repay their debt, including Portugal. The fundamental problem behind this is their difficulties in stimulating growth and increasing competitiveness without being able to benefit from currency devaluation. In countries such as Portugal and Spain, the expectation is that a combination of policies that includes support to the

banking sector and sovereign debt will decrease the respective spreads from their current highs and give them time to improve their public finances and their banking sector balance sheets. In the meantime, in order to address the imbalances that the crisis has revealed, the Eurozone leaders are studying the next steps to move forward European integration.

The persistent pressure on the sustainability of government finances in advanced economies has led to strong tensions in credit markets. In fact, a new escalation of crises in the Eurozone could impair Galp Energia's ability to refinance its debt maturities. In addition, there could be prompt fiscal reforms or changes in the European regulatory framework of the oil and gas industry.

In addition, the ongoing instability and economic-financial situation may have a negative impact on third parties with whom Galp Energia does or could do business with. In particular, the economies in the Iberian countries may continue to be restrained in the coming years, thus potentially impacting the business environment and demand for Galp Energia's products.

Any of the factors described above, whether in isolation or in combination with each other, could have an adverse effect on the financial condition, businesses, or results of operations of Galp Energia.

4. Financial Risks

Fluctuating prices for crude oil, natural gas, liquefied natural gas (LNG) and oil products may have an unfavourable impact on Galp Energia's operations and results.

The prices of crude oil, natural gas, LNG and oil products are affected by market supply and demand conditions at any given time. These are, in turn, influenced by different factors such as economic or operational circumstances, natural disasters, weather conditions, political instability, armed conflicts or supply constraints in countries that are exporters of those commodities. As such, in the normal course of operations and trading activities, the earnings and the cash-flows of Galp Energia are exposed to volatile prices of oil, natural gas, and related derivative products.

In addition, although the industry's long-term operational costs tend to follow rising and falling prices of raw materials and oil products, deviations may occur in the short-term. A decrease in the price of oil or natural gas may imply that the viability of the plans for capital investment, including projected capital expenditures related to exploration and development activities will be significantly affected.

Rising prices of crude oil or natural gas may also negatively impact Galp Energia's profitability and value of its assets. Although the prices that Galp Energia charges to its customers reflect the market prices, these may not be adjusted immediately and/or may not fully account for increased market prices, particularly prices in the regulated natural gas market. Significant pricing level changes during the period between the purchase of crude oil and other raw materials and the sale of refined oil products could have an unfavourable effect on Galp Energia's results of operations and financial condition.

Galp Energia is subject to credit risk.

This risk follows from the possibility that a counterparty of Galp Energia may default on its payment obligations, meaning that the level of risk to which Galp Energia is exposed depends on the credit risk of that counterparty. This risk includes both the possibility that a counterparty defaults on financial contracts – such as those related to the investment of cash surpluses by Galp Energia or the purchase of instruments to hedge exchange rate, interest rate or other risks – as well as risks related to commercial relationships established with Galp Energia's customers. Such an increase in the level of credit risk exposure to counterparties may have a materially adverse effect in Galp Energia's results of operations and financial condition.

Galp Energia's financial condition may be adversely affected by a number of factors, including restrictions in borrowing and debt arrangements and volatility in the global credit markets.

Galp Energia's business is partly financed through debt, and the maturity and repayment profile of debt used to finance investments often does not correlate to cash flows from Galp Energia's assets. The global financing markets are currently experiencing extreme volatility and disruption. A shortage of liquidity, lack of funding, pressure on capital and extreme price volatility across a wide range of asset classes are putting financial institutions under considerable pressure and, in certain cases, placing downward pressure on share prices and credit availability for companies.

In addition, the funding required by Galp Energia, at each time, depends on a range of factors, including, among others, the price of oil and exchange rates, which are beyond the control of Galp Energia. An increase in the financing needs of Galp Energia may have a negative impact on its financial performance and gearing ratio, affecting both its borrowing capacity and the cost of those borrowings.

Galp Energia is exposed to the risk that credit facilities may not be available to refinance maturing debt or to meet cash shortfalls in a timely manner, or at an acceptable and competitive rate, in order to allow Galp Energia to fulfil its financial commitments, which could have a material adverse effect on its business or financial condition.

Fluctuation in the prevailing exchange rates may negatively influence Galp Energia's results and financial condition.

Galp Energia is exposed to fluctuations in currency exchange rates as a result of revenues and cash flows generated by oil, natural gas and refined product sales being generally denominated in U.S. dollars or otherwise affected by U.S. dollar exchange rates. In countries where it directly or indirectly conducts its activities, Galp Energia's operating income is also exposed to fluctuations in the relevant currency exchange rates. Galp Energia is also exposed to exchange risk in relation to the value of its financial assets and investments, predominantly those denominated in U.S. dollars. In order to mitigate the exchange rate risk on its results, Galp Energia may, when it deems appropriate, hedge its position in relation to those currencies through the use of derivatives for which there is a liquid market and where transaction costs, in its opinion, are reasonable.

In addition, Galp Energia's financial statements are expressed in euros and, consequently, the assets and liabilities of investee companies with a different functional currency such as U.S. dollars or Brazilian Real are translated into euros at the exchange rate prevailing on the balance sheet date. The revenues and expenses of each item in the profit and loss accounts are translated into euros by applying the average of the exchange rate in force for the period in which each transaction was made. Fluctuations in the exchange rates applied in the process for converting the currencies into euros generate variations (gains or losses), which are recognised in Galp Energia's consolidated financial statements and expressed in euros.

Adverse fluctuations in the prevailing exchange rates could negatively influence Galp Energia's financial condition and results of operations.

Fluctuation in market interest rates may negatively influence Galp Energia's results.

Despite the ability to access the market for instruments designed to hedge interest rate risk, Galp Energia's funding costs may be affected by volatile market rates, which may negatively influence its results.

Galp Energia may incur future costs with respect to its defined benefit pension plans.

Under its pension plans, benefit payments are calculated as a complement of social security pension, based on years of service and salary. The most critical risks relating to pensions accounting often relate to the returns on pension plan assets and the discount rate used to assess the present value of future payments.

Pension liabilities can place significant pressure on cash flows. In particular, if pension funds are underfunded, Galp Energia may be required to make additional contributions to the funds, which could adversely affect its business, financial condition and results of operations.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

The conditions of the Notes contain provisions which may permit their modification and a substitution of the Issuer without the consent of all investors.

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Agent and the Issuer may, without the consent of the Noteholders, make any modification of the Notes, the Agency Agreement, or the Interbolsa Instrument in certain circumstances as further described in Condition 11.

The conditions of the Notes also provide that the Issuer may, without the consent of the Noteholders, and without regard to the interests of particular Noteholders, be replaced and substituted by (i) any Successor in Business of the Issuer; or (ii) any other company, in each case as principal debtor in respect of the Notes, in the circumstances described in Condition 14.

The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes.

Withholding under Portuguese tax law

Under Portuguese tax law, interest and other types of investment income derived from Notes issued by Portuguese resident entities are generally subject to Portuguese domestic withholding tax, currently assessed at the rate of 25 per cent. in case of resident or non-resident legal persons. However, in the case of resident entities, as well as for non-resident investors holding a Portuguese permanent establishment to which the income is allocated, such withholding tax rate is withheld on account of the final income tax due, while in the case of non-residents without a Portuguese permanent establishment to which the income is allocated, such withholding tax will be deemed as final, unless a withholding tax exemption applies. Also as a rule interest and other types of investment income derived from Notes issued by Portuguese resident entities and paid to resident or non-resident individual investors are subject to Portuguese final withholding tax at the rate of 28 per cent. unless the individual resident elects to include such income in his taxable income, subject to tax at progressive income tax rates of up to 48 per cent. However, interest and other types of investment income paid or made available to accounts opened in the name of one or several accountholders acting on behalf of undisclosed third parties is subject to a withholding tax rate of 35 per cent., except where the beneficial owner(s) of such income is/are disclosed, in which case the general rules will apply. A final withholding tax rate of 35 per cent. applies in case of investment income payments to individuals or companies domiciled in one of the “low tax jurisdictions” set out in the list approved by Ministerial Order (*Portaria*) no. 150/2004, of 13 February 2004, as amended from time to time (*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*) (**Ministerial Order no. 150/2004**).

Notwithstanding the above, said non-resident investors (both individual and corporate) without a Portuguese permanent establishment to which the income may be attributable, eligible for the debt securities special tax exemption regime which was approved by Decree-law no. 193/2005, of 7 November 2005, as amended from time to time (**Decree-law no. 193/2005**), may benefit from an upfront withholding tax exemption, provided that certain formal procedures and requirements are met (see “*Taxation - Portugal*”, for information on these formal procedures and certification requirements). Failure to comply with these procedures and certifications will result in the application of the Portuguese domestic withholding rate of 25 per cent. (in case of non-resident legal persons), 28 per cent. (in case of non-resident individuals) or 35 per cent. (in case of investment income payments to (i) individuals or legal persons who are resident in the countries and territories included in the Portuguese “blacklist” approved by Ministerial Order no. 150/2004, or (ii) accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified

third parties in which the beneficiaries are not disclosed) which may be reduced in relation to entities or individuals domiciled in certain jurisdictions pursuant to the provisions of treaties for the avoidance of double taxation entered into by Portugal, as may be in force from time to time provided that the formal procedures and certification requirements established by the relevant treaties are complied with (see “*Taxation - Portugal*”). Decree-law no. 193/2005 does not apply to Notes with a maturity of less than one year.

Risks related to procedures for collection of Noteholders' details

It is expected that the direct registering entities, the participants and the clearing systems will follow certain procedures to facilitate the collection from the Noteholders of the information referred to in “*Withholding under Portuguese tax law*” above required to comply with the procedures and certifications required by Decree-law no. 193/2005. Under the Decree-law no. 193/2005, the obligation of collecting from the Noteholders proof of their non-Portuguese resident status and of the compliance with the other requirements for the exemption rests with the direct registering entities, the participants and the entities managing the international clearing systems. A summary of those procedures is also set out in “*Taxation - Portugal*”. Such procedures may be revised from time to time in accordance with applicable Portuguese laws and regulations, further to clarifications from the Portuguese tax authorities regarding such laws and regulations and the operational procedures of the clearing systems. While the Notes are registered by Interbolsa (as defined below), Noteholders must rely on such procedures in order to receive payments under the Notes free of any withholding, if applicable.

Noteholders must seek their own advice to ensure that they comply with all applicable procedures and to ensure the correct tax treatment of their Notes. None of the Issuer, the Dealers, the Agent or the clearing systems assumes any responsibility in this regard.

Withholding under the EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

U.S. Foreign Account Tax Compliance Withholding

In all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems (see “*Taxation - Foreign Account Tax Compliance Act*”).

However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

The value of the Notes could be adversely affected by a change in English law, Portuguese law or administrative practice.

Save for the form (*forma de representação*) and transfer of the Notes, the creation (if any) of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes, which are governed by Portuguese law in effect as at the date of this Offering Circular, the conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English or, as the case may be, Portuguese law or administrative practice after the date of this Offering Circular. Any such change could materially adversely impact the value of any Notes affected by it.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of

the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Financial Conduct Authority shall be incorporated in, and form part of, this Offering Circular:

(a) a direct and accurate English translation of the audited annual reports and accounts of the Issuer for the financial years ended 31 December 2012 and 31 December 2011, including the information set out at the following pages:

	2012	2011
Consolidated Statement of Financial Position	Page 70	Page 79
Consolidated Income Statement	Page 71	Page 81
Accounting Principles and Notes	Pages 76 to 87	Pages 85 to 96
Audit Report	Page 158	Page 154

(b) a direct and accurate English translation of the Issuer's unaudited report in respect of its second quarter and first half of 2013 results, including the information set out at the following pages:

Consolidated Statement of Financial Position	Page 33
Consolidated Income Statement	Page 32
Accounting Principles and Notes	Pages 38 to 88
Auditors' Limited Review Report	Pages 89 to 90

(c) a direct and accurate English translation of the Issuer's unaudited results and consolidated information in respect of the first nine months of 2013, including the information set out at the following pages:

Consolidated Statement of Financial Position	Page 27
Consolidated Income Statement	Page 26

Any other information incorporated by reference that is not included in the cross-reference lists above is considered to be additional information to be disclosed to investors rather than information required by the relevant annexes of the Prospectus Regulation.

Documents referred to above can be viewed electronically and free of charge at the Issuer's website (<http://www.galpenergia.com/EN/INVESTIDOR/RELATORIOS-E-RESULTADOS/RELATORIOS-ANUAIS/Paginas/ultimos-relatorios-anuais.aspx>).

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Lisbon.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

Form of the Notes

Notes to be issued under the Programme will be represented in dematerialised book-entry form (*forma escritural*) and can be either *nominativas* (in which case Interbolsa (as defined below), at the Issuer's request, can ask the Affiliate Members of Interbolsa (as defined below) information regarding the identity of the Noteholders and transmit such information to the Issuer) or *ao portador* (in which case Interbolsa cannot inform the Issuer of the identity of the Noteholders).

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant currency, and save that the minimum denomination of each Note will be EUR 100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

In this Offering Circular, **Interbolsa** means Interbolsa - Sociedade Gestora de Sistemas de Liquidação de Sistemas Centralizados de Valores Mobiliários, S.A., the Portuguese central securities depositary, also acting as operator and manager of **CVM** (*Central de Valores Mobiliários*), the Portuguese centralised system of registration of securities. The expression **Affiliate Member of Interbolsa** means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of Noteholders and includes any depository banks appointed by Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) for the purposes of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

Any reference herein to Interbolsa, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

Clearing and Settlement

CVM is the Portuguese centralised system (*sistema centralizado*) for the registration and control of securities operated by Interbolsa. CVM is composed of interconnected securities accounts, through which securities (and inherent rights) are created, held and transferred. This allows Interbolsa to control the amount of securities created, held and transferred at each time. Issuers, Affiliate Members of Interbolsa and the Bank of Portugal, all participate in CVM.

CVM provides for all the procedures which allow the owners of securities to exercise their rights.

In relation to each issue of securities, CVM comprises *inter alia*, (a) the issue account, opened by the relevant issuer in CVM and which reflects the full amount of securities issued; (b) the individual accounts, opened in the Affiliate Members of Interbolsa by their respective customers; and (c) the control accounts opened by each Affiliate Member of Interbolsa, and which reflect, at all times, the aggregate nominal amount of securities held in the individual securities accounts opened by holders of securities with each of the Affiliate Members of Interbolsa.

Each person shown in the records of an Affiliate Member of Interbolsa as having an interest in Notes shall be treated as the holder of the principal amount of the Notes recorded.

Notes registered with Interbolsa will be attributed an International Securities Identification Number (ISIN) code through Interbolsa's codification system and will be accepted for registration and clearing through the system operated at Interbolsa and settled by Interbolsa's settlement system.

Exercise of Financial Rights

Payment of principal and interest in respect of the Notes will be subject to Portuguese laws and regulations, notably the regulations from time to time issued and applied by the Comissão do Mercado de Valores Mobiliários, the Portuguese Securities Market Commission (**CMVM**) and by Interbolsa.

The Issuer must give Interbolsa advance notice of all payments and provide all necessary information for that purpose, including the identity of the financial intermediary (which shall be a participant in Interbolsa) appointed by the Issuer to act as the Paying Agent in respect of the Notes and is responsible for the relevant payments.

Prior to any payment, such Paying Agent shall provide Interbolsa with a statement of acceptance of its role of Paying Agent.

Interbolsa must notify such Paying Agent of the amounts to be settled, which will be determined by Interbolsa on the basis of the account balances of the control accounts of each relevant Affiliate Member of Interbolsa.

On the date on which any payment in respect of the Notes is to be made, the corresponding entries and counter-entries will be made by Interbolsa (i) in the TARGET2 current accounts held by such Paying Agent and by the relevant Affiliate Members of Interbolsa in the case of payments in euro or (ii) in the Caixa Geral de Depósitos, S.A. current accounts held by such Paying Agent and by the relevant Affiliate Members of Interbolsa in the case of payments in currencies acceptable by Interbolsa other than euro.

