RESULTS

FOURTH QUARTER AND TWELVE MONTHS 2010

Extending success into new challenges

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EXECUTIVE SUMMARY

In 2010, Galp Energia's replacement cost adjusted (RCA) net profit rose 43% year on year (yoy) to €306 million. RCA net profit for the fourth quarter 2010 was €40 million.

Both the Gas & Power and Refining & Marketing business segments improved their operating performance in 2010, although the latter was negatively affected by the incident in the Sines refinery in the first quarter of 2009.

SUMMARY OF RESULTS – FOURTH QUARTER AND TWELVE MONTHS 2010

- The net entitlement production of crude oil in 2010 increased 22% yoy to 11.8 thousand barrels per day, driven primarily by the Tupi and the CPT Tômbua-Lândana projects; in the fourth quarter, the production was 14.3 thousand barrels per day;

- Galp Energia's refining margin in 2010 was Usd 2.6/bbl; in the fourth quarter 2010, the refining margin was Usd 2.3/bbl, which was substantially above the Usd 0.9/bbl of a year earlier on the back of recovering margins on international markets;

- The marketing of oil products continued to be a consistent contributor to results as the company improved its operating performance in the Spanish market;

- In 2010, the volume of natural gas sold rose 5% yoy to 4,926 million cubic metres, 75% of which was sold into the liberalised market; in the fourth quarter of 2010, the 1,340 million cubic metres sold were 12% up from 2009;

- RCA EBITDA in 2010 was €854 million, of which 46% originated in the Refining & Marketing business segment; in the fourth quarter 2010, RCA EBITDA was €177 million, up from €150 million in 2009;

- The RCA net profit of €306 million equated to €0.37 per share, of which €0.05 in the fourth quarter of 2010;

- Capital expenditure in 2010 amounted to €1,233 million, 30% of which in the fourth quarter of 2010, and was in both periods mainly channelled to the refinery upgrade project.

CONFERENCE CALL

Date:	Friday, 11 February
Time:	14:00 UK time (15:00 CET)
Hosted by:	Manuel Ferreira De Oliveira (CEO) Claudio De Marco (CFO) Tiago Villas-Boas (IRO)
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Chairperson:	Tiago Villas-Boas

KEY FIGURES

FINANCIAL DATA

Million euros

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
253	233	(20)	(7.8%)	EBITDA	830	1,053	223	26.9%
157	167	10	6.3%	EBITDA RC[1]	619	841	222	35.9%
150	**177**	**27**	**17.8%**	**EBITDA RCA[2]**	**630**	**854**	**224**	**35.6%**
119	118	(1)	(0.9%)	Operating profit	459	630	171	37.3%
23	52	28	121.8%	Operating profit RC[1]	248	418	170	68.6%
51	**55**	**4**	**8.3%**	**Operating profit RCA[2]**	**287**	**445**	**158**	**55.2%**
87	86	(2)	(1.8%)	Net profit	347	441	94	27.1%
16	37	21	135.5%	Net profit RC[1]	186	285	99	53.1%
34	**40**	**5**	**16.1%**	**Net profit RCA[2]**	**213**	**306**	**92**	**43.3%**

[1] Replacement cost figures exclude inventory effects
[2] Adjusted figures exclude inventory effects and non recurrent events

MARKET INDICATORS

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
(0.0)	1.6	1.6	n.m.	Rotterdam cracking refining margin[1] (Usd/bbl)	1.3	1.5	0.3	21.1%
(1.2)	0.5	1.7	n.m.	Rotterdam hydroskimming + aromatics + base oil refining margin[1] (Usd/bbl)	0.1	0.4	0.3	n.m.
27.7	52.5	24.8	89.7%	UK NBP natural gas price[2] (GBp/term)	30.9	42.6	11.7	38.1%
32.5	43.2	10.7	32.9%	Spanish pool price[2] (€/MWh)	36.8	37.0	0.2	0.6%
74.6	86.5	11.9	16.0%	Average Brent dated price[3] (Usd/bbl)	61.5	79.5	18.0	29.2%
1.48	1.36	(0.1)	(8.0%)	Average exChg. rate[2] (Eur/Usd)	1.39	1.33	(0.1)	(4.9%)
1.00	1.25	*0.25 p.p.*	n.m.	Euribor - six month[2] (%)	1.43	1.08	*(0.34 p.p.)*	*n.m.*

