
Galp Energia announces a partnership with Sinopec to jointly develop its Brazilian upstream portfolio, valued at \$12.5 billion

Galp Energia and Sinopec have reached an agreement for the capital increase in Galp Energia's Brazilian subsidiary, Petrogal Brasil. This agreement confirms Galp Energia as one of the most relevant upstream players in Brazil and ensures the development of the Company's assets in this country, while establishing a partnership with Sinopec, a world class energy group.

Under the terms of the agreement, Sinopec will subscribe a \$4.8 billion capital increase in Petrogal Brasil, and other related operational subsidiaries, valuing the existing Galp Energia's Brazilian assets at an enterprise value of \$12.5 billion at closing.

Upon completion of the transaction, Galp Energia will retain 70% ownership, remaining the controlling shareholder of that company, and thus continuing to full consolidate those assets, while Sinopec will hold the remaining 30% interest and, through board representation, will have an adequate involvement in Petrogal Brasil.

In addition, Sinopec will make a shareholder loan to Petrogal Brasil in the estimated amount of \$390 million, which will be used to reimburse 30% of the loans to Galp Energia of \$1.3 billion.

This partnership with Sinopec, one of the largest energy groups worldwide, sets a reference to the oil and gas industry, as offshore Brazil comprises some of the few world class oil and gas basins. This transaction also confirms the high quality of Galp Energia's assets in Brazil and reaffirms the great importance of the exploration activities in this country, carried out by the Company since 1999, when Petrogal Brasil was incorporated.

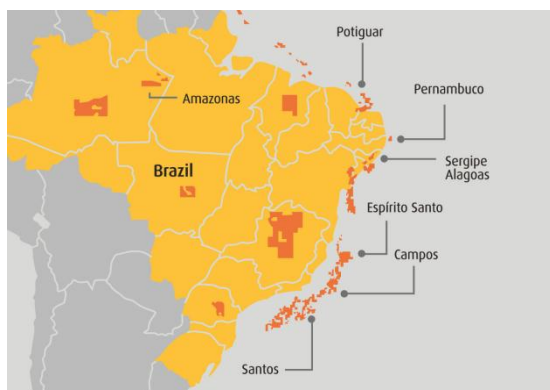
This capital increase significantly strengthens Galp Energia's capital structure, fully securing its funding needs for the future expansion and development of its upstream activities in Brazil.

This agreement will focus on the joint development of Galp Energia's existing assets in Brazil, although there is the possibility for both parties to pursue, jointly or separately, further expansion in that region.

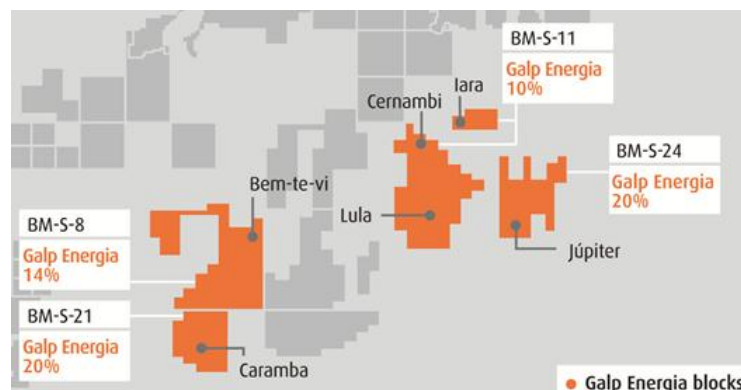
The transaction is subject to the approval of the competent authorities.

Petrogal Brasil assets

Location



Pre-salt Santos basin blocks



Galp Energia in the World

Galp Energia is an integrated energy Company with diversified activities across the World. While its refining and marketing activities are centered in Iberia, its upstream presence focus in the resource-rich South Atlantic area that includes Brazil's pre-salt Santos basin and the Angolan offshore. In the upstream, Galp Energia is also present in the recent world class gas discoveries in Rovuma basin in Mozambique. Galp Energia is currently present in 13 countries: Portugal, Spain, Brazil, Angola, Mozambique, Venezuela, Cape Verde, Guinea-Bissau, Swaziland, Gambia, East Timor, Uruguay and Equatorial Guinea.

Galp Energia's upstream portfolio in Brazil comprises interests in 21 projects across seven basins, including the world-class discoveries in the pre-salt Santos basin, such as Lula, Cernambi and Lara fields. Galp Energia is one of the most leveraged players to the prolific Santos basin, holding also significant prospective acreage on other basins in Brazil.

Galp Energia's Brazilian portfolio included, at the end of 2010, 3P reserves of 554 million boe, 3C contingent resources of 2,135 million boe and risked prospective resources (mean estimate) of 188 million boe, as certified by DeGolyer and MacNaughton.

Sinopec

Sinopec Group, ranked the 5th in the Fortune Global 500 in 2011, is China's largest producer of refined oil products and major petrochemical products and its second largest crude oil producer. In 2010, Sinopec's domestic crude oil output amounted to 298 MMbbl and natural gas production grew to 441 Bcf.

Sinopec has more than 42 projects in 21 countries, with total overseas proven and probable reserves of petroleum and natural gas of 5.55 billion bbl and 4.41 Tcf, respectively. In 2010, its annual overseas equity oil production reached 127 MMbbl. In recent years, Sinopec has enhanced its overseas portfolio through successful major acquisitions, such as the acquisition of Addax, Oxy Argentina Corporation, a 9.03% equity position in Canada's Syncrude Company, 40% of the shares of Repsol Brazil and a stake in APLNG.

Galp Energia, SGPS, S.A.

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