Whilst the Notes are held through Interbolsa, payment of principal and interest in respect of the Notes will be (i) if made in euro (a) credited, according to the procedures and regulations of Interbolsa, from the payment current account which the relevant Paying Agent (acting on behalf of the Issuer) has indicated to, and has been accepted by, Interbolsa to be used on the relevant Paying Agent's behalf for payments in respect of securities held through Interbolsa to the payment current accounts held according to the applicable procedures and regulations of Interbolsa by the Affiliate Members of Interbolsa whose control accounts with Interbolsa are credited with such Notes and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; or (ii) if made in currencies other than euro (a) transferred, on the payment date and according to the procedures and regulations applicable by Interbolsa, from the account held by the relevant Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by Caixa Geral de Depósitos, S.A., to the relevant accounts of the relevant Affiliate Members of Interbolsa, and thereafter (b) transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[Date]

GALP ENERGIA, SGPS, S.A.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the EUR5,000,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 4 November 2013 [and the supplement[s] to it dated [] [and []] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published on the London Stock Exchange plc (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).]

1. Issuer: Galp Energia, SGPS, S.A.
2. (a) Series Number: []
- (b) Tranche Number: []
- (c) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with [] on [[] / the Issue Date] / Not Applicable]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 - (a) Series: []
 - (b) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from []]
6. Specified Denomination: []

7. (a) Issue Date: []
- (b) Interest Commencement Date: [[]/Issue Date/Not Applicable]

8.	Maturity Date:	[[]] / Interest Payment Date falling in or nearest to []]
9.	Interest Basis:	<p>[[]] per cent. Fixed Rate]</p> <p>[[]] month [LIBOR/EURIBOR] +/- [] per cent. Floating Rate]</p> <p>[Zero coupon]</p> <p>(further particulars specified below)</p>
10.	Redemption Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount.
11.	Change of Interest Basis:	[] [Not Applicable]
12.	Put/Call Options:	<p>[Not Applicable]</p> <p>[Investor Put]</p> <p>[Issuer Call]</p> <p>(further particulars specified below)]</p>
13.	Date [Board] approval for issuance of Notes obtained:	[] [Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions	[Applicable/Not Applicable]
	(a) Rate(s) of Interest:	[] per cent. per annum payable in arrear on each Interest Payment Date
	(b) Interest Payment Date(s):	<p>[[]] in each year up to and including the Maturity Date</p> <p>[]</p>
	(c) Fixed Coupon Amount(s):	[] per Specified Denomination
	(d) Broken Amount(s):	<p>[[]] per Specified Denomination, payable on the Interest Payment Date falling [in/on] []</p> <p>[Not Applicable]</p>
	(e) Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(f) Determination Date(s):	[[] in each year] [Not Applicable]
15.	Floating Rate Note Provisions	[Applicable/Not Applicable]
	(a) Specified Period(s)/Specified Interest Payment Dates:	[]
	(b) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]

(c) Additional Business Centre(s): [] [Not Applicable]

(d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]

(e) Screen Rate Determination: [Applicable/Not Applicable]

- Reference Rate: [] month [LIBOR/EURIBOR]
- Interest Determination Date(s): []
- Relevant Screen Page: []

(f) ISDA Determination: [Applicable/Not Applicable]

- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []

(g) Margin(s): [+/-] [] per cent. per annum

(h) Minimum Rate of Interest: [] per cent. per annum

(i) Maximum Rate of Interest: [] per cent. per annum

(j) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
 [Actual/365 (Fixed)]
 [Actual/365 (Sterling)]
 [Actual/360]
 [30/360] [360/360] [Bond Basis]
 [30E/360] [Eurobond Basis]
 [30E/360 (ISDA)]

16. Zero Coupon Note Provisions [Applicable/Not Applicable]

- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
 [Actual/360]
 [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 6.2: Minimum period: [] days
Maximum period: [] days

18. Issuer Call: [Applicable/Not Applicable]

(a) Optional Redemption Date(s): []

(b) Optional Redemption Amount: [] per Specified Denomination

(c) If redeemable in part:

(i) Minimum Redemption Amount: [] [Not Applicable]

(ii) Maximum Redemption Amount: [] [Not Applicable]

(d) Notice periods: Minimum period: [] days
Maximum period: [] days

19. Investor Put: [Applicable/Not Applicable]

(a) Optional Redemption Date(s): []

(b) Optional Redemption Amount: [] per Specified Denomination

(c) Notice periods: Minimum period: [] days
Maximum period: [] days

20. Final Redemption Amount: [] per Specified Denomination

21. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [] per Specified Denomination

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes: Dematerialised book-entry form (*forma escritural*) held through Interbolsa
[*Nominativas*]
[*Ao portador*]

23. Additional Financial Centre(s): [Not Applicable/[]]

Third Party Information

[[] has been extracted from []]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Galp Energia, SGPS, S.A.:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market with effect from [].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market with effect from [].]

(ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: []

Not Applicable

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business [and []]]

4. YIELD (Fixed Rate Notes only)

Indication of yield: []

[Not Applicable]

5. HISTORIC INTEREST RATES (Floating Rate Notes only)

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters]. [Not Applicable]

6. OPERATIONAL INFORMATION

(i) ISIN Code: []

(ii) Common Code: [] [Not Applicable]

(iii) Any clearing system(s) other

than Interbolsa, Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/[]]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): [] [Not Applicable]

7. **DISTRIBUTION**

(i) If syndicated, names of Managers: [Not Applicable/[]]

(ii) Date of Subscription Agreement: []

(iii) If non-syndicated, name of relevant Dealer: [Not Applicable/[]]

(iv) U.S. Selling Restrictions: Reg. S Compliance Category 2; [TEFRA C applies / TEFRA not applicable]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be applicable to each Note. The applicable Final Terms in relation to any Tranche of Notes will complete the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be applicable to each Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Galp Energia, SGPS, S.A. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean the book-entries representing the Notes while held through Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (**Interbolsa**), as management entity of the Portuguese Centralised System of Registration of Securities (**Central de Valores Mobiliários**).

The Notes have the benefit of a deed poll given by the Issuer in favour of the Noteholders dated 4 November 2013 (such deed poll as amended and/or supplemented and/or restated from time to time, the **Interbolsa Instrument**) and of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 4 November 2013 and made and agreed between the Issuer and Caixa - Banco de Investimento, S.A. as agent (the **Agent**, which expression shall include any successor agent) and any other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the applicable Final Terms which complete these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof).

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the persons in whose name the Notes are registered in the individual securities account held with an Affiliate Member of Interbolsa (as defined below) in accordance with Portuguese law and the relevant Interbolsa procedures and, for the purposes of Condition 7, the effective beneficiary of the income attributable thereto.

In the Conditions, the expression **Affiliate Member of Interbolsa** means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of Noteholders and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg, for the purposes of holding accounts on behalf of Euroclear and Clearstream, Luxembourg; **Clearstream, Luxembourg** means Clearstream Banking, société anonyme; and **Euroclear** means Euroclear Bank S.A./N.V.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Interbolsa Instrument and the Agency Agreement are available for inspection during normal business hours at the specified office of the Agent. As the Notes are to be admitted to trading on the regulated market of the London Stock Exchange, the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Interbolsa Instrument, the Agency

Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Interbolsa Instrument or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Interbolsa Instrument and the Agency Agreement, the Interbolsa Instrument shall prevail, and that in the event of inconsistency between the Interbolsa Instrument or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are issued in the currency (the **Specified Currency**) and the denomination (the **Specified Denomination**) specified in the applicable Final Terms, provided that the minimum Specified Denomination of each Note will be EUR 100,000 (or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

The Notes are held through Interbolsa in dematerialised book entry form (*forma escritural*) and can either be *nominativas* (in which case Interbolsa, at the Issuer's request, can ask the Affiliate Members of Interbolsa for information regarding the identity of the Noteholders and transmit such information to the Issuer) or *ao portador* (in which case Interbolsa cannot inform the Issuer of the identity of the Noteholders), and title to the Notes is evidenced by registration in the relevant individual securities accounts held with an Affiliate Member of Interbolsa in accordance with the provisions of the **Portuguese Securities Code** (*Código dos Valores Mobiliários*) enacted by Decree-law no. 486/99, of 13 November 1999, as amended, and the applicable regulations of Comissão do Mercado de Valores Mobiliários, the Portuguese Securities Market Commission (**CMVM**). No physical document of title will be issued in respect of the Notes. Each person shown in the relevant individual securities accounts held with an Affiliate Member of Interbolsa as having an interest in Notes shall be treated as the holder of the principal amount of the Notes recorded therein. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the registered holder of any Note as the absolute owner thereof (whether or not overdue) for all purposes.

The transferability of the Notes is not restricted. Subject as set out below, title to Notes will pass upon registration of transfers in the relevant individual securities accounts held with an Affiliate Member of Interbolsa in accordance with the provisions of the Portuguese Securities Code and the relevant procedures of Interbolsa. Notes may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Note. No holder of a Note will be able to transfer such Note, except in accordance with Portuguese law and with the applicable procedures of Interbolsa.

Any reference herein to Interbolsa, Euroclear or Clearstream, Luxembourg shall, wherever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms. The holders of Notes will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the

payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2. STATUS OF THE NOTES

The Notes are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

3. NEGATIVE PLEDGE

So long as any of the Notes remains outstanding, the Issuer will not (and will procure that none of its Material Subsidiaries will) create or have outstanding any Security Interest other than any Permitted Security upon the whole or any part of its undertaking or assets, present or future (including any uncalled capital) to secure any Loan Stock of any Person without at the same time or prior thereto at the option of the Issuer either:

- (i) securing the Notes equally and rateably with such Loan Stock; or
- (ii) providing such other security for or other arrangement in respect of the Notes as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

For the purposes of these Conditions:

Loan Stock means (i) indebtedness (other than the Notes) having an original maturity of more than one year which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other debt securities (not comprising, for the avoidance of doubt, preference shares or other equity securities) which for the time being are, or are intended to be with the consent of the issuer thereof, quoted, listed, ordinarily dealt in or traded on any stock exchange and/or quotation system or over-the-counter or other securities market other than any such indebtedness where the majority thereof is initially placed with investors domiciled in Portugal and who purchase such indebtedness in Portugal and (ii) any guarantee or indemnity in respect of any such indebtedness.

Material Subsidiary means at any time a Subsidiary of the Issuer:

- (a) whose total assets or revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest consolidated accounts of the Issuer relate, are equal to) not less than 10 (ten) per cent. of the consolidated total assets or consolidated revenues of the Issuer, all as calculated by reference to the then most recent financial statements of that Subsidiary (consolidated or, as the case may be, unconsolidated) and the most recent consolidated financial statements of the Issuer; or
- (b) to which the whole or substantially the whole of the assets and undertaking of a Subsidiary is transferred which, immediately prior to such transfer, is a Material Subsidiary,

provided that:

- (i) in subparagraph (a), if the Subsidiary was acquired after the financial period to which the most recent consolidated accounts of the Issuer relate, the reference to the then latest consolidated accounts of the Issuer shall, until consolidated accounts of

the Issuer for the financial period in which the acquisition is made have been approved, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant accounts, adjusted as deemed appropriate by the Issuer;

- (ii) in subparagraph (b), the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of the transfer have been approved, save if the transferor Subsidiary or the transferee Subsidiary qualify as a Material Subsidiary on or at any time after the date on which such consolidated accounts have been approved as aforesaid by virtue of the provisions of subparagraph (a) above; and
- (iii) any reference to “financial statements” or “accounts” in these Conditions refer to such “financial statements” or “accounts” as approved by the relevant company’s shareholders meeting.

A Noteholder shall be entitled to request at any time a report signed by two directors of the Issuer confirming on behalf of the Issuer that a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period, a Material Subsidiary. Any such report shall be made available for inspection by all Noteholders, and notification thereof shall be delivered in accordance with Condition 10 within 14 days of such request, and such report shall (unless the contrary be proven) be sufficient evidence of such confirmation of the Issuer.

Permitted Security means:

- (i) in the case of a consolidation or merger of the Issuer or any Material Subsidiary with or into another company (the **Combining Company**) any Security Interest over assets of the Combining Company (prior to consolidation or merger with the Issuer or the relevant Material Subsidiary) provided that:
 - (1) such Security Interest was created by the Combining Company over assets owned by the Combining Company prior to consolidation or merger with the Issuer or the relevant Material Subsidiary;
 - (2) such Security Interest is existing at the time of such consolidation or merger;
 - (3) such Security Interest was not created in contemplation of such consolidation or merger; and
 - (4) the amount secured by such Security Interest is not increased thereafter; or
- (ii) any Security Interest on or with respect to assets (including but not limited to receivables) of the Issuer or any Material Subsidiary which is created in respect of indebtedness raised in the context of project finance transactions, securitisations or like arrangements in accordance with normal market practice (or guarantees or indemnities of such indebtedness) and whereby the payment obligations of the Issuer or the relevant Material Subsidiary in respect of such indebtedness (or guarantees or indemnities of such indebtedness) are limited to the value of such assets; or
- (iii) any Security Interest created before the Issue Date of the first Tranche of the Notes; or

(iv) any Security Interest arising by operation of law.

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state, agency of a state or other entity, whether or not having separate legal personality.

Security Interest means a mortgage, lien, pledge, charge or other security interest.

Subsidiary means an entity from time to time in respect of which the Issuer (a) has the right to appoint the majority of the members of the board of directors or similar board or (b) owns directly or indirectly more than 50 per cent. of (i) the share capital or similar right of ownership or (ii) voting rights (by contract or otherwise).

4. INTEREST

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In the Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, **Business Day** means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Lisbon and London and each Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent or that other person were acting as Calculation

Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

- (A) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- I. the offered quotation; or
- II. the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service that displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

- (B) If the Relevant Screen Page is not available or if, in the case of paragraph 4.2(b)(ii)(A)I, no offered quotation appears or, in the case of subclause 4.2(b)(ii)(A)II, fewer than three offered quotations appear, in each case as at the Specified Time, the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth

decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

(C) If on any Interest Determination Date:

- I. one only or none of the Reference Banks provides the Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any); or
- II. if fewer than two of the Reference Banks provide the Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any),

provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

Interest Determination Date means the second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, as specified in the applicable Final Terms.

Reference Banks means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Agent;

Specified Time means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR);

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

(vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

(e) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 10 as soon as possible after their determination but in no event later than the fourth Lisbon Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 10. For the purposes of this paragraph, the expression **Lisbon Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Lisbon.

(f) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and (in the absence of wilful default or bad faith) no liability to the Issuer and the Noteholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 10.

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency; and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

5.2 Payments in respect of the Notes

Whilst the Notes are held through Interbolsa, payment of principal and interest in respect of the Notes will be (i) if made in euro (a) credited, according to the procedures and regulations of Interbolsa, from the payment current account which the relevant Paying Agent (acting on behalf of the Issuer) has indicated to, and has been accepted by, Interbolsa to be used on the relevant Paying Agent's behalf for payments in respect of securities held through Interbolsa to the payment current accounts held according to the applicable procedures and regulations of Interbolsa by the Affiliate Members whose control accounts with Interbolsa are credited with such Notes of and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; or (ii) if made in currencies other than euro (a) transferred, on the payment date and according to the procedures and regulations applicable by Interbolsa, from the account held by the relevant Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by Caixa Geral de Depósitos, S.A., to the relevant accounts of the relevant Affiliate Members of Interbolsa, and thereafter (b) transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

5.3 General provisions applicable to payments

The holder of a Note, as shown in the relevant individual securities accounts held with an Affiliate Member of Interbolsa as having an interest in Notes shall be the only person entitled to receive payments in respect of Notes recorded therein.

The Issuer will be discharged by payment to the Noteholders according to the procedures and regulations of Interbolsa in respect of each amount so paid.

5.4 Payment Day

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 12) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Lisbon and London and any Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

5.5 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.5); and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

6.2 **Redemption for tax reasons**

Subject to Condition 6.5, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 10, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts described in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in Condition 7) or any political subdivision of, or any authority in, or of, the Relevant Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Notes; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in which event they shall be conclusive and binding on the Noteholders.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 **Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 10 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only (as specified in the applicable Final Terms) of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. The Optional Redemption Amount will be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms.

In the case of a partial redemption of Notes, the nominal amount of all outstanding Notes will be reduced proportionally.

6.4 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 10 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition. Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable. The right to require redemption will be exercised directly against the Issuer, through the relevant Paying Agent.