[1] Source: Platts. For a complete description of the method for calculating Rotterdam margins see “Definitions”
[2] Source: Bloomberg
[3] Source: Platts

OPERATING DATA

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
17.7	20.1	2.4	13.7%	Average working interest production (kbbl/day)	14.7	19.5	4.8	32.9%
12.2	14.3	2.0	16.7%	Average net entitlement production (kbbl/day)	9.7	11.8	2.1	21.9%
0.9	2.3	1.4	n.m.	Galp Energia refining margin (Usd/bbl)	1.5	2.6	1.2	80.6%
3.0	2.7	(0.4)	(12.7%)	Raw materials processed (million tonnes)	11.5	12.3	0.7	6.2%
2.8	2.6	(0.1)	(5.4%)	Oil sales direct clients in Iberia (million tonnes)	11.1	10.4	(0.7)	(6.3%)
1,198	1,340	142	11.9%	Natural gas sales (million m^3)	4,680	4,926	245	5.2%
285	292	7	2.4%	Sales of electricity to the grid [1] (Gwh)	706	1,202	495	70.1%

[1] Includes unconsolidated companies where Galp Energia has a significant interest

BASIS OF PRESENTATION

Galp Energia's unaudited consolidated financial statements for the twelve months ended 31 December 2010 and 2009 have been prepared in accordance with IFRS. The financial information in the consolidated income statement is reported for the quarters ended 31 December 2010 and 2009 and the twelve months ended on these dates. The financial information in the consolidated financial position is reported at 31 December 2010, 30 September 2010 and 31 December 2009.

Galp Energia's financial statements are prepared in accordance with IFRS and the cost of goods sold is valued at WAC. The use of this valuation method may, when goods and commodities prices fluctuate, cause volatility in results following gains or losses in inventories which do not reflect the company's operating performance. This effect is called the *inventory effect*.

Another factor that may affect the Company's results but is not an indicator of its true performance is the set of non recurrent events such as gains or losses on the disposal of assets, impairments or reinstatements of fixed assets and environmental or restructuring charges.

For the purpose of evaluating the operating performance of Galp Energia's businesses, RCA operating and net profit exclude non recurrent events as well as the inventory effect since the cost of goods sold has been calculated according to the replacement cost (RC) method.

RECENT CHANGES

In the first quarter of 2010, the following changes were made:

(i) the factor used in the conversion of benchmark refining margins from Usd/ton to Usd/bbl was changed from 7.58 to 7.55; this change was applied to the twelve months and the fourth quarter of 2009 to make periods comparable;

(ii) the policy for accounting for investment grants extended by state bodies was, up to the end of 2009, to record them as deductions from the corresponding assets; from January 2010, investment grants are recorded under liabilities as deferred income; this change was applied to the twelve months and the fourth quarter of 2009 to make periods comparable; and

(iii) the tangible assets allocated to the regulated natural gas activities have been transferred, without changing their economic life, to the heading "Concession service agreements" under intangible assets; this change stemmed from the fact that these activities are conducted under a concession from the Portuguese state that falls under interpretation *IFRIC 12 – Service Concession Arrangements*.

In the fourth quarter of 2010, conversion factors for diesel, gasoline and fuel oil were revised to reflect the updated crack spreads for these products. Thus, the factors for converting barrels into tonnes were revised to 7.44 for diesel, to 8.33 for gasoline and to 6.32 for fuel oil. These new conversion factors were applied to fourth quarter and full year of 2009 to make periods comparable.

MARKET ENVIRONMENT

BRENT

The dated Brent averaged Usd 79.5/bbl in the twelve months of 2010, which was 29% higher yoy as the demand for oil products rose by 3%.

In the fourth quarter of 2010, the dated Brent averaged Usd 86.5/bbl, or 16% higher than a year earlier. This rise followed increased demand as a result of lower temperatures in the Northern hemisphere and lower production from the North Sea fields.

OIL PRODUCTS

In the twelve months of 2010, the gasoline crack spread averaged Usd 8.8/bbl, up 11% yoy as improved economic conditions, particularly in the United States, boosted demand; in the fourth quarter, it averaged Usd 8.1/bbl, up Usd 1.7/bbl yoy.

