

**SUPPLEMENT DATED 4 JULY 2014
TO THE OFFERING CIRCULAR REFERRED TO BELOW**



GALP ENERGIA, SGPS, S.A.

(incorporated with limited liability in Portugal)

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

This supplement (the **Supplement**) to the offering circular dated 4 November 2013, which comprises a base prospectus (the **Offering Circular**), constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 and is prepared in connection with the EUR5,000,000,000 Euro Medium Term Note Programme (the **Programme**) established by Galp Energia, SGPS, S.A. (the **Issuer**).

This Supplement is supplemental to, and should be read in conjunction with, the Offering Circular and any other supplements to the Offering Circular issued by the Issuer. Terms defined in the Offering Circular have the same meaning when used in this Supplement.

The Issuer accepts responsibility for the information contained in this Supplement. 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 Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

1. Purpose of this Supplement

The purpose of this Supplement is to (i) incorporate by reference direct and accurate English translations of the audited annual report and accounts of the Issuer for the financial year ended 31 December 2013 (the **2013 Annual Report**) and of the unaudited results and consolidated information of the Issuer in respect of the first three months of 2014 (the **1Q2014 Results**); (ii) update the 'significant change' and 'material adverse change' statements set out in the Offering Circular; (iii) update the taxation disclosure and terms and conditions of the Notes following recent legislative changes in Portugal.

2. Financial Information

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

- (a) the 2013 Annual Report, including the information set out at the following pages:

Consolidated Statement of Financial Position Page 78

Consolidated Income Statement Page 79

Accounting Principles and Notes	Pages 84 to 162
Audit Report	Page 168
(b) the 1Q2014 Results, including the information set out at the following pages:	
Consolidated Income Statement	Page 30
Consolidated Statement of Financial Position	Page 31

The parts of the 2013 Annual Report and 1Q2014 Results not included in the cross-reference list above are, nonetheless, incorporated by reference into the prospectus. Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant annexes of the Prospectus Regulation.

Any documents themselves incorporated by reference in the above documents are not incorporated in, and do not form part of, the Offering Circular.

The 2013 Annual Report and the 1Q2014 Results can be viewed electronically and free of charge at the Issuer's website, being

<http://www.galpenergia.com/EN/INVESTIDOR/RELATORIOS-E-RESULTADOS/RELATORIOS-ANUAIS/Paginas/ultimos-relatorios-anuais.aspx> (in the case of the 2013 Annual Report) and

<http://www.galpenergia.com/EN/INVESTIDOR/RELATORIOS-E-RESULTADOS/RESULTADOS-TRIMESTRAIS/Paginas/Arquivo-de-resultados-trimestrais.aspx> (in the case of the 1Q2014 Results).

3. Significant or Material Change

There has been no significant change in the financial or trading position of the Group since 31 March 2014 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2013.

4. Terms and Conditions of the Notes

Paragraphs (c), (d) and (e) of Condition 7 ("*Taxation*") on the Terms and Conditions of the Notes on pages 36 – 61 of the Offering Circular are updated as follows upon the entry into force of Law no. 55/2013, of 8 August 2013, Law no. 83/2013, of 9 December 2013, and Law no. 2/2014, of 16 January 2014:

- (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 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 (*Portaria do Ministério das Finanças e da Administração Pública* no. 150/2004) with the exception of (a) central banks and governmental agencies, as well as international institutions recognised by the Tax Jurisdiction, of those tax haven jurisdictions, and (b) tax haven jurisdictions

which have a double taxation treaty in force or a tax information exchange agreement in force with 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 (with the exception of entities which benefit from a Portuguese withholding tax waiver); or

5. Taxation

The sub-section entitled “Republic of Portugal Taxation” on pages 84 – 94 of the Offering Circular is updated as follows:

Following the entry into force of Law no. 55/2013, of 8 August 2013, Law no. 83/2013, of 9 December 2013, and Law no. 2/2014, of 16 January 2014:

- (i) Interest and other investment income derived from the Notes issued by the Issuer and capital gains realised with the transfer of the Notes issued by the Issuer by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable profits and are now subject to corporate tax at 23% (previously at 25%) or at 17% on the first EUR15,000 in the case of small or small and medium-sized enterprises and a new 7% state surcharge rate applying to taxable profits in excess of EUR35,000,000, both applying from 1 January 2014;
- (ii) Notes with a maturity of less than one year are now eligible to benefit from the tax regime established in the special taxation regime for debt securities approved by Decree-law no. 193/2005 (hereafter the **special regime approved by Decree-law no. 193/2005**), under which investment income and gains on the disposal of debt securities issued by Portuguese resident entities, such as the Notes, may be exempt from Portuguese income taxes. The applicability of the exemption (and of the exemption on investment income and gains on debt securities with a maturity of one year or more) depends now on the debt securities being integrated in a centralised system managed by Portuguese resident entities (such as the *Central de Valores Mobiliários*, managed by Interbolsa), where previously the system was to be recognised under the Portuguese Securities Code; in addition, in order to qualify for these purposes the centralised system may now be also managed by other European Union or European Economic Area entities that manage international clearing systems (in the latter case if there is administrative cooperation for tax purposes with the relevant country which is equivalent to that in place within the European Union), or, when authorised by the member of the government in charge of finance (currently the Finance Minister), in other centralised systems (and therefore the special regime approved by Decree-law no. 193/2005 further described in the “Republic of Portugal Taxation” of the Offering Circular applies to Notes which are centralised within Interbolsa as well as Notes which are integrated in other centralised systems), and (i) the beneficial owners have no residence, head office, effective management or permanent establishment in the Portuguese territory to which the income is attributable; and (ii) the beneficial owners are central banks and government agencies, international organisations recognised by the Portuguese state, as well as residents in a country or jurisdiction with which Portugal has entered into a double tax treaty or a tax information exchange agreement in force or (iii) other non-resident entities which are not domiciled in a country, territory or region subject to a clearly more favourable tax regime included in the list approved by Ministerial order no. 150/2004, of 13 February 2004. Previously the exemption did not apply to residents in a country, territory or region subject to a clearly more favourable tax regime included in the list approved by Ministerial order no. 150/2004, of 13 February 2004, except in the case of central banks and government agencies, and to beneficial owners held, directly or

indirectly, in more than 20% by Portuguese resident entities. In addition international organisations benefitted from the exemption regardless of their recognition by the Portuguese state;

- (iii) Central banks, public law entities or agencies and international organisation recognised by the Portuguese state are to prove that they are entitled to the exception in relation to domestically cleared bonds through a declaration of tax residence issued by the holder, duly signed and authenticated or though the general procedure, the tax identification no longer being acceptable for these purposes;
- (iv) In relation to domestically cleared bonds, credit institution, financial company, pension fund, an insurance company or an investment fund or other collective investment scheme domiciled in any OECD country or in a country with which Portugal has entered into: (i) a double taxation treaty or (ii) a tax information exchange agreement in force (in this last case, only applicable in case of an investment fund or other collective investment scheme), the procedures on the applicability of the exemption regarding the evidence of non-residence status has changed since the respective proof of non-residence in Portugal is provided once, and its periodical renewal not being necessary and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying. Previously, the respective proof was provided in any interest payment date or redemption date; and
- (v) The procedures on the applicability of the exemption in the case of internationally cleared Notes have changed, as generally described as follows:

Prior to the relevant date for payment of any interest or the redemption date (for Zero Coupon Notes), the entity managing the international clearing system is to provide to the direct register entity or its representative the identification and number of securities, as well as the income and, when applicable, the tax withheld, itemised by type of beneficial owner, as follows:

- a. Portuguese resident entities or permanent establishments of non-resident entities to which the income is attributable which are not exempt from tax and are subject to withholding tax;
- b. Entities domiciled in a country, territory or region subject to a clearly more favourable tax regime included in the list approved by Ministerial order no. 150/2004, of 13 February 2004, which are not exempt from tax and are subject to withholding tax;
- c. Portuguese resident entities or permanent establishments of non-resident entities to which the income is attributable which are exempt from tax and are not subject to withholding tax;
- d. Other non-resident entities.

In addition, the international clearing system managing entity is to provide to the direct register entity, in relation to each income payment, at least the following information concerning each of the beneficiaries mentioned in (a), (b) and (c) above: name and address, tax identification number, if applicable, identification of the securities held and amount thereof and amount of income.

If the conditions for an exemption to apply are met, but, due to inaccurate or insufficient information, tax is 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 register entity of the Notes within 6 months (previously 90 days) from the date the withholding took place. Previously this refund was available only in the case of the exemption envisaged in the special regime approved by Decree-law no. 193/2005).

The refund of withholding tax after the above 6 months period is to be claimed to the Portuguese tax authorities through a form within 2 years from the end of the year in which tax was withheld. The

refund is to be made within 3 months, after which interest is due. Previously the refund was to be claimed under general rules or through a form.

6. General Information

Copies of documents incorporated by reference in the 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.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Offering Circular by this Supplement and (b) any other statement in or incorporated by reference in the Offering Circular, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular which is capable of affecting the assessment of any Notes since the publication of the Offering Circular.