6.5 Early Redemption Amounts

For the purpose of Condition 6.2 above and Condition 8, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii)

Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

6.6 Purchases

Subject to applicable provisions of Portuguese law, the Issuer or any of its Subsidiaries (as defined below) may at any time purchase or otherwise acquire Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the relevant Subsidiary (as the case may be), cancelled.

6.7 Cancellation

All Notes which are redeemed will forthwith be cancelled in accordance with Interbolsa regulations. All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.6 above shall be cancelled by Interbolsa in accordance with Interbolsa regulations and cannot be held, reissued or resold.

6.8 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3 or 6.4 above or upon its becoming due and repayable as provided in Condition 8 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 10.

7. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any taxes imposed or levied in the Relevant Jurisdiction, unless the withholding or deduction of the taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction, except that no additional amounts shall be payable in relation to any payment in respect of any Notes:

- (a) to, or to a third party on behalf of, a Noteholder who is liable to the taxes in respect of the Notes by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of Notes; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (c) to, or to a third party on behalf of, a Noteholder that may qualify for the application of Decree-law no. 193/2005, of 7 November 2005, as amended from time to time (**Decree-law no. 193/2005**), and in respect of whom all procedures and information (which may include certificates duly validated by the relevant tax authorities) required from a Noteholder in order to comply with Decree-law no. 193/2005, and any implementing legislation, are not performed or received, as the case may be, in due time; or
- (d) to, or to a third party on behalf of, a Noteholder resident for tax purposes in the Relevant Jurisdiction, or a resident in a country, territory or region subject to a clearly more favourable tax regime (a tax haven jurisdiction) as defined in Ministerial Order (*Portaria*) no. 150/2004, of 13 February 2004, as amended from time to time, issued by the Portuguese Minister of State and Finance, with the exception of central banks and governmental agencies located in those black-listed jurisdictions, or a non-resident legal entity more than 20 per cent. of which is owned directly or indirectly by entities resident in Portugal; or
- (e) to, or to a third party on behalf of (i) a Portuguese resident legal entity subject to Portuguese corporation tax with the exception of entities that benefit from an exemption of Portuguese withholding tax or from Portuguese income tax exemptions, or (ii) a legal entity not resident in Portugal with a permanent establishment in Portugal to which the income or gains obtained from the Notes are attributable; or
- (f) presented for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Notes to another Paying Agent in a Member State of the European Union; or
- (g) presented for payment by or on behalf of a Noteholder who would not be liable for or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority.

For the purposes of the above:

Noteholder means the ultimate beneficial owner of the Notes who is the effective beneficiary of the income attributable thereto; and

Relevant Jurisdiction means the Republic of Portugal or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax in which the Issuer becomes tax resident.

8. EVENTS OF DEFAULT

If any or more of the following events (each an **Event of Default**) shall occur and be continuing:

- (a) the Issuer fails to pay any amount of principal or interest due in respect of the Notes and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest; or
- (b) the Issuer fails to perform or observe any of its other obligations under these Conditions and such failure continues unremedied for a period of 30 days after any Noteholder has given written notice to the Issuer requiring the failure to be remedied; or
- (c) (i) any Indebtedness for Borrowed Money of the Issuer or any Material Subsidiary becomes due and payable prior to the stated maturity thereof following the occurrence of any event of default (howsoever described); or (ii) any Indebtedness for Borrowed Money of the Issuer or

any Material Subsidiary is not paid on the due date of payment (as extended by any applicable grace period); or (iii) following the occurrence of any event of default (howsoever described), any guarantee or indemnity in respect of Indebtedness for Borrowed Money given by the Issuer or any Material Subsidiary is not honoured when due (as extended by any applicable grace period); or (iv) any security interest, present or future, over the assets of the Issuer or any Material Subsidiary for any Indebtedness for Borrowed Money becomes enforceable following the occurrence of any event of default (howsoever described) and steps are taken to enforce the same, *provided that* an event described in this subparagraph (c) shall not constitute an Event of Default (I) if it is being contested in good faith by appropriate means by the Issuer or the relevant Material Subsidiary, as the case may be, and the Issuer or such Material Subsidiary, as the case may be, has been advised by recognised independent legal advisers of good repute that it is reasonable to do so; or (II) if the Indebtedness for Borrowed Money, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money in respect of which any of the events specified above has occurred and is continuing, does not exceed EUR50,000,000 (or its equivalent in any other currency or currencies); or

(d) if (i) any steps are taken with a view to the liquidation or dissolution of the Issuer or any Material Subsidiary or the Issuer or any Material Subsidiary becomes insolvent, is unable to pay its debts or admits in writing its inability to pay its debts as and when the same fall due, or a receiver, liquidator or similar officer shall be appointed over all or any part of the Issuer or any Material Subsidiary's assets or an application shall be made for a moratorium or an arrangement with creditors of the Issuer or any Material Subsidiary or proceedings shall be commenced in relation to the Issuer or any Material Subsidiary under any legal reconstruction, readjustment of debts, dissolution or liquidation law or regulation, or a distress shall be levied or sued out upon all or any part of the Issuer or any Material Subsidiary's assets or anything analogous to the foregoing shall occur; and (ii) in any case shall not be discharged for 60 days, *provided that* no such event shall constitute an Event of Default if (A) it arises for the purposes of a Permitted Transaction; or (B) it is being contested in good faith by appropriate means by the Issuer or the relevant Material Subsidiary, as the case may be, and the Issuer or such Material Subsidiary, as the case may be, has been advised by recognised independent legal advisers of good repute that it is reasonable to do so; or

(e) save for the purposes of a Permitted Transaction (i) the Issuer ceases or (ii) the Issuer and its Material Subsidiaries taken as a whole cease, in each case to carry on the whole or substantially the whole of the business conducted by it or them; or

(f) any authorisation, approval, consent, licence, decree, registration, publication, notarisation or other requirement of any governmental or public body or authority necessary to enable or permit the Issuer to comply with its obligations under the Notes or to carry out the whole or substantially the whole of its business is revoked, withdrawn or withheld or otherwise fails to remain in full force and effect or any law, decree or directive of any competent authority of Portugal is enacted or issued which materially impairs the ability or right of the Issuer to perform such obligations or to carry out the whole or substantially the whole of its business; or

(g) any event occurs which under the laws of any Relevant Jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or

(h) it is or becomes unlawful for the Issuer to perform or comply with any of its material obligations under the Notes,

Any Noteholder may by written notice to the Issuer and to the Agent at the specified office of the Agent, declare the principal amount outstanding of the Notes to be forthwith due and payable whereupon the same shall become forthwith due and payable at their Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind, **provided that** any such action is not contrary to the terms of any Extraordinary Resolution or other resolution of the Noteholders.

Group means the Issuer and its Subsidiaries taken as a whole.

Indebtedness for Borrowed Money means (i) any indebtedness (whether being principal, premium interest or other amounts) for or in respect of notes, bonds, debentures, debenture stock, loan stock or other securities; or (ii) any borrowed money, in each case other than Intra-Group Indebtedness.

Intra-Group Indebtedness means money borrowed by one entity within the Group from another entity within the Group.

Permitted Transaction means (i) a transaction on terms previously approved by an Extraordinary Resolution or (ii) a Solvent Voluntary Reorganisation of any Group member (other than the Issuer) in connection with any combination with, or transfer of any or all of its business and/or assets to, the Issuer or another Group Member or (iii) a reorganisation, reconstruction, amalgamation, merger, consolidation or transfer of undertakings, assets or rights resulting in a Successor in Business (as defined in Condition 14) of the Issuer provided that the Issuer exercises its rights pursuant to Condition 14 to be replaced and substituted by the Successor in Business at the same time as the relevant entity becomes the Successor in Business of the Issuer.

Solvent Voluntary Reorganisation means a reorganisation, reconstruction, amalgamation, merger, consolidation or transfer of undertakings, assets or rights (a **reorganisation**) in each case where the aggregate amount of the undertakings, assets and rights of the Group owned, controlled or otherwise held, directly or indirectly, by the Issuer immediately following the completion of such reorganisation is not substantially less than the corresponding amount of undertakings, assets and rights owned, controlled or otherwise held, directly or indirectly, by the Issuer immediately prior to the completion of such reorganisation.

No later than 30 days prior to any Solvent Voluntary Reorganisation, the Issuer shall notify the Noteholders in accordance with Condition 10 of its intention to carry out a Solvent Voluntary Reorganisation. Following such Solvent Voluntary Reorganisation, the Issuer shall make available for inspection by Noteholders a report signed by two directors of the Issuer confirming on behalf of the Issuer that such event was a Solvent Voluntary Reorganisation and such report shall (unless the contrary be proven) be sufficient evidence of such confirmation of the Issuer.

9. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be an Agent;

- (b) so long as any of the Notes are registered with Interbolsa there will at all times be a Paying Agent having a specified office in such place of registration and complying with any requirements that may be imposed by the rules and regulations of Interbolsa;
- (c) so long as any of the Notes are listed on any stock exchange or listed or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (d) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 10.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor Paying Agent.

10. NOTICES

All notices regarding the Notes will be deemed to be validly given if published in accordance with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading, which may include publication in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall comply with disclosure obligations applicable to listed companies under Portuguese law in respect of notices relating to the Notes, which are integrated in and held through Interbolsa in dematerialised book-entry form. Any notice shall be deemed to have been given on the date of publication or, if published more than once or on different dates, on the date of the first publication.

Notices to be given by any Noteholder shall be in writing and given by lodging the same either with the Issuer or with the Agent.

11. MEETINGS OF NOTEHOLDERS AND MODIFICATION

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by resolution of a modification of these Conditions or any of the provisions of the Agency Agreement.

The quorum at any meeting convened to vote on a resolution will be any person or persons holding or representing Notes whatever the nominal amount of the relevant Series of Notes so held or represented, save in the case of an Extraordinary Resolution when the quorum shall be any person or persons holding or representing in the aggregate not less than 50 per cent. in nominal amount of the relevant Series of Notes for the time being outstanding (or, in the case of a meeting the business of which includes a Reserved Matter, holding or representing in the aggregate not less than three quarters in nominal amount of the relevant Series of Notes for the time being outstanding), or, at any adjourned meeting, any person or persons holding or representing Notes whatever the nominal amount of the relevant Series of Notes so held or represented (or, in the case of an adjourned

meeting the business of which includes a Reserved Matter, holding not less than one quarter in nominal amount of the relevant Series of Notes for the time being outstanding).

The majorities required to approve a resolution at any meeting convened in accordance with the applicable rules shall be: (i) if in respect of a resolution other than an Extraordinary Resolution, the majority of the votes cast at the relevant meeting; or (ii) if in respect of an Extraordinary Resolution, at least 50 per cent. in nominal amount of the relevant Series of Notes for the time being outstanding or, at any adjourned meeting, 2/3 of the votes cast at the relevant meeting.

The power to resolve on any Reserved Matter is exercisable only by Extraordinary Resolution. For the purposes of these Conditions, a **Reserved Matter** means any proposal: (i) to change any date fixed for payment of principal or interest in respect of the Notes, (ii) to reduce the amount of principal or interest due on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity; (iii) to effect the exchange, conversion or substitution of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed; (iv) to change the currency in which amounts due in respect of the Notes are payable; (v) to alter the priority of payment of interest or principal in respect of the Notes; (vi) to amend this definition; and (vii) any other changes to the conditions of the credits held by the Noteholders.

A resolution approved at any meeting of the holders of Notes of a Series shall be binding on all the holders of Notes of such Series, whether or not they are present at the meeting.

The chairman of the general shareholders meeting of the Issuer may at any time and, if required in writing by the Issuer or Noteholders holding not less than five per cent. in nominal amount of the relevant Series of Notes for the time being outstanding, shall convene a meeting of the relevant Noteholders unless the Noteholders have appointed a common representative in which case the meetings shall be convened by the common representative and if it fails for a period of seven days to convene the meeting, the meeting may be convened by the chairman of the general shareholders meeting of the Issuer. If the chairman of the general shareholders meeting of the Issuer fails to convene the meeting, then at least five per cent. in nominal amount of the relevant Series of Notes for the time being outstanding held or represented by any person or persons may request the competent court in Portugal to convene the meeting.

The Agent and the Issuer may, without the consent of the Noteholders (and by acquiring the Notes, the Noteholders agree that the Agent and the Issuer may, without the consent of the Noteholders) make any modification (except as mentioned in these Conditions) of the Notes, the Agency Agreement or the Interbolsa Instrument which:

- (a) is not prejudicial to the interests of the Noteholders;
- (b) is of a formal, minor or technical nature;
- (c) is made to correct a manifest or proven error; or
- (d) is to comply with mandatory provisions of any applicable law or regulation.

Any modification so made shall be binding on all Noteholders and shall be notified to the Noteholders in accordance with Condition 10 as soon as practicable after it has been agreed.

12. PRESCRIPTION

The Notes will become void unless presented for payment within 10 years (in the case of principal) and 5 years (in the case of interest) in each case from the date on which such payment first becomes due, subject in each case to the provisions of Condition 5.

13. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes of such Series.

14. SUBSTITUTION

14.1 Conditions Precedent to Substitution

The Issuer may, without the consent of the Noteholders, be replaced and substituted by (i) any Successor in Business of the Issuer; or (ii) any other company, in each case as principal debtor (the **Substituted Debtor**) in respect of the Notes provided that:

- (a) no Event of Default has occurred and is continuing;
- (b) a deed poll (to be available for inspection by Noteholders at the specified office of the Agent) and such other documents (if any) as may be necessary to give full effect to the substitution (together the **Documents**) are executed by the Substituted Debtor pursuant to which (i) the Substituted Debtor shall undertake in favour of each Noteholder to be bound by the Conditions and the provisions of the Interbolsa Instrument and the Agency Agreement (with any consequential amendments as may be necessary) as fully as if the Substituted Debtor had been named in the Notes, the Interbolsa Instrument and the Agency Agreement as the principal debtor in respect of the Notes in place of the Issuer (or any previous substitute); **and** (ii) except where the Substituted Debtor is the Successor in Business of the Issuer, the Issuer, acting either through its head office or through an international branch as it may determine in its sole discretion, shall irrevocably and unconditionally guarantee (the **Guarantee**) in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as principal debtor and (without prejudice to such guarantee) shall remain bound by the obligations (other than the obligations to make payments of interest or principal) of the Issuer under the Notes and the Agency Agreement (with any consequential amendments as may be necessary);
- (c) without prejudice to the generality of subparagraph 14.1(b) above, where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than Portugal, the Documents contain a covenant by the Substituted Debtor and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms no less favourable to Noteholders (as determined by the Issuer) than the provisions of Condition 7 with the substitution for the references to Portugal in the definition of "Relevant Jurisdiction" of references to the territory or territories in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes;
- (d) the Substituted Debtor and the Issuer, by means of the deed poll, jointly and severally agree to indemnify and hold harmless each Noteholder against (i) any tax, duty, assessment or governmental charge with respect to any Note which (A) is or may be imposed, incurred by or levied on it by (or by any authority in or of) the jurisdiction of the country of the

Substituted Debtor's and the Issuer's residence for tax purposes and, if different, of its jurisdiction of incorporation; and (B) which would not have been so imposed had the substitution not been made; and (ii) any tax, duty, assessment or governmental charge, and any liability, charge, cost or expense, in connection with the substitution;

- (e) the Documents contain a warranty and representation by the Substituted Debtor and the Issuer that (i) each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents (if any) for such substitution and for the performance by each of the Substituted Debtor and the Issuer of its obligations under the Documents and the Notes and that any such approvals and consents are in full force and effect; and (ii) the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents and the Notes are all legal, valid and binding in accordance with their respective terms;
- (f) following the proposed substitution of the Substituted Debtor, the Notes will continue to be listed on each stock exchange on which the Notes are listed;
- (g) the Substituted Debtor has delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of lawyers in the jurisdiction of the Substituted Debtor to the effect that the Documents and its obligations under the Notes constitute legal, valid, binding and enforceable obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of the substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified office of the Agent;
- (h) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of lawyers in the jurisdiction of the Issuer to the effect that the Documents (including the Guarantee (if applicable)) constitute legal, valid, binding and enforceable obligations of the Issuer, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified office of the Agent;
- (i) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of English lawyers to the effect that the Documents constitute legal, valid, binding and enforceable obligations of the parties thereto under English law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified office of the Agent; and
- (j) the Substituted Debtor (if not incorporated in England or Wales) shall have appointed the process agent appointed by the Issuer in Condition 16 or another person with an office in England as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes.