In the twelve months of 2010, the diesel crack spread averaged Usd 14.2/bbl, up 26% yoy on the back of improved economic conditions and higher diesel imports by China; in the fourth quarter of 2010, it averaged Usd 16.2/bbl, up Usd 6.1/bbl yoy as French refineries were hit by industrial action impacting 80% of the country's refining capacity and the demand for diesel rose as temperatures, namely in Europe, fell.

In the twelve months of 2010, the fuel oil crack spread averaged Usd -7.1/bbl, down Usd 1.9/bbl yoy as excess supply followed from higher production of middle distillates; in the fourth quarter, it averaged Usd -11.5/bbl, down Usd 7.5/bbl yoy as a result of excess supply, particularly from Russia, and lower demand from marine bunkers.

REFINING MARGINS

In the twelve months of 2010, the average cracking margin rose 21% yoy to Usd 1.5/bbl, on the back of rising diesel crack spreads; at the same time, the average hydroskimming margin fell by Usd 0.4/bbl yoy to Usd -1.5/bbl following the excess supply of fuel oil that led to lower crack spreads for this product.

In the fourth quarter of 2010, the average cracking margin improved yoy to Usd 1.6/bbl as it was impacted by rising diesel crack spreads and by the strikes that affected most French refineries in October pushing the margin Usd 1.1/bbl higher in that month, compared with September. In the fourth quarter of 2010, the average hydroskimming margin fell 3% to Usd -2.2/bbl as the production of fuel oil rose as a by-product of diesel production, which responded to higher demand in the last quarter of the year.

EUR/USD

In the twelve months of 2010, the euro/dollar exchange rate averaged 1.33, or 5% below a year earlier; in the fourth quarter of 2010, it averaged 1.36, or 8% down yoy as the sovereign debt crisis hit the Eurozone and economic activity picked up in the United States.

THE IBERIAN MARKET

In the twelve months of 2010, the Portuguese market for oil products contracted 3% yoy to 10.3 million tonnes as the adverse economic environment took its toll. The market for gasoline contracted 5% to 1.4 million tonnes while the market for diesel, at 5.6 million tonnes, was in line with a year earlier. The market for jet fuel expanded 8% to 1 million tonnes.

In the fourth quarter 2010, the Portuguese market for oil products was, at 2.6 million tonnes, in line with a year earlier. The market for diesel kept stable in comparison with a year earlier at 1.4 million tonnes while the market for jet fuel grew 8% to 0.2 million tonnes. However, the market for gasoline contracted 6% to 0.3 million tonnes.

In the twelve months of 2010, the Spanish market for oil products contracted 1% yoy to 58.8 million tonnes. This was primarily due to the 6% contraction in the

galp energia

market for gasoline to 5.7 million tonnes which came as a result of an adverse economy and the growing shift to diesel. The market for diesel was in line with a year earlier at 31.7 million tonnes and the market for jet fuel expanded 2% to 5.3 million tonnes.

In the fourth quarter of 2010, the Spanish market for oil products grew 3% yoy to 15 million tonnes, mainly driven by rising demand for diesel and jet fuel. Whereas the market for diesel expanded 2% yoy to 8.3 million tonnes and the market for jet fuel expanded 3% to 1.3 million tonnes, the market for gasoline contracted 6% yoy to 1.4 million tonnes.

In the twelve months of 2010, the Portuguese market for natural gas expanded 2% yoy to 4,329 million cubic metres as both the electrical and industrial segments grew, the latter on the back of higher demand from cogeneration plants. The thermal share of electrical generation fell in 2010 as the weight of wind, and even more importantly, hydro power rose relative to 2009.

In the fourth quarter of 2010, the Portuguese market for natural gas expanded 2% yoy to 1,056 million cubic metres, with falling demand from the industrial segment being offset by a 19% rise on the electrical segment; this rise followed both lower wind power production in the quarter and the increase in overall electrical generation compared with a year earlier.

In the twelve months of 2010, the Spanish market for natural gas was, at 34,347 million cubic metres, in line with a year earlier. The residential, commercial and industrial segments grew 10% while the electrical segment contracted 16% as the hydro, wind and nuclear sources raised their share of overall power generation.

