
Galp Energia announces the financial close of the capital increase at Petrogal Brasil, fully subscribed to by Sinopec

Galp Energia and Sinopec successfully closed today the agreement announced in November 2011, related to the capital increase in Petrogal Brasil and other related entities, responsible for Galp Energia's upstream activities in Brazil.

As per the agreement, and after receiving the approval of the competent authorities, Sinopec fully subscribed to the US\$4.8 billion capital increase in Petrogal Brasil and other related entities.

In addition, Sinopec realized a shareholder loan to Petrogal Brasil, amounting to US\$0.36 billion, which will be reimbursed to Galp Energia, at the holding level. Therefore, the total proceeds accounted at Galp Energia totaled US\$5.2 billion.

In consequence of this transaction, Galp Energia now holds 70% of Petrogal Brasil and other related entities, while Sinopec holds the remaining 30%, maintaining the full consolidation of those companies.

The board of directors of the Brazilian company, composed by 7 members, was appointed proportionally to the new shareholder structure. Galp Energia appointed five members, including the Chairman, while Sinopec appointed the remaining two members. This new board of directors reflects that Galp Energia remains the controlling shareholder of Petrogal Brasil and ensures that Sinopec will have an adequate involvement in the operations of that company.

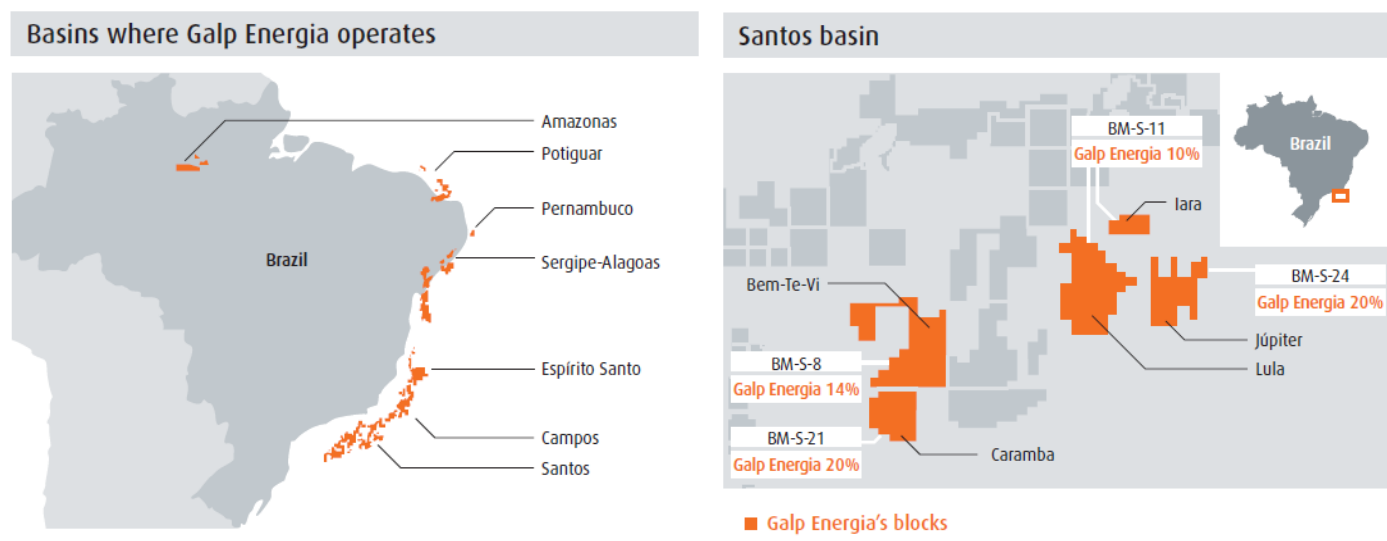
This transaction significantly strengthens Galp Energia's financial position, providing the Company with one of the most robust capital structure within the industry. In fact, on a *pro forma* basis, at the end of 2011, the net debt to equity would have stood at 8%, versus the reported 119%, while the net debt to ebitda would have been 0.7.

In fact, this capital increase not only removes all financial strains arising from the challenging exploration and development activities to be carried out in Brazil, as it provides Galp Energia with additional flexibility to develop other upstream projects within its current global portfolio and to pursue new opportunities, in Brazil or elsewhere.

This transaction with Sinopec, one of the largest energy groups worldwide, confirmed the high quality of Galp Energia's assets in Brazil and, even after its completion, Galp Energia remains uniquely positioned to leverage at most on the yet to be delivered potential of Petrogal Brasil's current portfolio.

Galp Energia and Sinopec will now focus on exploring and developing the current Petrogal Brasil portfolio, although there is the possibility for both parties to pursue, jointly or separately, further expansion in that region.

Petrogal Brasil assets



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 20 projects across seven basins, including the world-class discoveries in the pre-salt Santos basin, such as Lula and Iara fields. Galp Energia is one of the most leveraged players to the prolific Santos basin, holding also significant exploration acreage on other basins in Brazil.

Galp Energia's Brazilian portfolio included, at the end of 2011, 3P reserves of 695 million boe, 3C contingent resources of 2,076 million boe and risked exploration resources (mean estimate) of 184 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 2011, Sinopec's crude and natural gas output amounted to 408 million boe.

Sinopec has more than 40 projects in 21 countries, with total proven reserves of petroleum and natural gas of 3,966 million boe. 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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