For the purposes of this Condition 14:

Successor in Business means, in relation to the Issuer, any company which, as a result of any reorganisation, reconstruction, amalgamation, merger, consolidation or transfer of undertakings, assets or rights:

- (i) owns (directly or indirectly) the whole or substantially the whole of the undertakings, assets and rights owned (directly or indirectly) by the Issuer immediately prior thereto, as certified by two directors of the Issuer; and

- (ii) carries on (directly or indirectly) the whole or substantially the whole of the business carried on (directly or indirectly) by the Issuer immediately prior thereto.

No later than 30 days prior to any substitution to a Successor in Business, the Issuer shall notify the Noteholders in accordance with Condition 10 of its intention to create a Successor in Business. Following creation of a Successor in Business, the Issuer shall make available for inspection by Noteholders a report signed by two directors of the Issuer confirming on behalf of the Issuer that a company was a Successor in Business and such report shall (unless the contrary be proven) be sufficient evidence of such confirmation of the Issuer.

14.2 Assumption by Substituted Debtor

Upon execution of the Documents as referred to in Condition 14.1, the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer (or such previous substitute as aforesaid) from all of its obligations as principal debtor in respect of the Notes, notwithstanding the provisions of subparagraph 14.1(b) and 14.1(d).

14.3 Further substitution

After a substitution pursuant to Condition 14.1 the Substituted Debtor may, without the consent of the Noteholders, effect a further substitution. All the provisions specified in Conditions 14.1 and 14.2 shall apply *mutatis mutandis*, to such further substitution and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substituted Debtor, *provided that*, in the event of a further substitution (except where the Substituted Debtor is the Successor in Business of the Issuer in both the original substitution and each further substitution), Galp Energia, SGPS, S.A. or its Successor in Business (and not any other Substituted Debtor in respect of any substitution occurring prior to the relevant further substitution), acting either through its head office or through an international branch as it may determine in its sole discretion, shall irrevocably and unconditionally guarantee in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as principal debtor and (without prejudice to such guarantee) shall remain bound by the obligations (other than the obligations to make payments of interest or principal) of the Issuer under the Notes and the Agency Agreement (with any consequential amendments as may be necessary) and Conditions 14.1 and 14.2 shall be construed accordingly.

14.4 Reversal

After a substitution pursuant to Condition 14.1 or 14.3 any Substituted Debtor may, without the consent of any Noteholder, reverse the substitution, *mutatis mutandis*.

14.5 Deposit of Documents

The Documents shall be deposited with and held by the Agent for so long as any Note remains outstanding and for so long as any claim made against the Substituted Debtor or the Issuer by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Noteholder to production of the Documents for the enforcement of any of the Notes or the Documents.

14.6 Notice of Substitution

Before such substitution comes into effect, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 10.

15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 Governing law

The Notes and the Interbolsa Instrument and any non-contractual obligations arising out of or in connection with the Notes and the Interbolsa Instrument are governed by, and shall be construed in accordance with, English law, save that the form (*forma de representação*) and transfer of the Notes, the creation (if any) of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by, and shall be construed in accordance with, Portuguese law.

The Agency Agreement and any non-contractual obligations arising out of or in connection with this Agreement are governed by, and shall be construed in accordance with, Portuguese law.

16.2 Submission to jurisdiction

- (a) Subject to Condition 16.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes (a **Dispute**) and accordingly each of the Issuer and any Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 16.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

16.3 Appointment of Process Agent

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at 100 Wood Street, London, as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes.

DESCRIPTION OF THE ISSUER

OVERVIEW

Galp Energia, SGPS, S.A. (hereinafter referred to as **Galp Energia**) is Portugal's leading integrated oil and natural gas company. It carries out activities in three distinct but complementary business segments: Exploration & Production (**E&P**), Refining & Marketing (**R&M**) and Gas & Power (**G&P**). Although the R&M and G&P businesses, which are centred in the Iberian Peninsula, constituted a priority to Galp Energia in the past, today Galp Energia's strategic focus is delivering profitable growth in its E&P business outside of the Iberian Peninsula, whilst supported by its downstream and gas activities (R&M and G&P). In fact, based on discoveries already made, Galp Energia is expecting a strong increase in its production. Its goal is to produce 300 thousand barrels of oil equivalent per day (**kboepd**) by 2020, which represents more than 10 times its 2012 production.

Galp Energia was founded on 22 April 1999 under the name GALP – Petróleos e Gás de Portugal, SGPS, S.A., as a result of a restructuring in the energy sector in Portugal, to operate in the oil and natural gas businesses. Galp Energia resulted from the merger of two pre-existing Portuguese state-controlled companies: Petróleos de Portugal – Petrogal, S.A., the only refiner and the leading distributor of oil products and natural gas in Portugal and with E&P activities in Angola and Brazil, and GDP – Gás de Portugal, SGPS, S.A., Galp Energia responsible for the supply, transportation and distribution of natural gas in Portugal.

Regarding its upstream business, Galp Energia has a diversified portfolio of assets which comprises around 60 projects across ten countries, with its main activities based in three core countries: Brazil, Mozambique and Angola.

Although Galp Energia started its E&P activities in Angola back in 1982, it was not until the discovery of the giant Tupi field in Brazil (now denominated as the Lula field) in 2006 that Galp Energia shifted its focus from the downstream and gas activities mainly located in the Iberian Peninsula to its E&P business. Since then, Galp Energia has made several discoveries in the pre-salt area of the Santos basin in Brazil and, more recently, in the Rovuma basin in Mozambique.

These areas are expected to be the main drivers behind Galp Energia's anticipated production growth in the coming years.

Galp Energia's downstream and gas activities, that is, the activities carried out in the R&M and G&P businesses, are expected to continue to provide a resilient contribution to Galp Energia's earnings, further supporting growth in E&P.

Galp Energia is a listed company (*sociedade aberta*) with NYSE Euronext Lisbon. Galp Energia's share capital amounts to € 829,250,635.00, represented by shares with a nominal value of € 1 per share. Of these, 771,171,121 shares, i.e. 93% of Galp Energia's issued share capital, are ordinary shares while the remaining 58,079,514 shares are special category shares, subject to privatization process, which are held by Parpública – Participações Públicas, SGPS, S.A., a Portuguese State-owned company. Galp Energia is established in Portugal, organised under the laws of Portugal and registered with the Commercial Registry Office of Lisbon, under no. 504 499 777. Its registered head office is located at Rua Tomás da Fonseca, Torre C, 1600-211 Lisbon, Portugal and its telephone number is +351 217 240 866.

STRATEGY

Galp Energia's strategy is designed to take advantage of the present and future oil & gas industry dynamics, namely the expected increase in oil and natural gas demand worldwide, as well as to reduce its focus on mature markets such as the Iberian Peninsula.

This strategic focus is reflected in the delivery of profitable growth in E&P activities, which is, in turn, supported by the cash flow generated from the downstream and gas businesses in the Iberian Peninsula. Active management of the portfolio, through the potential monetisation of certain Company assets, will also contribute to the execution of Galp Energia's strategy, namely the entry into new exploration projects.

One of Galp Energia's main strategic objectives is to hold a balanced portfolio of exploration projects, which, once de-risked, are capable of ensuring a sustainable production level in the long term, whilst during the development and production stages, Galp Energia aims to maximise the value of its projects.

The objective of Galp Energia is to become an integrated oil and gas operator focused on its exploration activities.

Galp Energia seeks to take advantage of its financial position, its role as a national flag carrier, its ability to create enduring partnerships, especially in the Portuguese speaking world, and its integrated knowledge of the oil & gas industry, in order to implement its strategy.

Creating sustainable value by focusing on exploration

Galp Energia has reinforced its focus on the expansion and diversification (particularly in what concerns geographies and geology) of its exploration projects, which contribute to the building of a diversified and well-balanced portfolio, as well as the consistent de-risking of resources in its exploration portfolio.

The strategic decision to enter into new areas with high value creation potential allows Galp Energia to diversify risk as well as to ensure a balance between projects in both the exploration and development phases, with a view to maintaining a consistent level of production in the long run. Galp Energia enters into new projects at the initial phase of exploration, where the greatest potential for value creation lies. When appraising new opportunities, Galp Energia considers certain strategic criteria, including the materiality of the project, the relationship between potential and associated risk and how each opportunity fits within Galp Energia's strategy.

Galp Energia envisages the drilling of seven to ten exploration wells in order to unlock 100 to 200 million barrels of oil equivalent (**mboe**) per year.

Development of world-class projects

Galp Energia is involved in the development of the two largest discoveries worldwide in decades: the Lula/Iracema field, in Brazil, and Area 4 in the Rovuma basin, in Mozambique. In the case of the giant Lula/Iracema field, this has proven to have excellent reservoir conditions, including high flow rates, which should contribute positively for the economics of the project. In addition, the dimensions of the field enables for significant economies of scale throughout the duration of the project. Regarding Area 4 in Mozambique, the dimensions of its resources makes this area one of the major areas of interest for producing natural gas worldwide, and the location of the project, between Asia and Europe, is expected to contribute positively to the success of this project.

The success of the projects in which Galp Energia is involved in Brazil and Mozambique, with particular emphasis on the Lula/Iracema field, are key to Galp Energia achieving its goal of producing 300 kboepd by 2020 from projects already identified.

In order to maximise the value from each project, Galp Energia, among other considerations, aims to increase the recovery factor of oil and natural gas reservoirs, accelerate the time to market of resources and improve operational and commercial conditions that come, for example, from the maximisation of sale options and the optimisation of strategies for equipment acquisition, factors that could have a significant impact on results and future cash flow generation.

Resilient and profitable downstream and gas activities

The downstream and gas activities of Galp Energia, mainly located in the Iberian Peninsula, generate a stable free cash flow, which is intended to be assigned to investment opportunities and development projects in the E&P business.

Galp Energia takes advantage of the expertise it has gained over the years as an integrated energy operator, as well as the image and reputation it has built as a national flag carrier. Through its R&M business, Galp Energia has been able to develop its skills in the supply and trading of oil and oil products, as well as the management and operation of its complex refining and logistics asset network. Moreover, through its G&P business, Galp Energia also brings together features that support the success of its E&P activities, including experience in the trading of LNG and the customer base in the Iberian Peninsula.

With regards to the R&M business, after a recent start of operations of new units, namely the hydrocracker, in the two refineries, the business is expected to capture associated incremental margin, thereby having a positive impact on cash-flow generation. As for the G&P business, which generates a positive and resilient cash flow, Galp Energia plans to sustainably continue to capture opportunities in the international markets through LNG trading activity.

A sound capital structure

Galp Energia is committed to maintaining a sound capital structure and keeping access to a wide range of financing options. Also, active portfolio management, namely through asset monetisation, could provide a further potential source of funding.

Ensuring consistent delivery of shareholder value through responsible practices

Galp Energia continues to strive to develop policies with the objective of delivering sustained value to its shareholders and remaining stakeholders in the long term. Galp Energia is focused on the development of its employees and the implementation of responsible practices by improving health, safety and the environment and supporting measures to curb climate change, as well as the promotion of ethical behaviour and transparency at all levels of the organisation. Galp Energia is also committed to the development of local communities in the countries in which it operates, for example through the work of its charitable foundation, Fundação Galp Energia.

ACTIVITIES DESCRIPTION

Galp Energia's activities comprise the following three business segments: Exploration & Production (E&P), Refining & Marketing (R&M) and Gas & Power (G&P).

Galp Energia's RCA (as defined below) EBITDA of €1,016 m in 2012 was 27% higher year on year (YoY) on the back of a better performance across several business segments. This reflected the rising production levels of oil and natural gas in Brazil, the positive trend in Galp Energia's refining margin and the increase in LNG volumes sold on the international market. In the first half of 2013, RCA EBITDA amounted to €557 m, or 14 per cent. above the EBITDA of €489 m in the first half of 2012.

Galp Energia expects that, considering the significant production growth anticipated in the coming years, the E&P business will become the main contributor to the Group's EBITDA, having accounted for 37% of Galp Energia's EBITDA in 2012.

Explanatory Note:

Replacement Cost (**RC**): according to this method of valuing inventories, the cost of goods sold is valued at the cost of replacement, i.e. at the average cost of raw materials on the month when sales materialise irrespective of inventories at the start or end of the period. The Replacement Cost method is not accepted by accounting standards (including IFRS) and is consequently not adopted for valuing inventories. This method does not reflect the cost of replacing other assets.

Replacement Cost Adjusted (**RCA**): in addition to using the Replacement Cost method, adjusted profit excludes non-recurrent events such as capital gains or losses on the disposal of assets, impairment or reinstatement of fixed assets and environmental or restructuring charges which may affect the analysis of Galp Energia's profit and do not reflect its operational performance.

Results set out in this Offering Circular which are classified as Replacement Cost Adjusted (**RCA**) or replacement cost (**RC**) have not been audited.

Key financial indicators

€ m	2011	2012	1H13
Ebitda RCA	797	1,016	557
Ebit RCA	395	585	299
Net profit RCA	251	360	162

Exploration & Production

Key indicators

	2011	2012	1H13
Average working interest production (kboepd)	20.8	24.4	23.5
Average net entitlement production (kboepd)	12.1	18.1	19.8
Ebitda RCA (€m)	251	374	176

Overview

Galp Energia holds a diversified E&P portfolio, comprising around 60 projects spread across ten countries and that are at various stages of exploration, development and production. Galp Energia focuses its activity on three core countries – Brazil, Mozambique and Angola. During the year 2012, Galp Energia added 16 new projects to its E&P portfolio, led by entry into Namibia and Morocco. Galp Energia's portfolio also includes projects in East Timor, Uruguay, Venezuela and Equatorial Guinea.

The resources and reserves base associated with Galp Energia's E&P portfolio has seen significant development in 2012, both in terms of reserves and contingent resources, and also in terms of exploration resources. Reserves and resources at the end of 2012, as certified by DeGolyer and MacNaughton (**DeMac**), are shown in the table below.

Net entitlement reserves (mboe)

	2011	2012	% Changes
1P	145	154	6%
2P	399	640	60%
3P	709	783	10%

Working interest contingent resources (mboe)

	2011	2012	% Changes
1C	202	206	2%
2C	870	1,583	82%
3C	2,672	3,245	21%

Working interest mean exploration resources (mboe)

	2011	2012	% Changes
Unrisked	2,821	3,203	14%
Risked	478	526	10%

Of the 783 mboe accounted as 3P reserves at the end of 2012, 98% corresponded to Brazilian projects in the development and production stages, predominately in the Lula/Iracema field. From the 3C contingent resources of 3,245 mboe, 69% were located in Brazil, these being mainly related to projects in the development and production stages in the pre-salt Santos basin. Mozambique also gained relevance within Galp Energia's portfolio following the natural gas discoveries in 2012, and accounted for 24% of 3C contingent resources at the end of the year.

Galp Energia's mean unrisked exploration resources are predominantly related to Galp Energia's assets in Brazil and in Namibia, each accounting for circa 30% of the total, whilst the remaining of those resources were spread across the other regions where Galp Energia operates.

In 2013, Galp Energia has taken further steps to strengthen its E&P portfolio, namely by adding nine exploration blocks in Brazil.

Exploration Activities

Galp Energia's latest efforts in exploration include the identification and maturation of prospects, as well as the drilling of wells in different regions within its E&P portfolio, namely the Rovuma basin in Mozambique, in Namibia and in Brazil, both in the prolific pre-salt Santos basin and in the frontier Potiguar offshore basin.

Activities carried out in Area 4 in Mozambique led to several natural gas discoveries, with gas in place in the Mamba/Coral complex currently estimated up to 80 trillion cubic feet (**tcf**). In the pre-salt Santos basin in Brazil, exploration and appraisal activities during 2012 contributed to the definition of the development plan of blocks BM-S-8 and BM-S-24.

In Namibia, the joint venture in which Galp Energia participates proceeded with the execution of the exploration campaign it had planned for 2013 and which encompassed the drilling of three wells, two of which located in the Walvis basin and the third one located in the Orange basin. Although the first well proved the presence of oil, even though not in commercial volumes, the remaining two were considered to be dry. The consortium will evaluate all data gathered with this exploration campaign, which will help with continuing exploration in the country.

