

This translation of the Portuguese document was made only for the convenience of non-Portuguese speaking Shareholders. For all intents and purposes, the Portuguese version shall prevail.

PROPOSAL

Item 5 of the agenda
of the general meeting of
Galp Energia, SGPS, SA, Public Company,
on May 30 2011

Variable remuneration policy of Galp Energia's top management

Galp Energia's top management variable remuneration is linked to a system of performance indicators/targets related with economical/financial, operational, quality of service and environmental and safety factors, which are considered relevant to monitor the activity of the Company, the business unit and the operating area.

Management agreements are defined annually with all top managers, under which three groups of targets are defined, totalling six indicators:

- **Targets shared at Galp Energia Group level:** Two indicators, with a weight of 5% and 12.5% respectively, equal for every top manager, and linked with the Group's value creation (compared with the budget) and with Galp Energia's share performance (compared with a peer group);
- **Targets shared at the business unit level:** One indicator, with a weight of 17.5%, equal for every top manager of the respective business unit, linked to the business unit results (compared with the budget);
- **Individual targets:** Three indicators, with a total weight of 65%, considered critical, directly depending of the top manager actions of the respective area, and value creators for the business (compared with the budget or with another challenge deemed adequate for the established target).

The defined targets have taken in consideration the establishment of performance indicators oriented to shareholder value creation and to allow the balancing

between individual responsibility and the promotion of a culture oriented to the business/team.

The targets/indicators were also built in order to allow its spread through the organization, assuring a common system and the equality of principles in every level of the organization. There is a continuous effort to maintain identical every process, time schedule and templates, for every employee of the major group companies.

The variable remuneration policy results from a performance evaluation system based on the achievement of the targets settled, rewarding and distinguishing the best performances, using a transparent and expected logic, meaning that the best evaluations will lead to better premiums.

In order to guarantee the coherency between the results obtained and the premiums paid, the total amount of variable remuneration is linked to Galp Energia Group's net profit, according to defined and reported rules for setting upper and lower limits. These indexing rules can lead to no variable remuneration being awarded if the Company's net profit is below 80% of the respective budget.