In the fourth quarter of 2010, the Spanish market for natural gas grew 3% yoy to 9,385 million cubic metres primarily on the back of the 13% growth in the residential, commercial and industrial segments. The 13% fall in the electrical segment followed mainly from the rising share of hydro and nuclear production.

MARKET INDICATORS

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
74.6	86.5	11.9	16.0%	Average Brent dated price[1] (Usd/bbl)	61.5	79.5	18.0	29.2%
10.2	16.2	6.1	59.5%	Diesel crack[2] (Usd/bbl)	11.3	14.2	2.9	26.0%
6.4	8.1	1.7	27.0%	Gasoline[3] crack (Usd/bbl)	7.9	8.8	0.9	11.4%
(4.0)	(11.5)	(7.5)	n.m.	Fuel oil crack[4] (Usd/bbl)	(5.2)	(7.1)	(1.9)	(37.3%)
(0.0)	1.6	1.6	n.m.	Rotterdam cracking refining margin[1] (Usd/bbl)	1.3	1.5	0.3	21.1%
(2.1)	(2.2)	(0.1)	(2.7%)	Rotterdam hydroskimming refining margin[1] (Usd/b	(1.0)	(1.5)	(0.4)	n.m.
2.6	2.6	(0.0)	(0.5%)	Portuguese oil market[5] (million ton)	10.6	10.3	(0.3)	(2.7%)
14.6	15.0	0.4	2.9%	Spanish oil market[6] (million ton)	59.6	58.8	(0.7)	(1.2%)
1,035	1,056	21	2.0%	Portuguese natural gas market[7] (million m^3)	4,235	4,329	94	2.2%
9,070	9,385	315	3.5%	Spanish natural gas market[8] (million m^3)	34,457	34,347	(110)	(0.3%)

[1] Source: *Platts*

[2] Source: *Platts*; *ULSD 10ppm NWE CIF ARA*.

[3] Source: *Platts*; Unleaded gasoline, *NWE FOB Barges*

[4] Source: *Platts*; 1% LSFO, NWE FOB Cargoes

[5] Source: DGEG

[6] Source: Cores. Data for December 2010 is estimated

[7] Source: Galp Energia

[8] Source: Enagas

FINANCIAL REVIEW

1. INCOME STATEMENT

Million euros

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
2,959	3,604	645	21.8%	Turnover	12,008	14,064	2,055	17.1%
(2,752)	(3,396)	644	23.4%	Operating expenses	(11,283)	(13,132)	1,849	16.4%
46	25	(21)	(45.6%)	Other operating revenues (expenses)	105	122	17	16.2%
253	**233**	**(20)**	**(7.8%)**	**EBITDA**	**830**	**1,053**	**223**	**26.9%**
(134)	(116)	(19)	(13.8%)	D&A and provisions	(371)	(423)	52	14.0%
119	**118**	**(1)**	**(0.9%)**	**Operating profit**	**459**	**630**	**171**	**37.3%**
13	27	14	106.1%	Net profit from associated companies	70	79	9	13.5%
(0)	(0)	0	n.m.	Net profit from investments	(1)	0	1	n.m.
(23)	(27)	(4)	(16.6%)	Net interest expenses	(76)	(98)	(22)	(29.0%)
108	118	9	8.7%	Profit before tax and minority interests	451	611	159	35.3%
(19)	(30)	11	57.4%	Income tax	(99)	(165)	66	67.1%
(1)	(1)	(0)	(6.5%)	Minority Interests	(6)	(5)	(1)	(14.4%)
87	**86**	**(2)**	**(1.8%)**	**Net profit**	**347**	**441**	**94**	**27.1%**
87	**86**	**(2)**	**(1.8%)**	**Net profit**	**347**	**441**	**94**	**27.1%**
(72)	(49)	23	32.0%	Inventory effect	(161)	(156)	5	3.0%
16	**37**	**21**	**135.5%**	**Net profit RC**	**186**	**285**	**99**	**53.1%**
18	2	(16)	(87.2%)	Non recurrent items	27	21	(6)	(23.8%)
34	**40**	**5**	**16.1%**	**Net profit RCA**	**213**	**306**	**92**	**43.3%**

TWELVE MONTHS

RCA net profit for the twelve months of 2010 rose 43% yoy to €306 million mainly on the back of the higher price and production of crude oil, the rise in both the refining margin and the volume of crude processed and the increase in natural gas sold volumes. This annual increase was also due to the effect of the incident in the Sines refinery in the first quarter of 2009, which hit results that year. IFRS net profit of €441 million included a favourable inventory effect of €156 million as the prices of crude and oil products rose on international markets.