Development and production activities

The success achieved so far with exploration activities in the pre-salt Santos basin, Brazil and in Mozambique is expected to contribute to a strong increase in production for Galp Energia over the next decade. These projects, along with projects in Angola, are expected to be the main contributors to the production target of 300 kboepd by 2020. Development activities in the coming years are expected to be focused on the projects which have already been identified in those areas.

In Brazil, the main producing asset is currently the Lula/Iracema field in block BM-S-11, in the pre-salt Santos basin, and this is expected to be the main driver of production growth until 2020. There have been important advancements in regard of the development of this field, with project execution proceeding with no material constraints.

The timely execution of this large scale project will be determinant to ensure that Galp Energia meets its expectations *vis-à-vis* production until 2020. This project is located in ultra-deep waters in the pre-salt region and the project will be operated by Petróleo Brasileiro S.A. – Petrobras (**Petrobras**), which has a proven track record and experience in operating highly complex projects. Galp Energia, through its subsidiary Petrogal Brasil, holds a 10% stake in block BM-S-11, Petrobras holds 65% and BG Group the remaining 25%. The first definitive production unit in the Lula/Iracema field, the FPSO (floating, production, storage and offloading) Cidade de Angra dos Reis, reached full processing capacity during 2012, i.e. about a year and a half after the start of production, and the second FPSO, FPSO Cidade de Paraty, started operating in June 2013. Peak production of this unit, of 120 thousand barrels of oil per day (**kbopd**), is expected to be reached during the second half of 2014.

The development of the Lula/Iracema field project was the main driver behind the increase in Galp Energia's production in 2012, with Galp Energia's working interest production averaging 24.4 kboepd, an increase of 17% compared to 2011. During the first half of 2013, production was 23.5 kboepd.

In addition to the first two units installed in the Lula/Iracema field, the joint venture to the development of BM-S-11 has already contracted eight FPSO, which are to be installed until 2017, when total production capacity installed in that block is expected to amount to 1.4 million barrels of oil per day (**mbopd**).

In 2012, Galp Energia increased its estimate of the oil recovery factor for the Lula/Iracema field to 28%, compared to the 23% estimated at the date of the declaration of commerciality of the field in December 2010. This increase was supported by the improved connectivity proved by the extended well tests performed, and by the pressure performance of monitoring wells. Galp Energia is further working to increase oil recoverability and, alongside its partners, it is testing new recovery techniques, including the alternating injection of gas and water to the reservoir and production through horizontal wells. In addition, Galp Energia and its partners continue to drill reservoir data acquisition wells, which are key to better understand reservoirs in that area. Galp Energia and its partners also study ways to guarantee production flow and development optimisation during the project's life cycle, including anticipation of production and implementation of techniques to extend the plateau production period of each FPSO.

In the pre-salt Santos basin, Galp Energia holds stakes in other fields that are expected to start producing from 2017. This is the case of the Iara field in block BM-S-11, where Galp Energia anticipates that two FPSO will be installed, and of the Carcará and the Júpiter fields, in blocks BM-S-8 and BM-S-24, respectively, both of which are scheduled to start producing from 2018 and 2019 respectively, with one FPSO each. As such, Galp Energia anticipates that total FPSO units in full production in the pre-salt Santos basin will amount to 14, between the Lula/Iracema, Iara, Carcará and Júpiter projects by 2020.

In Mozambique, the natural gas resources discovered so far have positioned that region as one of the major areas of interest for the production of natural gas worldwide. Galp Energia holds a 10% stake in the joint venture for the exploration and development of Area 4, the remaining partners being Eni, S.p.A. (**Eni**) with a 50% stake¹, China National Petroleum Corporation (**CNPC**) with a 20% stake¹, Korea Gas Corporation and Empresa Nacional de Hidrocarbonetos, E.P. each with a 10% stake. Galp Energia and its partners have found not only reservoirs that are exclusively located in this area, but also reservoirs that extend between Area 4 and its adjacent Area 1. In this case, it should be noted that the operators of each of those areas, Eni and Anadarko Petroleum Corporation, agreed in principle to the development of resources in common areas, including the coordinated development of offshore activities and joint development of liquefied gas units onshore. Production of LNG is expected to start in 2018 or 2019, with four liquefaction trains with an estimated capacity of 5 million tonnes per annum (**mtpa**) each.

In Angola, Galp Energia's only producing assets are located in block 14. The fields currently under production have already matured and, as such, are already in a natural declining production stage. This trend is expected to be reversed once new projects come onstream in Angola, namely the new fields in block 14 and the projects under development in block 14K and block 32.

¹ Eni and CNPC are indirect shareholders of Area 4, through Eni East Africa, where these companies hold stakes of 71.43% and 28.57%, respectively.

Refining & Marketing

Key indicators

	2011	2012	1H13
Crude processed (kbb)	76,186	81,792	43,873
Refined products sales (mton)	16.3	16.4	8.5
Sales to direct clients (mton)	10.5	10.0	4.8
Ebitda RCA (€m)	244	294	174

Overview

Through its R&M business, Galp Energia has a complex, integrated refining system, consisting of two refineries in Portugal, a wide marketing network of oil products in the Iberian Peninsula and, on a smaller scale, in Africa. Galp Energia also owns an extensive network of logistics assets that support Galp Energia's position in the Iberian Peninsula.

Procurement

Galp Energia procurement policy ensures that it has diversified sources of supply for crude oil, which is of particular importance considering the potential for events that may impact the supply of crude oil in international markets.

During 2012, Galp Energia imported crude oil amounting to 82 million barrels from 15 countries, namely from West and North Africa and from former Soviet Union countries. The crude oil is processed in Galp Energia's refineries in order to obtain and sell a wide variety of oil products, including gasoline and middle distillates.

Payments for crude purchases are typically made 30 days after the bill-of-lading date, with extended payment terms occasionally negotiated with suppliers on an ad-hoc basis.

Refining

Galp Energia has two coastal refineries in Portugal, which have a capacity to process 330 kbopd.

Galp Energia upgraded its refineries in order to adapt the refining system for the diesel market, as a result of an increase in consumer demand for diesel in Europe and, in particular, in the Iberian Peninsula. Galp Energia is now able to produce more diesel mainly at the expense of lower valued fuel oil.

The Nelson complexity (as described in the footnote below) of the refining system, considering both Sines and Matosinhos refineries, is now of 8.6, compared to the previous 7.2.²

² The complexity index of a refinery, i.e. the Nelson complexity, is calculated by assigning a complexity factor to each of the units in the refinery, which is mainly based on the technology level used in the construction of the unit and by reference to one facility of primary distillation of crude to which is assigned a complexity factor of 1.0. The index of complexity of each unit is calculated by multiplying the complexity factor by the unit capacity. The complexity of a refinery is equivalent to the weighted average of the index of complexity of each of the units thereof, including the distillation unit.

Following the upgrade project, the main units which have been installed at the Sines refinery are the hydrocracker unit (which uses vacuum diesel and heavy visbreaking diesel produced in both refineries and has a capacity to process 43 kbopd) and the steam reformer unit (which produces the hydrogen required for the hydrocracking process). In the Sines refinery, there is also a Fluid Catalytic Cracking (FCC) with a capacity to process 45 kbopd and which is mainly used in the production of gasoline. This refinery is integrated and sea-linked with the Matosinhos refinery, where the main units installed are the vacuum distillation and visbreaker units, with a capacity to process 40 kbopd of atmospheric residue produced in the refinery.

The upgrade project, which involved a total investment of €1.4 billion (**bn**), started operations in the beginning of 2013, commencing with the operation of the hydrocracker unit installed at the Sines refinery. Considering the upgraded refining scheme, Galp Energia expects that the profitability of its refining system should be higher compared with the results recorded with the previous refineries' configuration.

Logistics

Galp Energia has a portfolio of logistics assets in the Iberian Peninsula that includes access to the maritime terminals at Sines and Leixões, in Southern and Northern Portugal, respectively, as well as a set of storage facilities in both Portugal and Spain. Galp Energia also holds stakes in logistics companies in these countries, and benefits from access to pipelines in the Iberian Peninsula which are approximately 4,000 kilometres in length.

These assets support the refining and marketing of oil products in the Iberian Peninsula and, at the same time, provide Galp Energia with the relevant expertise in the implementation and management of an efficient logistics network – a competitive advantage valued by Galp Energia's partners across different business segments.

Sales and marketing of oil products

As an integrated energy operator, Galp Energia oversees the marketing and sale of oil products, either directly to customers in the Iberian Peninsula and in selected African countries, or to other operators, or even through exports. Galp Energia's presence in Africa, namely in Mozambique, Angola, Cape Verde, Gambia, Guinea-Bissau and Swaziland, has allowed it to take advantage of the recent, and foreseeable increase in oil demand in those markets.

In 2012, sales of refined products amounted to 16.4 million tonnes (**mton**), which is in line with the 2011 figure. Although there was a drop in consumption in the Iberian market, Galp Energia was able to set off such reduction in consumption by placing its products in the international market. Sales to direct clients totalled 10.0 mton, a 5% decrease comparing to 2011. Exported volumes, however, increased by 24% to 3.3 mton, i.e. 20% of total oil products sold. The decreasing trend in sales to direct clients persisted in the first half of 2013, when volumes of oil products sold amounted to 4.8 mton, 5% below volumes in the first half of 2012.

Galp Energia's main objective is the marketing of oil products across the different segments (retail, wholesale, LPG) under the Galp Energia brand, as well as the marketing of non-fuel products via its network of service stations. At the end of 2012, Galp Energia had a total of 1,486 service stations and 588 convenience stores that spanned across the Iberian Peninsula, with a balanced exposure between Portugal and Spain, and, with a smaller scale, the African countries where it is present.

In Africa, Galp Energia continued to develop the marketing of oil products in selected markets, with sales in the region accounting for 7% of total sales to direct clients.

Gas & Power

Key indicators

	2011	2012	1H13
Natural gas sales (mm ³)	5,365	6,253	3,178
Trading (mm ³)	738	2,242	1,211
Electricity sold to the grid (GWh)	1,201	1,298	917
Ebitda RCA (€m)	287	348	196

Overview

The G&P business segment comprises several activities including the supply, distribution and marketing of natural gas in the Iberian Peninsula and the LNG trading in international markets, as well as the sale of electricity, centred in the Iberian Peninsula.

Natural Gas

The Galp Energia natural gas business encompasses liberalised procurement, regulated operation of infrastructure and liberalised and regulated supply to end users in the Iberian Peninsula. In addition, Galp Energia has intensified its efforts in the international markets through its LNG trading activity.

Galp Energia has long-term supply contracts for natural gas with Algeria and for LNG with Nigeria, totalling around 6 billion cubic metres (**bcm**) per year. These contracts, which mature between 2020 and 2026, ensure a continued supply to Portugal, whilst Galp Energia can also benefit from the dynamics of the international LNG market through the trading segment.

Regulated infrastructure

The activities related to the regulated infrastructure, which include the distribution and storage of natural gas in Portugal, generate stable earnings. The rate of return of the distribution of natural gas is set by the regulator at 9%. As established in 2013 in accordance with the indexation methodology fixed and published by the regulator, its value is a function of the average value of the yields of the 10-year treasury bonds of the Portuguese Government. As of 2013, the regulatory asset base is estimated at €1.1 bn. Regarding the storage business, the expected rate of return is 8% for the regulatory year of 2013, and the asset base of this business is valued at €17 m. The rates of return are subject to an annual revision by the Portuguese Energy Services Regulatory Authority (**ERSE**).

Supply of natural gas and LNG trading

With regard to the supply of natural gas, Galp Energia is a leading operator in the Iberian Peninsula, supplying approximately 1.3 million customers.

In 2012, natural gas sales to direct clients totalled 4 bcm. Despite the lower demand for natural gas in the Iberian Peninsula, which was a result of unfavourable market conditions, Galp Energia has mitigated this effect by increasing natural gas consumption in its industrial units, namely the cogeneration units it installed at the Sines and Matosinhos refineries, and the hydrocracker unit in the Sines refinery. Galp Energia has also seized opportunities within the international LNG market, with volumes sold through its trading segment

totalling 2 bcm in 2012. During the first half of 2013, Galp Energia continued to capture opportunities in the international market, LNG volumes traded accounting for approximately 40% of the total natural gas volumes sales of 3.2 bcm in this period.

LNG trading activity benefits from increased demand from high-value markets, such as Asia, and it is aided by the existence of long-term LNG supply contracts.

Galp Energia is focused on ensuring that the steady contribution to earnings of this activity is maintained in the long term. To this end, in 2012, Galp Energia signed three contracts for the sale of LNG to the Far Eastern markets, which have a duration of three years, and comprise a total volume of about 1.4 bcm of LNG to be sold per year.

Power

Galp Energia's power business includes power generation, through its portfolio of cogeneration plants in Portugal, and the supply of electricity. The business is additional to the natural gas business, either through internal consumption of natural gas through its cogeneration units, or through the combined supply of electricity and gas.

Galp Energia currently has an installed capacity of 245 megawatts (**MW**), including the cogeneration at the Sines and Matosinhos refineries, which are an important source of natural gas consumption for Galp Energia and also an important source of energy generation for the refineries. These two cogeneration plants represent a consumption of about 500 mm³ of natural gas per year.

As a supplier of electricity, Galp Energia focuses its marketing efforts on business and industrial customers, particularly those who are already customers for natural gas.

INVESTMENTS

Capital Expenditure in 2012 amounted to €940 million (**m**) of which approximately 70% was allocated to the E&P business segment, in line with Galp Energia's strategy. The R&M business segment, which attracted most of Galp Energia's investment in 2011, accounted for approximately 20% of the total in 2012.

E&P investment reached €653 m in 2012, and was primarily allocated to the development of block BM-S-11, in Brazil, which absorbed €306 m during that year. This amount was mainly used for the drilling and completion of wells in the Lula/Iracema field, and in conducting production tests. Investment in exploration accounted for around 40% of the total allocated to this business segment and included exploration and appraisal activities in Area 4, in Mozambique, namely the drilling of six exploration and appraisal wells during the year.

Investment in the Iberian Peninsula businesses amounted to €284 m, a reduction of €412 m when compared to the preceding year, as investment in the refining upgrade project ended in 2011.

In the first half of 2013, investment amounted to €474m, with E&P activities accounting for around 70% of that amount.

Galp Energia has budgeted for a total capital expenditure of between €1.2 bn and €1.4 bn in 2013 and between €1.4 bn and €1.6 bn per year in the period 2013-2017. Investments will continue to be focused on the E&P business and, in particular, in the development of its production projects. However, Galp Energia will continue investing in exploration activities, which in 2013 are budgeted to account for around 40% of the yearly expenditure. Regarding downstream and gas activities, capital expenditure is estimated at circa €200 m per year and it will be primarily allocated to maintenance activities.

ORGANISATIONAL STRUCTURE

Galp Energia is the ultimate parent company of Galp Energia Group (the **Group**), which includes Galp Energia and its subsidiaries. Galp Energia's subsidiaries include, among others: (i) Petróleos de Portugal – Petrogal, S.A. (**Petrogal**) and its subsidiaries, which operate upstream and downstream in the crude oil and related derivatives sector; (ii) GDP – Gás de Portugal, SGPS, S.A. and its subsidiaries, which operate in the natural gas sector; (iii) GalpPower, SGPS, S.A. and its subsidiaries, which operate in the electricity and renewable energy sector; and (iv) Galp Energia, S.A. which integrates the corporate support services.

MANAGEMENT

Corporate governance model

Galp Energia's corporate governance model aims to be transparent and effective and one of its main goals is the clear separation of powers between Galp Energia's governing bodies. Whereas the Board of Directors has a supervising role, monitoring strategic issues and overseeing the relationship between shareholders and Galp Energia's governing bodies, the Executive Committee's role – which powers have been delegated by the Board of Directors – is operational and consists of the current management of Galp Energia's business units and corporate services.

The supervisory role is assigned to a Supervisory Board and to a firm of statutory auditors.

Board of Directors

The Board of Directors makes decisions on key administration matters, such as strategy formulation, corporate and organisational set-up, business portfolio management, approval of capital expenditure items, determination of value-creating goals for each activity and supervision of the execution of critical activities. Galp Energia's Board of Directors is currently composed of 20 members, of which seven are executive and 13 are non-executive. Of the latter, seven are considered independent by the Board of Directors, based on the criteria set out in the Portuguese Companies Code (*Código das Sociedades Comerciais*) (**CSC**) enacted by Decree-Law 262/86, of 2 September 1986 and in the corporate governance recommendations from the Portuguese Securities Market Commission (**CMVM**).

Board resolutions are generally taken based on a simple majority of the votes cast, except for certain matters stated in Galp Energia's articles of association, where a two-thirds majority is required. The current directors were elected at the general shareholders' meeting for the period 2012-2014. However, Mr. Baptista Sumbe has resigned as a member of the Board of Directors with effect from September 2013. The names of the current directors on the Board of Directors are set out below.

Members of the Board of Directors	
Name	Position
Américo Ferreira de Amorim	Chairman/Non-Executive
Manuel Ferreira De Oliveira	Vice-Chairman/Executive
Luís Palha da Silva	Vice-Chairman/Executive
Paula Amorim	Non-Executive

Filipe Crisóstomo Silva	Executive
Carlos Gomes da Silva	Executive
Sérgio Gabrielli de Azevedo	Independent Non-Executive
Stephen Whyte	Executive
Vitor Bento	Independent Non-Executive
Abdul Magid Osman	Independent Non-Executive
Luís Campos e Cunha	Independent Non-Executive
Miguel Athayde Marques	Independent Non-Executive
Carlos Costa Pina	Executive
Rui Paulo Gonçalves	Non-Executive
Luís Manuel Todo Bom	Independent Non-Executive
Fernando Gomes	Non-Executive
Diogo Mendonça Tavares	Non-Executive
Joaquim José Borges Gouveia	Independent Non-Executive
José Carlos da Silva Costa	Executive
Jorge Manuel Seabra de Freitas	Non-Executive

Américo Ferreira de Amorim has been the Chairman of the Board of Directors and a Member of the Committee on International Strategy since April 2012. Américo Ferreira de Amorim has been the Chairman of Grupo Amorim for over 30 years, an economic group which comprises around 200 companies, including a stake in the share capital of Amorim Energia, which in turn holds 38.34% of Galp Energia's share capital. Américo Amorim established Sociedade Portuguesa de Investimento, which later became known as Banco BPI, the development of the Portuguese bank Millennium BCP and the establishment of Telecel, a telecommunications company, now part of Vodafone. In 2005, he established BIC – Banco Internacional de Crédito in Angola, and more recently the Banco BIC Português in order to promote the economic relations between Portugal and Angola.

Executive Committee

The Executive Committee consists of seven directors appointed by the Board of Directors for a period of three years, the current Executive Committee was appointed in 2012.

The Executive Committee is in charge of the day to day management of Galp Energia in accordance with the strategy set by the Board of Directors. The duties of the Executive Committee include managing the business units, allocating resources, achieving synergies and monitoring the application of approved policies in various areas.

The work of the Board of Directors and the Executive Committee complies with the regulations devised to formalise the workings of these two corporate bodies. These regulations are available at <http://www.galpenergia.com>. The names of the current directors on the Executive Committee, along with their principal functions and certain other biographical information, are set out below:

Executive Committee	
Members	Responsibilities
Manuel Ferreira De Oliveira	Chairman of the Executive Committee / Chief Executive Officer
Luís Palha da Silva	Deputy Chief Executive Officer / Chief Operating Officer Refining & Marketing
Filipe Crisóstomo Silva	Chief Financial Officer
Carlos Gomes da Silva	Chief Operating Officer Gas & Power / Oil & Gas Trading
Stephen Whyte	Chief Operating Officer / Exploration & Production
Carlos Costa Pina	Chief Corporate Officer / Biofuels
José Carlos da Silva Costa	Chief Corporate Officer

Manuel Ferreira De Oliveira has been a member of the Board of Directors and Chief Operating Officer since April 2006 and Galp Energia's Chief Executive Officer (**CEO**) since January 2007. Before joining Galp Energia, he was Chairman of the Board of Directors and CEO of Unicer – Bebidas de Portugal, SGPS, S.A. from 2000 to 2006, as well as Chairman of the Board of Directors and CEO of Petrogal, from 1995 to 2000. From 1980 to 1995 Manuel Ferreira De Oliveira held executive responsibilities at Lagoven, S.A. (subsidiary of Petróleos de Venezuela, S.A., ex-Creole Petroleum Corporation, an Exxon subsidiary), in the areas of Production, Refining, International Commerce and Corporate Planning, as well as responsibilities as CEO and/or member of the Board of Directors of BP Bitor Energy (London), Nynäs Petroleum (Stockholm), Ruhr Oil (Düsseldorf) and PDV Serviços (The Hague). Among other current non-executive roles, he is currently the Chairman of the Scientific and Technological Board of ISPG – Institute of Petroleum and Gas. Manuel Ferreira De Oliveira has a Degree in Electrical Engineering from the Engineering Faculty at Universidade do Porto, a Master of Science in Energy and a PhD in Energy from the University of Manchester. He achieved the Associate Professor Degree at the University of Porto, where he became a Full Professor in 1979. His management studies took place at IMD, Switzerland, Harvard and the Wharton Business School in the United States.

Luís Palha da Silva has been a Vice-Chairman of the Board of Directors and Deputy CEO, responsible for Galp Energia's R&M business unit, since July 2012. He is also the Chairman of the Corporate Responsibility Committee of Jerónimo Martins, SGPS, S.A. and is also the Chairman of the Portuguese Capital Markets Issuers Association (AEM). Before joining Galp Energia, he was Chairman of the Executive Committee for Jerónimo Martins, SGPS, S.A. from 2004 to 2010, and was Chief Financial Officer (**CFO**) from 2001 to 2004. Luís Palha da Silva has a Degree in Economics from Instituto Superior de Economia, a Degree in Business and Administration from Universidade Católica Portuguesa and an Advanced Management Programme from the University of Pennsylvania.

Filipe Crisóstomo Silva has been a member of the Board of Directors and CFO of Galp Energia since July 2012. Before joining Galp Energia, he was head of the investment banking division of Deutsche Bank in Portugal, since 1999, and since 2008 he has also fulfilled the role of Chief Country Officer (**CCO**) of Deutsche Bank in Portugal. Filipe Silva has a Degree in Economics and Financial Management and Master's Degree in Financial Management from The Catholic University of America.

Carlos Gomes da Silva has been a member of Galp Energia's Board of Directors since April 2007 and a member of the Executive Committee, responsible for the G&P business unit, since May 2008. Currently, Gomes da Silva is a member of the Board of Directors of Amorim Investimentos Energéticos, SGPS, S.A. and Amorim Energia, B. V. Before joining Galp Energia, he had several executive roles in Unicer Bebidas de Portugal, SGPS, S.A. where he was a member of the Board of Directors from 2006 to 2007 and a member of the Board of Directors on Grupo Amorim from April 2007 to May 2008. From 2003 to 2006 he was Chairman of Associação Portuguesa dos Industriais de Águas Minerais e de Nascente and Vice-Chairman of Associação Nacional de Indústrias de Refrigerantes e Sumos de Fruta from 2005 to 2007. Carlos Gomes da Silva has a Degree in Electrical Engineering and Computer Science from the Engineering Faculty of Universidade do Porto and a Master's Degree in Business Administration from Instituto Empresarial Portuense and Escuela Superior de Administración y Dirección de Empresas de Barcelona awarded in July 1995.

Stephen Whyte has been a member of the Board of Directors and Executive Committee responsible for Galp Energia's E&P business unit since April 2012. Before joining Galp Energia, he was Senior Vice-Chairman for the commercial sector BG Group, in Europe and Central Asia, and was also Vice-Chairman of E&P and Country Manager of Shell Brazil as well as Manager of Joint Venture and Infrastructure for Europe of Shell E&P Europe. Stephen Whyte has an honours Degree in Geophysics from the University of Edinburgh.

Carlos Costa Pina has been a member of Galp Energia's Board of Directors and the Executive Committee, responsible for Galp Energia's Corporate Services and Biofuel business unit, since April 2012. Currently, he is also Lecturer at the Faculty of Law of the Universidade de Lisboa. He also has a PhD in Law from the same university. Before joining Galp Energia, Costa Pina was company manager for TMT, the real estate and services companies from Ongoing Group (Portugal and Brazil) and was Secretary of State for Treasury and Finance of the 17th and 18th Constitutional Governments (2005 – 2011), having in this capacity particular responsibilities at the Corporate Bodies of various international financial institutions. He was also a member of the board of CMVM (2000-2005), a member of the Advisory Board of Instituto de Seguros de Portugal (2001-2005), and a legal practitioner, particularly for the oil exploration and production areas (1994-1998). Author of several published papers, Carlos Costa Pina has a Degree in Law and a Master's Degree in Business Law from the Faculty of Law at Universidade de Lisboa.

José Carlos da Silva Costa has been a member of the Board of Directors of Galp Energia since November 2012 and a member of the Executive Committee since December 2012. He has had a professional career in the area of procurement in Galp Energia since 2007, including positions as responsible for procurement in the E&P, Refining, Logistics and Projects units in Galp Energia, from 2010 to 2012, responsible for procurement in the Natural Gas, Power and Projects units in Galp Energia, from 2009 to 2010, responsible for the organisational restructuring proposal for the procurement units, from 2008 and 2009, and responsible

for procurement for the upgrade project at the Sines and Matosinhos refineries, from 2007 to 2008. José Carlos da Silva Costa has a Degree in Chemical Engineering from Instituto Superior de Engenharia do Porto.

The business address of each of the directors of Galp Energia is Rua Tomás da Fonseca, Torre C, 1600-211 Lisbon, Portugal.

Supervisory Bodies

Supervision is carried out by a Supervisory Board and a firm of statutory auditors.

Supervisory Board

The Supervisory Board is comprised of three standing members and a deputy member, all of whom are independent and elected by the shareholders at a general shareholders meeting. The members of the Supervisory Board may not be directors of Galp Energia and are subject to the rules on independence and avoidance of conflicts of interest contained in Articles 414 and 414-A of the CSC.

According to the law, at least one member of the Supervisory Board shall have an academic degree suitable to the role of member of the Supervisory Board and have a good command of auditing or accounting. The majority of its members must be independent, i.e. they:

- (a) may not be associated with any specific interest groups within Galp Energia;
- (b) must not find themselves in a situation where their independent judgment would be affected, namely because they:
 - (i) hold title to, or represent major shareholders with, 2% or more of the shares of Galp Energia; or
 - (ii) have been re-elected for more than two terms, either continually or intermittently.

At the general shareholders meeting held on 24 April 2012, the term of the current members of the Supervisory Board, elected in 2011, was extended to four years, the current term ending in 2014. The Supervisory Board monitors the preparation and publication of Galp Energia's financial information. This Board appoints, appraises and dismisses, if and when necessary, the external independent auditor, supervises the audit of financial statements and proposes the appointment of a firm of chartered accountants or a chartered accountant to the general shareholders meeting, whose independence is verified regarding the provision of additional services. The regulations that guide the Supervisory Board's actions are available on Galp Energia's website at <http://www.galpenergia.com>.

Currently, Galp Energia's external auditor is PricewaterhouseCoopers & associates, Chartered Accountants Ltd., designated in 2011, after a tender process, for the period 2011-2013.

All members of the Supervisory Board fulfil the requirements set out in Article 414-A paragraph 1 of the CSC and the independence criteria set out in Article 414 paragraph 5 of the CSC.

Supervisory Board		
Name	Position	Last Election
Daniel Bessa Fernandes Coelho	Chairman	2012
Gracinda Augusta Figueiras Raposo	Other member	2012
Pedro Antunes de Almeida	Other member	2012
Amável Alberto Freixo Calhau	Deputy	2012

Daniel Bessa Fernandes Coelho has been Managing Director of COTEC Portugal - Associação Empresarial para a Inovação, since June 2009. He has been a Non-Executive Director of Agência para o Investimento e Comércio Externo de Portugal, E.P.E. since June 2007. Between June 2000 and March 2009, he was Chairman of the Board of EGP – University of Porto Business School, aimed at providing Post-Graduate teaching and continuous advanced training on Business Administration. He was also a Member of the Board of Directors of Finibanco from November 1997 to March 2008. He has been an economist since 1983. He attained a Degree in Economics from Universidade do Porto, in 1970, and a PhD in Economics from the Universidade Técnica de Lisboa, in 1986.

Gracinda Augusta Figueiras Raposo is Director of ECS-Capital – Sociedade Gestora de Fundos de “Private Equity” e “Distress Funds” and a Member of the Supervisory Board of Banco BIC Portugal. She was also Adviser to the Board of Directors for the Santander Group from 2007 to 2009. She also held positions from 2004 to 2006 as Director of Caixa Geral de Depósitos (**CGD**) and as Non-Executive Director of Caixa BI. Gracinda Raposo has a Degree in Management from Instituto Superior de Ciências do Trabalho e da Empresa (**ISCTE**) and a Master's in Operational Management, University of George Town.

Pedro Antunes de Almeida has been a Member of Galp Energia's Supervisory Board since November 2012. He is also a Consultant for Economic and Business affairs to the President of the Portuguese Republic, an Independent Consultant to companies in the context of tourism and a Guest Lecturer of the ISCTE and Universidade Católica de Lisboa teaching module I of Postgraduate Medical and Health Tourism. Between 2011 and 2012, he was the Secretary of the Board of the general meeting of Galp Energia and Guest Lecturer at Universidade Lusófona de Humanidades e Tecnologias, at Degree and Masters levels in Tourism, teaching Marketing of Products and Destinations, Tourism Products and Markets, from 2003 to 2008. Pedro Almeida has a Degree in Economics and Sociology from Universidade Nova de Lisboa, a Postgraduate Degree in European Economic Studies from Universidade Católica Portuguesa and a Course for Auditors of National Defence, by the Institute of National Defence.

Amável Alberto Freixo Calhau has been a Statutory Auditor and a Managing Partner of Amável Calhau, Ribeiro da Cunha e Associados – Sociedade de Revisores Oficiais de Contas since 1981. He was an Accountant and an Auditor at a Statutory Auditors firm from 1970 to 1979 and qualified as a Chartered Accountant in 1980.

The business address of the members of the Supervisory Board of Galp Energia is Rua Tomás da Fonseca, Torre C, 1600-211 Lisbon, Portugal.

Statutory Auditors Firm

The statutory auditors firm's duties are to perform all checks and verifications regarding auditing and certifying Galp Energia's accounts as well as to exercise other powers and rights provided for by law.

According to Article 446 of the CSC, the statutory auditor or firm of statutory auditors shall be proposed to the general shareholders meeting by the Supervisory Board and may not be part of this body.

The general shareholders meeting held in April 2012 extended the term of Pedro João Reis de Matos Silva, the statutory auditor, until 2014 and of António Campos Pires Caiado, as deputy, representing P. Matos Silva, Garcia Jr., P. Caiado & Associados, the firm of statutory auditors elected in 2011.

External Auditor

For the period 2011-2013 Galp Energia's external auditor is PricewaterhouseCoopers & Associados, SROC, Lda., member no. 183 of the Portuguese Institute of Statutory Auditors and member no. 9077 of CMVM, represented by António Joaquim Brochado Correia.

Remuneration Committee

A Remuneration Committee composed of three shareholders' representatives elected by the general shareholders meeting sets the remuneration of the members of Galp Energia's corporate bodies.

Pursuant to Galp Energia's articles of association no member of the Remuneration Committee can at the same time be a member of the Board of Directors or of the Supervisory Board.

In 2012, in order to align the executive performance with Galp Energia's long-term goals, a policy of setting three-year goals was introduced, in line with best market practices. Accordingly, the Executive Directors receive a fixed monthly salary plus a variable remuneration component consisting of a yearly and a three-year component, each worth 50% of the total variable remuneration. The three-yearly component, although calculated annually, will effectively only be paid at the end of three years if the proposed objectives are achieved.

Remuneration Committee 2011-2014 term	
Position	Name
Chairman	<i>Currently vacant</i>
Member	Amorim Energia, B. V. represented by Francisco Rego
Member	Jorge Armindo Carvalho Teixeira

The position of Chairman of the Remuneration Committee is currently vacant following the resignation presented by CGD on 11 January 2013.

Committee on International Strategy

Given the increasing importance to the Group and to Galp Energia's activity and businesses in different geographies across the different continents, a Committee on International Strategy was set up in 2012.