FOURTH QUARTER

RCA net profit for the fourth quarter of 2010 rose 16% yoy to €40 million, driven by the improved operating performance of the Refining & Marketing and Gas & Power business segments as both the refining margin and the volumes of natural gas sold recovered. IFRS net profit of €86 million included a favourable inventory effect of €49 million.

2. ANALYSIS OF INCOME STATEMENT ITEMS

SALES AND SERVICES RENDERED

Million euros

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
2,959	**3,604**	**645**	**21.8%**	**Sales and services rendered**	**12,008**	**14,064**	**2,055**	**17.1%**
(48)	(66)	(18)	(37.6%)	Non recurrent items	(48)	(66)	(18)	(37.6%)
2,911	**3,538**	**627**	**21.6%**	**Adjusted sales and services rendered**	**11,960**	**13,998**	**2,037**	**17.0%**
68	51	(17)	(25.4%)	Exploration & Production	168	214	46	27.7%
2,566	3,079	513	20.0%	Refining & Marketing	10,620	12,322	1,703	16.0%
369	526	157	42.5%	Gas & Power	1,425	1,832	408	28.6%
26	36	10	38.1%	Others	111	131	20	18.3%
(120)	(155)	(35)	(29.3%)	Consolidation adjustments	(363)	(502)	(140)	(38.5%)

TWELVE MONTHS

Adjusted sales and services provided in the twelve months of 2010 rose 17% yoy to €13,998 million as all business segments improved their performance. This rise was mainly due to rising prices of crude, oil products and natural gas on international markets.

Non-recurrent items in 2010 were related to the sale of strategic stock.

FOURTH QUARTER

Adjusted sales and services provided in the fourth quarter of 2010 rose 22% yoy to €3,538 million as the Refining & Marketing and Gas & Power business segments improved their performance on the back of a higher refining margin and the rise in natural gas sold volumes.

Non-recurrent items in the fourth quarter of 2010 were related to the sale of strategic stock.

OPERATING COSTS

Million euros

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
2,752	**3,396**	**644**	**23.4%**	**Operational costs**	**11,283**	**13,132**	**1,849**	**16.4%**
95	66	(30)	(31.0%)	Inventory effect	211	212	1	0.5%
2,847	**3,462**	**614**	**21.6%**	**Operational costs RC**	**11,494**	**13,344**	**1,850**	**16.1%**
(65)	(76)	(12)	(17.8%)	Non recurrent items	(88)	(91)	(3)	(3.2%)
2,782	**3,385**	**603**	**21.7%**	**Operational costs RCA**	**11,406**	**13,253**	**1,847**	**16.2%**
2,782	**3,385**	**603**	**21.7%**	**Operational costs RCA**	**11,406**	**13,253**	**1,847**	**16.2%**
2,506	3,092	586	23.4%	Cost of goods sold	10,356	12,142	1,786	17.2%
187	210	23	12.6%	Supply and services	728	777	49	6.7%
89	83	(6)	(7.1%)	Personnel costs	322	334	13	3.9%

TWELVE MONTHS

RCA operating costs for the twelve months of 2010 rose 16% yoy to €13,253 million, which was primarily due to the 17% rise in the cost of goods sold that followed higher prices of crude, oil products and natural gas on international markets.

Supply and services cost rose 7% yoy to €777 million although the increase was 4% on a comparable basis, that is, excluding the consolidation of Madrileña Gas. This increase followed the higher cost of using the network for transporting and distributing natural gas by the Gas & Power business segment and the rising costs from higher production activity in Angola and Brazil.

Staff costs rose 4% yoy to €334 million, primarily as a result of rising variable-compensation charges.