The main purpose of this standing committee will be to reflect on Galp Energia's international strategy, providing, upon request from the Board of Directors or from the Executive Committee, opinions on projects and businesses on an international level.

The Committee on International Strategy is composed of four Non-Executive Directors. Following Mr. Baptista Sumbe's resignation as member of the Board of Directors, there is currently a vacancy in the Committee on International Strategy.

The Committee on International Strategy was established to enable Galp Energia to leverage the professional track record, knowledge and reputation of the members of its Board of Directors, who are best positioned to add value to the decisions and steps to be taken in regard to the internationalisation and development of Galp Energia's businesses.

Committee on International Strategy		
Name	Position	Appointment Date
Américo Ferreira de Amorim	Chairman	2012
Sérgio Gabrielli de Azevedo	Member	2012
Abdul Magid Osman	Member	2012

CONFLICTS OF INTERESTS

The members of Galp Energia's Board of Directors, Executive Committee, Supervisory Board, Remuneration Committee and Committee on International Strategy described above do not have, as of the date hereof, any conflicts, or any potential conflicts, between their duties to Galp Energia in such capacities and their private interests or other duties.

MAJOR SHAREHOLDERS

Description of the main shareholders and arrangements in place which may result in a change of the shareholder structure

Amorim Energia has its head office in the Netherlands and its shareholders are Power, Oil & Gas Investments, B. V. (35%), Amorim Investimentos Energéticos, SGPS, S.A. (20%) and Esperaza Holding, B. V. (45%). The first two companies are controlled, either directly or indirectly, by Portuguese investor Américo Amorim and Esperaza Holding, B.V. is controlled by Sonangol, E.P., Angola's state-owned oil company. It should be noted that, in May 2013, Amorim Energia issued bonds convertible into Galp Energia shares, representing approximately 3% of Galp Energia's share capital. The bonds are due in 2018 and were placed with an exchange price of €15.8919.

Eni is an Italian energy operator listed on the Milan Stock Exchange and the NYSE in New York. Eni is present in over 75 countries in oil and gas exploration and production, refining and marketing, gas and power, petrochemicals and engineering services and construction and drilling. In November 2012, Eni issued bonds convertible into Galp Energia shares, representing around 8% of Galp Energia's share capital. The bonds are due in 2015 and were placed with an exchange price of €15.50.

Parpública is a public body that manages equity holdings held by the Portuguese state in a number of companies. In 2010, Parpública issued bonds convertible into Galp Energia shares, representing a 7% share of Galp Energia's capital. These bonds have final maturity in 2017 and were placed with an exchange price of €15.25.

Shareholder structure

On 30 June 2013 the shareholder structure was as follows:

	No. of shares	% of capital	% of voting rights
Amorim Energia	317,934,693	38.34%	54.68%
Eni	135,497,095	16.34%	16.34%
Parpública	58,079,514	7.00%	7.00%
Other Shareholders	317,739,333	38.32%	38.32%
	829,250,635	100.00%	

Since 2012, the shareholder structure of Galp Energia has undergone several changes. Most notably, the percentage of shares in free float increased from 25.32% to 38.32%.

The shareholders agreement in force since March 2006 between Amorim Energia B.V. (**Amorim Energia**), Caixa Geral de Depósitos, S.A. (**CGD**) and Eni, jointly referred to as **the Parties**, ceased to be in effect in 2012. In March 2012, the Parties announced the signing of new agreements which stipulated, *inter alios*, the conditions under which Eni could sell its stake in Galp Energia, which at the end of 2011 amounted to 33.34%. Accordingly, Eni acquired the right to sell up to 20% of Galp Energia's share capital in the market, and CGD would be able to exercise a right to tag along in respect of the 1% stake it held in Galp Energia. On 27 November 2012, through an accelerated book building process, Eni sold shares representing approximately 4% of the share capital of Galp Energia, at a price of €11.48 per share, while CGD exercised its right to tag along and sold its 1% stake. On this date, Eni also issued bonds exchangeable for Galp Energia shares which corresponded to approximately 8% of Galp Energia's share capital.

In 2012, Amorim Energia acquired a stake from Eni corresponding to 5% of the share capital of Galp Energia, at a price of €14.25 per share, and accordingly it now holds a 38.34% stake in Galp Energia. Additionally, Amorim Energia, or a third party designated by it, has the right to purchase a 5% stake up to the end of 2013, and holds the right of first refusal on 3.34% or 8.34%, depending on whether the right to purchase is exercised or not.

On 31 May 2013, Eni further announced the sale of a stake corresponding to 6.7% of Galp Energia's share capital. Considering that Galp Energia had sold a stake of approximately 1.3% over the previous months, directly on the stock exchange, the current stake of Eni in Galp Energia's share capital is 16.34%, of which 8% has been given as underlying of the exchangeable bond issued in late 2012 and 8.34% subject to certain rights exercisable by Amorim Energia, as aforementioned.

Under the previously stated agreements and under paragraph 1. c) of Article 20 of the **Portuguese Securities Code** (*Código dos Valores Mobiliários*) enacted by Decree-law no. 486/99, of 13 November 1999, as amended, the voting rights attached to the shares held by each of the Parties were attributed to each of the other Parties. This ceased to apply to CGD when it sold its 1% stake in Galp Energia on 27 November 2012. On 26 July 2013, Eni informed Galp Energia for release to the market, that the voting rights held by Amorim Energia were no longer attributable to Eni, according to the understanding of the CMVM, although the voting rights held by Eni continue to be attributable to Amorim Energia. Therefore, based on the information that is publicly available, Eni holds a qualified stake of 16.34% of Galp Energia's share capital and voting

rights while a total percentage of 54.68% of the voting rights in Galp Energia is attributable to Amorim Energia.

TAXATION

Portugal

The following description summarises the material anticipated tax consequences relating to an investment in the Notes according to Portuguese law. The description does not deal with all possible consequences of an investment in the Notes and is not intended as tax advice. Accordingly, each prospective investor should consult its own professional advisor regarding the tax consequences to it of an investment in the Notes under local or foreign laws to which it may be subject. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Republic of Portugal Taxation

Portuguese taxation relating to all payments by the Issuer in respect of Notes issued within the scope of Decree-law no. 193/2005

Law no. 66-B/2012, which approves State Budget for 2013, grants an authorisation for Decree-law no. 193/2005 to be amended. In such a context, an amendment to Decree-law no. 193/2005 has been approved by the Parliament on 1 November 2013 and now requires publication at the Official Gazette to enter into force. Such amendment includes an enlargement of the scope of effective beneficiaries that may benefit from the income tax exemptions, changes in the procedures set forth for confirmation of foreign residency and provides for the application of the regime contemplated in Decree-law no. 193/95 to Notes issued with a maturity of less than one year. It is expected that such amendments will only apply to income obtained on or after the first Interest Payment Date that occurs after 31 December 2013.

This section summarises the tax consequences of holding Notes issued by the Issuer when such Notes are centralised within Interbolsa and have been issued within the scope of the Decree Law. References in this section are construed accordingly.

Investment income (i.e. economic benefits derived from interest, amortisation or reimbursement premiums as well as other forms of remuneration which may be paid under the Notes) on the Notes, paid to a corporate holder of Notes (who is the effective beneficiary thereof (the **Beneficiary**)) resident for tax purposes in Portuguese territory or to a non-Portuguese resident having a permanent establishment therein to which income is imputable, is subject to withholding tax currently at a rate of 25 per cent., except where the Beneficiary is either a Portuguese resident financial institution (or a non-resident financial institution having a permanent establishment in the Portuguese territory to which income is imputable) or benefits from a reduction or a withholding tax exemption as specified by current Portuguese tax law (such as pension funds, retirement and/or education savings funds, share savings funds and venture capital funds constituted under the laws of Portugal). In relation to Beneficiaries that are corporate entities resident in Portuguese territory (or non-residents having a permanent establishment therein to which income is imputable), withholding tax is treated as a payment in advance and, therefore, such Beneficiaries are entitled to claim appropriate credit against their final corporate income tax liability. If the payment of interest or other investment income on Notes is made available to Portuguese resident individuals, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects to include such income in his taxable income, subject to tax at progressive income tax rates of up to 48 per cent. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding EUR 80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding EUR 80,000 up to EUR 250,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding EUR 250,000. Also, if the option of income aggregation is made an additional surcharge at the rate of 3.5 per cent. will also be due over the amount that exceeds the annual amount of the monthly minimum guaranteed wage. In such a case, the tax withheld is deemed a payment on account of the final tax due.

Investment income paid or made available on accounts held by one or more parties on account of unidentified third parties is subject to a withholding tax rate of 35 per cent., except where the beneficial owner of the income is identified, in which case the general rules will apply.

Under the Decree Law, investment income classified as obtained in Portuguese territory paid to Beneficiaries considered non-Portuguese resident in respect of debt securities registered with a clearing system recognised by the Portuguese Securities Code (currently, the CVM managed by Interbolsa), as well as capital gains derived from a sale or other disposition of such Notes, will be exempt from Portuguese taxation.

For the withholding tax exemption to apply, the Decree Law requires that the Beneficiary: (i) is neither resident in Portuguese territory (nor has any registered or deemed permanent establishment therein to which interest is imputable); (ii) is not resident in the countries and territories included in the Portuguese "blacklist" (countries and territories listed in Ministerial Order (*Portaria*) no. 150/2004, of 13 February 2004, as amended from time to time, the **Ministerial Order no. 150/2004**) with the exception of central banks and governmental agencies of those blacklisted jurisdictions and (iii) has not more than 20 per cent. of its share capital held, directly or indirectly, by Portuguese residents. In addition the Beneficiary shall comply with the evidence requirements and procedures of non residence status set forth in the Decree Law. If the procedures and certifications of non residence status or the requirements to benefit from the withholding tax exemption are not complied with a Portuguese withholding tax will apply at a rate of 25 per cent. (in case of non resident entities), at a rate of 28 per cent. (in case of non resident individuals) or at a rate of 35 per cent. (in case of investment income payments (i) to individuals or companies domiciled in a "low tax jurisdiction" list approved by Ministerial Order no. 150/2004, or (ii) to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties, in which the relevant beneficial owner(s) of the income is/are not identified), as the case may be, or if applicable, at reduced withholding tax rates pursuant to tax treaties signed by the Republic of Portugal, provided that the procedures and certification requirements established by the relevant tax law are complied with.

Under the Decree Law, the Notes must be held through an account with one of the following entities: (i) a direct registered entity, which is an entity affiliated with the clearing system recognised by the Portuguese Securities Code; (ii) an indirect registered entity, which, although not assuming the role of the "*direct registered entities*", is a client of the latter; or (iii) entities managing an international clearing system, which are entities operating with the international market to clear and settle securities transactions. For purposes of the Decree Law, the Portuguese Government has recognised both Euroclear and Clearstream, Luxembourg as entities managing an international clearing system.

Capital gains obtained by individuals that are not entitled to said exemption will be subject to taxation at a 28 per cent. flat rate. Accrued interest does not qualify as capital gains for tax purposes. If the exemption does not apply in case of legal entities, the gains will be subject to corporate income tax at a rate of 25 per cent. Under the tax treaties entered into by Portugal, such gains obtained either by individuals or legal persons are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

Capital gains obtained on the disposal of Notes issued by the Issuer, by corporate entities resident for tax purposes in the Republic of Portugal and by non-residents corporate entities with a permanent establishment therein to which the income or gain are attributable are included in their taxable income and are subject to a corporate tax rate of 25 per cent. applicable on taxable income, which may be subject to a municipal surcharge (*derrama municipal*) of up to 1.5 per cent., over the entity' taxable profits. Taxable profits will also become subject to a progressive state surcharge (*derrama estadual*) according to which, 3 per cent. will be applicable on the part of taxable profits exceeding EUR 1,500,000.00 but equal or less than EUR7,500,000.00 and a 5 per cent. due on the part of taxable profits exceeding EUR 7,500,000.00.

Capital gains obtained on the disposal of Notes issued by the Issuer, by individuals resident for tax purposes in the Republic of Portugal are subject to tax at a rate of 28 per cent. levied on the positive difference between the capital gains and capital losses realised on the transfer of securities and derivatives of each year,

unless the individual elects to include such income in his taxable income, subject to tax at progressive income tax rates of up to 48 per cent. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding EUR 80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding EUR 80,000 up to EUR 250,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding EUR 250,000. Also, if the option of income aggregation is made an additional surcharge at the rate of 3.5 per cent. will also be due over the amount that exceeds the annual amount of the monthly minimum guaranteed wage.

Domestic Cleared Notes – held through a direct registered entity

Direct registered entities are required to register the Noteholders in one of two accounts: (i) an exempt account or (ii) a non-exempt account. Registration in the exempt account is crucial for the tax exemption to apply upfront and requires evidence of the non-resident status of the Beneficiary, to be provided by the Noteholder to the direct registered entity (this will have to be made by no later than the second ICSD Business Day prior to the Relevant Date, as defined in Condition 7 of the Terms and Conditions of the Notes (*Taxation*)), as follows:

- (a) if the Beneficiary is a central bank, public institution, international body, credit or financial institution, a pension fund or an insurance company, with its head office in any OECD country or in a country with which the Republic of Portugal has entered into a double tax treaty, it must provide (a) its tax identification; or (b) a certificate issued by the entity responsible for its supervision or registration, confirming the legal existence of the Beneficiary and its domicile; or (c) a declaration of tax residence issued by the Noteholder itself, duly signed and authenticated, if the Noteholder is a central bank, a public law entity taking part in the public administration (either central, regional or peripheral, indirect or autonomous of the relevant country), or an international body; or (d) proof of non-residence pursuant to the terms of paragraph (c) below;
- (b) if the Beneficiary is an investment fund or other collective investment scheme domiciled in any OECD country or in a country with which the Republic of Portugal has entered into a double tax treaty, it must provide (a) a declaration issued by the entity responsible for its supervision or registration or by the relevant tax authority, confirming its legal existence, domicile and law of incorporation; or (b) proof of non-residence pursuant to the terms of paragraph (c) below;
- (c) other investors will be required to prove of their non-resident status by way of: (a) a certificate of residence or equivalent document issued by the relevant tax authorities; (b) a document issued by the relevant Portuguese Consulate certifying residence abroad; or (c) a document specifically issued by an official entity which forms part of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country.

The Beneficiary must provide an original or a certified copy of such documents and, as a rule, if such documents do not refer to a specific year and do not expire, they must have been issued within the three years prior to the relevant payment or maturity dates or, if issued after the relevant payment or maturity dates, within the following three months. The Beneficiary must inform the direct registering entity immediately of any change in the requirement conditions that may eliminate the tax exemption.

Internationally Cleared Notes – held through an entity managing an international clearing system

If the Notes issued under the Decree Law are registered in an account with an international clearing system (either with Euroclear or Clearstream, Luxembourg) and the management entity of such international clearing system undertakes not to provide registration services in respect of the Notes to (i) Portuguese tax residents that do not benefit from either an exemption or waiver of Portuguese withholding tax, and (ii) to non-resident entities for tax purposes which do not benefit from the above Portuguese income tax exemption, the proof required to benefit from the exemption will be made (by no later than the second ICSD Business

Day prior to the Relevant Date, as defined in Condition 7 of the Terms and Conditions of the Notes (*Taxation*)), as follows:

- (a) through the presentation of a certificate, on an annual basis, with the name of each beneficial owner, their address, their tax payer number (if applicable), the identity of the securities, the quantity held and also the reference to the legislation supporting the exemption or the waiver of Portuguese withholding tax. The current form of this certificate is attached as Annex 1;
- (b) alternatively, through an annual declaration that states that the beneficial owners are exempt or not subject to withholding tax. This declaration is accompanied by a disclosure list provided on each coupon payment date, identifying each beneficial owner and showing their name, address, tax payer number (if applicable), the identity of the securities, the quantity held and also the reference to the legislation supporting the exemption or the waiver of Portuguese withholding tax. The current form of this declaration is attached as Annex 2.

The two documents referred to in (a) or (b) shall be provided by the participants (i.e. the entities that operate in the international clearing system) to the direct registering entities, through the international clearing system managing entity, and must take into account the total number of accounts under their management relating to each Noteholder that is tax exempt or benefits from the waiver of Portuguese withholding tax.

The delivery of these documents by the participants to the respective international clearing system managing entities shall follow the procedures that are from time to time applicable for this purpose by said international clearing system managing entities.

The international clearing system managing entities shall inform the direct registering entity of the income paid to each participant for each security payment.

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax was withheld, a special refund procedure is available under the special regime approved by Decree-law no. 193/2005. The refund claim is to be submitted to the direct or indirect register entity of the Notes within 90 days from the date the withholding took place. A special tax form for these purposes was approved by Order (*Despacho*) no. 4980/2006, published in the Portuguese official gazette, second series, no. 45, of 3 March 2006, issued by the Portuguese Minister of State and Finance (currently, *Ministro de Estado e das Finanças*), available at www.portaldasfinancas.gov.pt.

The refund of withholding tax in other circumstances or after the above 90 day period is to be claimed from the Portuguese tax authorities under the general procedures and within the general deadlines.

The absence of evidence of non-residence in respect to any non-resident entity which benefits from the above mentioned tax exemption regime shall result in the loss of the tax exemption and consequent submission to applicable Portuguese general tax provisions.

Portuguese taxation relating to all payments by the Issuer in respect of Notes issued out of the scope of Decree-law no. 193/2005 (Notes with a maturity of less than one year)

The tax considerations made above in relation to corporate holders of Notes resident for tax purposes in Portuguese territory, non-Portuguese resident having a permanent establishment therein to which income is attributable, investment income paid or made available on accounts held by one or more parties on account of unidentified third parties, as well as to individuals resident for tax purposes in the Republic of Portugal also apply to investment income and capital gains derived from a sale or other disposition of Notes with a maturity of less than one year.

Investment income paid to non-Portuguese resident corporate entities or individuals in respect of Notes with a maturity of less than one year are subject to withholding tax at a rate of 25 per cent. (in case of corporate entities), at a rate of 28 per cent. (in case of individuals) or at a rate of 35 per cent. (in case of investment income payments *(i)* to individuals or companies domiciled in a "low tax jurisdiction" list approved by Ministerial Order no. 150/2004, or *(ii)* to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties, in which the relevant beneficial owner(s) of the income is/are not identified), as the case may be, or if applicable, at reduced withholding tax rates pursuant to tax treaties signed by the Republic of Portugal, provided that the procedures and certification requirements established by the relevant tax law are complied with.

Capital gains obtained from a sale or other disposition of Notes with a maturity of less than one year by individuals non-resident in Portugal for tax purposes are exempt from Portuguese capital gains taxation, unless the individual is domiciled in a "low tax jurisdiction" list approved by Ministerial Order no.150/2004. If the exemption does not apply, the positive difference between such gains and gains on other securities and losses in securities is subject to tax at 28%, which is the final tax on that income. Accrued interest does not qualify as capital gains for tax purposes.

Capital gains obtained on the disposal of Notes with a maturity of less than one year by a legal person non-resident in Portugal for tax purposes and without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation, unless the share capital of the holder is more than 25 per cent. directly or indirectly held by Portuguese resident entities or if the holder is domiciled in a "low tax jurisdiction" list approved by Ministerial Order no.150/2004. If the exemption does not apply, the gains will be subject to tax at 25%.

Under the tax treaties entered into by Portugal, the above gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

ANNEX 1

CERTIFICATE FOR EXEMPTION FROM PORTUGUESE WITHHOLDING TAX ON INCOME ARISING FROM DEBT SECURITIES (PARAGRAPH 1 OF ARTICLE 17 OF THE SPECIAL TAX REGIME APPROVED BY THE DECREE LAW 193/2005, OF 7TH NOVEMBER)

The undersigned Participant hereby declares that he holds debt securities covered by the special tax regime approved by Decree Law 193/2005, of 7th November (the "Securities"), in the following securities account number (the "Account") with (name and complete address of the international clearing system managing entity).

We will hold these Securities in our capacity as beneficial owner or in our capacity as intermediary, holding Securities on behalf of one or more beneficial owners[, including ourselves,] if applicable, all of whom are eligible for exemption at source from Portuguese withholding tax according to Portuguese legislation.

1. We are:

Name:

Residence for tax purposes (full address):.....

Tax ID Number:

2. We hereby certify that, from the date hereof until the expiry date of this certificate:

(a) We are the Beneficial Owner of the following Securities:

Security ISIN or Common Code	Security description	Nominal position
-------------------------------------	-----------------------------	-------------------------

And we hereby declare that we are not liable to Portuguese withholding tax, in accordance with the applicable legislation, indicated hereafter:

- Special Tax Regime approved by the Decree Law 193/2005, of 7th November
- Art. 97 of CIRC (Corporate Income Tax Code) – Exemption from withholding tax

(b) We are intermediaries of the following Securities:

Security ISIN or Common Code	Security description	Nominal position
-------------------------------------	-----------------------------	-------------------------

3. We hereby undertake to provide the (name of the international clearing system managing entity) with a document proving the exemption of personal or corporate income tax referred in the attached statement of beneficial ownership, whenever the beneficial owner is not a central bank, public institution, international body, credit institution, financing company, pension fund and insurance company resident in any OECD country or in a country with which Portugal has concluded a Convention for the Avoidance of International Double Taxation, on behalf of which we hold Portuguese debt securities in the Account.

4. We hereby undertake to notify the (name of the international clearing system managing entity) promptly in the event that any information contained in this certificate becomes untrue or incomplete.

5. We acknowledge that certification is required in connection with Portuguese law and we irrevocably authorise (name of the international clearing system managing entity) and its Depositary to collect and forward this certificate or a copy hereof, any attachments and any information relating to it, to the Portuguese authorities, including tax authorities.
6. This certificate is valid for a period of 12 months as from the date of signature:

Place: _____ Date: _____

Authorised Signatory

Authorised Signatory

Name

Name

Title/Position

Title/Position

APPENDIX
STATEMENT OF BENEFICIAL OWNERSHIP

The undersigned beneficiary:

Name:
.....
.....

Address:
.....

Tax identification number:
.....

Holding via the following financial intermediary:

Name of the financial intermediary:
.....

Account number:
.....

The following securities:

Common/ISIN code:
.....

Security name:
.....

Payment date:
.....

Nominal position:
.....

1. Hereby declares that he/she/it is the beneficial owner of the above-mentioned securities and nominal position at the payment date _____ / _____ / _____; and
2. Hereby declares that he/she/it is not liable for withholding tax, in accordance with the applicable legislation as listed below (tick where applicable):
 - Special Tax Regime approved by the Decree Law 193/2005, of 7th November
 - Art. 97 of CIRC (Corporate Income Tax Code) – Exemption from withholding tax
 - Art. 9 of CIRC – State, Autonomous Regions, local authorities, their associations governed by public law and social security federations and institutions

- Art. 10 of CIRC – General Public Interest Companies, Charities and other non-governmental social entities; exemption by the Ministerial Regulation n°, published in Diário da República
- Art. 16 of EBF (Tax Incentives Statute) – Pension Funds and assimilated funds
- Art. 21 of EBF – Retirement Savings Funds (FPR), Education Savings Funds (FPE), Retirement and Education Savings Funds (FPR/E)
- Art. 23 of EBF – Venture Capital Investment Funds
- Art. 26 of EBF – Stock Savings Funds (FPA) Other legislation (indicate which)

This document is to be provided to the Portuguese tax authorities, if requested by the latter, as foreseen in the Article 17 of the Special Tax Regime approved by the Decree Law 193/2005, of 7th November.

Authorised signatory:

Name:

.....
.....
.....

Function:.....
.....

Signature:.....
.....

ANNEX 2

STATEMENT FOR EXEMPTION FROM PORTUGUESE WITHHOLDING TAX ON INCOME ARISING FROM DEBT SECURITIES (PARAGRAPH 2 OF ARTICLE 17 OF THE SPECIAL TAX REGIME APPROVED BY THE DECREE LAW 193/2005, OF 7TH NOVEMBER)

The undersigned Participant hereby declares that he holds or will hold debt securities covered by the special tax regime approved by Decree Law 193/2005, of 7th November (the "*Securities*"), in the following securities account number (the "*Account*") with (name and complete address of the international clearing system managing entity).

We hold or will hold these Securities in our capacity as beneficial owner or in our capacity as intermediary, holding Securities on behalf of one or more beneficial owners[, including ourselves,] if applicable, all of whom are eligible for exemption at source from Portuguese withholding tax according to Portuguese legislation.

1. We are:

Name:

Residence for tax purposes (full address):.....

Tax ID Number:

2. We hereby undertake to provide the (name of the international clearing system managing entity) with a list of Beneficial Owners at each relevant record date containing the name, residence for tax purposes, Tax Identification Number and nominal position of Portuguese debt Securities for each Beneficial Owner[, including ourselves,] on behalf of which we hold or will hold Portuguese debt securities in the Account.

3. We hereby undertake to notify the (name of the international clearing system managing entity) promptly in the event that any information contained in this certificate becomes untrue or incomplete.

4. We acknowledge that certification is required in connection with Portuguese law and we irrevocably authorise (name of the international clearing system managing entity) and its Depositary to collect and forward this certificate or a copy of it, any attachments and any information relating to it, to the Portuguese authorities, including tax authorities.

5. This statement is valid for a period of 12 months as from the date of signature:

Place: _____

Date: _____

Authorised Signatory

Authorised Signatory

Name

Name

Title/Position

Title/Position

APPENDIX
LIST OF BENEFICIAL OWNERS

For:

Interest due ___/___/___

Security code (ISIN or Common Code): _____

Security description: _____

Securities Clearance Account Number: _____

We certify that the above Portuguese debt securities are held on behalf of the following Beneficial Owners:

Name	Tax identification number	Residence for tax purposes	Quantity of Securities	Legal basis of the exemption from withholding tax	Code (*)	Legislation(**)
------	---------------------------	----------------------------	------------------------	---	----------	-----------------

(*) Indicate the legal basis of the exemption from withholding tax in accordance with the following table

Code Legal basis of the exemption

1. Special tax Regime approved by the Decree Law 193/2005, of 7th November
2. Art. 97 of CIRC (Corporate Income Tax Code) – Exemption from withholding tax
3. Art. 9 of CIRC – State, Autonomous Regions, local authorities, their associations governed by public law and social security federations and institutions
4. Art. 10 of CIRC – General Public Interest Companies, Charities and other non-governmental social entities
5. Art. 16 of EBF (Tax Incentives Statute) – Pension Funds and assimilated funds
6. Art. 21 of EBF – Retirement Savings Funds (FPR), Education Savings Funds (FPE), Retirement and Education Savings Funds (FPR/E)
7. Art. 23 of EBF – Venture Capital Investments Funds
8. Art. 26 of EBF – Stock Savings Funds (FPA)
9. Other legislation

(**) The fulfilment of this column is mandatory when the code "9" is indicated in the previous column

2 Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any non-U.S. financial institution (a foreign financial institution, or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA. The Issuer may be classified as a FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "grandfathering date", which is the later of (a) 1 July 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

If the Issuer becomes a Participating FFI under FATCA, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

Whilst the Notes are held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer and any Paying Agent, given that each of the entities in the payment chain beginning with the Issuer and ending with the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE

TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

3. The proposed financial transaction tax

The European Commission has published a proposal for a Directive for a common financial transaction tax (FTT) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

4. EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The European Commission has proposed certain amendments to the Directive, which may, if implemented amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 4 November 2013, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

- (b) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State;
- the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and
- the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act of 2000 (**FSMA**) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or

sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Portugal

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code unless the requirements and provisions applicable to the public offering in Portugal are met and registration, filing, approval or recognition procedure with the CMVM is made. In addition, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be; (ii) it has not distributed, made available or cause to be distributed and will not distribute, make available or cause to be distributed the Offering Circular or any other offering material relating to the Notes to the public in Portugal; other than in compliance with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation implementing the Prospectus Directive and any applicable CMVM Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, including compliance with the rules and regulations that require the publication of a prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers has represented that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 25 October 2013.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Notes is expected to be granted on or before 6 November 2013.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Lisbon:

- (a) the constitutional documents (with a direct and accurate English translation thereof) of the Issuer;
- (b) the annual reports and accounts of the Issuer for the financial years ended 31 December 2012 and 31 December 2011 (with a direct and accurate English translation thereof);
- (c) the Issuer's report in respect of its second quarter and first half of 2013 results (with a direct and accurate English translation thereof); and
- (d) the Issuer's release in respect of the nine months and third quarter of 2013 results (with a direct and accurate English translation thereof);
- (e) the most recently published audited annual financial statements of the Issuer and the most recently published interim financial statements (if any) of the Issuer (with a direct and accurate English translation thereof), in each case together with any audit or review reports prepared in connection therewith;
- (f) the Programme Agreement, the Interbolsa Instrument and the Agency Agreement;
- (g) a copy of this Offering Circular;
- (h) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms and any other documents incorporated herein or therein by reference;
- (i) in the case of each issue of Notes admitted to trading on the London Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document); and
- (j) in the event of a substitution pursuant to Condition 14 taking place, the deed poll and other documents as described in Condition 14.1(b).

Clearing Systems

The Notes have been accepted for registration and clearance through CVM managed by Interbolsa. The address of Interbolsa is Avenida da Boavista 3433, 4100-138 Porto, Portugal.

The Notes will also be eligible for clearing and settlement through Euroclear and Clearstream, Luxembourg holding Notes through a custodian that is an Affiliate Member of Interbolsa. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, société anonyme, 42 Avenue JF Kennedy, L-1855 Luxembourg.

If the Notes are to be cleared through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Significant or Material Change

There has been no significant change in the financial or trading position of the Group since 30 September 2013 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2012.

Litigation

There are no, and there have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their respective affiliates may also make investment

recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Third party information

The information set out in the table under the heading “Activities Description – Exploration & Production – Overview” on page 67 is sourced from a third party named DeGolyer and MacNaughton (**DeMac**). DeMac is a company incorporated in the United States with registered office at 5001 Spring Valley Road, Suite 800 East, Dallas, Texas 75244 USA, and, as an independent auditor, it has no material interest in Galp Energia. According to the terms of the contract in force between Galp E&P, S.A. and DeMac, no consent by DeMac is needed in order to disclose the information disclosed in this Offering Circular.

The Issuer confirms that the information referred to above has been accurately reproduced and that, so far as it is aware and is able to ascertain from information provided by DeMac, no facts have been omitted which would render the reproduced information inaccurate or misleading.

ISSUER

Galp Energia, SGPS, S.A.
Rua Tomás da Fonseca
1600-209 Lisboa
Portugal

AGENT

Caixa - Banco de Investimento, S.A.
Rua Barata Salgueiro, 33
1269-057 Lisboa
Portugal

LEGAL ADVISERS

To the Issuer as to Portuguese law
**Vieira de Almeida & Associados,
Sociedade de Advogados, R.L.**
Av. Eng. Duarte Pacheco, n.º 26
1070-110 Lisboa
Portugal

To the Issuer as to English law
Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

To the Dealers as to Portuguese law
**Morais Leitão, Galvão Teles, Soares da Silva &
Associados, Sociedade de Advogados, R.L.**
Rua Castilho, 165
1070-050 Lisbon
Portugal

To the Dealers as to English law
Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

AUDITORS

To the Issuer
PricewaterhouseCoopers & Associados – SROC, Lda.
Palácio Sottomayor,
Rua Sousa Martins, 1-3º
1069-316 Lisboa
Portugal

DEALERS

Banco Bilbao Vizcaya Argentaria, S.A.

Via de los Poblados s/n – 2a
28033 Madrid
Spain

Banco Comercial Português, S.A.

Av. José Malhoa, 27-1st Floor
1099-010 Lisboa
Portugal

Banco Santander Totta, S.A.

Rua da Mesquita, 6, Edifício B, 2º
1070-238 Lisboa
Portugal

Caixa-Banco de Investimento, S.A.

Rua Barata Salgueiro, 33
1269-057 Lisboa
Portugal

ING Bank N.V.

Foppingadreef 7
1102 BD Amsterdam
The Netherlands

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom

Banco BPI, S.A.

Largo Jean Monnet, 1-4th Floor
1269-067 Lisboa
Portugal

Banco Espírito Santo de Investimento, S.A.

Rua Alexandre Herculano, 38
1269-161 Lisboa
Portugal

BNP Paribas

10 Harewood Avenue
London NW1 6AA
United Kingdom

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Société Générale

29, Boulevard Haussmann
75009 Paris
France