Non-recurrent items in 2010 were primarily related to staff restructurings, mainly in the Refining & Marketing business segment.

FOURTH QUARTER

RCA operating costs for the fourth quarter rose 22% yoy to €3,385 million as the cost of goods sold increased against a background of rising prices of crude, oil products and natural gas on international markets.

Supply and services cost rose 13% yoy to €210 million – although the increase was 9% on a comparable basis, that is, excluding the effect of the Madrileña Gas acquisition – primarily due to the higher cost of using the network for the transportation and distribution of natural gas.

Staff costs fell 7% yoy as staff provisions related with staff were reversed.

Non-recurrent items in the fourth quarter of 2010 were primarily related to staff restructurings, mainly in the Refining & Marketing business segment.

EMPLOYEES

	December 31, 2009	September 30, 2010	December 31, 2010	Change vs Dec 31, 2009	Change vs Set 30, 2010
Exploration & Production	78	81	82	4	1
Refining & Marketing	6,340	6,361	6,156	(184)	(205)
Gas & Power	468	462	463	(5)	1
Corporte & Others	607	625	610	3	(15)
Total employees	**7,493**	**7,529**	**7,311**	**(182)**	**(218)**
Service stations employees	3,761	3,541	3,462	(299)	(79)
Total off site employees	**3,732**	**3,988**	**3,849**	**117**	**(139)**

At the end of December 2010, Galp Energia had 7,311 employees, or 182 less than at the end of 2009. The reduction in the number of employees between September and December 2010 was mainly due to staff restructuring in the Refining & Marketing business segment.

The reduction in the number of service stations employees in 2010 was related to the change in the method for classing this category of employees, part of whom are now classed as offsite employees.

DEPRECIATION AND AMORTISATION

Million euros

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
115	**97**	**(18)**	**(15.7%)**	**Depreciation & amortisation**	**307**	**340**	**32**	**10.5%**
(35)	6	41	n.m.	Non recurrent items	(37)	(6)	30	n.m.
80	**103**	**23**	**29.0%**	**Adjusted depreciation & amortisation**	**271**	**333**	**63**	**23.1%**
80	**103**	**23**	**29.0%**	**Adjusted depreciation & amortisation**	**271**	**333**	**63**	**23.1%**
8	43	35	n.m.	Exploration & Production	41	96	56	137.5%
61	49	(11)	(18.9%)	Refining & Marketing	192	193	0	0.1%
11	10	(1)	(9.4%)	Gas & Power	37	42	5	13.5%
0	1	0	n.m.	Others	1	2	2	n.m.

TWELVE MONTHS

Adjusted depreciation and amortisation for the twelve months of 2010 rose by €63 million yoy to €333 million.

In Exploration & Production, the increase of €56 million came primarily from higher depreciation related with Angola's block 14, namely the CPT Tômbua-Lândana project, and the downward revision of reserves in the country that led to a higher depreciation rate.

In Refining & Marketing, adjusted depreciation and amortisation remained stable at €193 million.

The €5 million increase in Gas & Power to €42 million was primarily due to the fact that 2010 was the first full year of operations of the cogeneration plant at the Sines refinery.

Non-recurrent items of €6 million were primarily related to the cost of dry wells in Brazil.

FOURTH QUARTER

Adjusted depreciation and amortisation for the fourth quarter of 2010 rose 29% yoy to €103 million as depreciation charges in the Exploration & Production business segment increased.

In Exploration & Production, adjusted depreciation and amortisation rose €35 million to €43 million following the downward revision of reserves in the fourth quarter of 2010, which impacted the applicable depreciation rate.

In Refining & Marketing, depreciation fell by €11 million yoy to €49 million partly as leasehold estates owned by Agip's and ExxonMobil's former Iberian subsidiaries were rebooked to assets in the fourth quarter of 2009, which led to higher depreciation charges in the period.

In Gas & Power, adjusted depreciation and amortisation in the fourth quarter of 2010 was in line with a year earlier.

Unfavourable non-recurrent events of €6 million in the fourth quarter of 2010 were related to the update of impairment charges for the Spanish oil product marketing business.

PROVISIONS

Million euros

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
19	**19**	**(0)**	**(2.3%)**	**Provisions**	**64**	**83**	**20**	**30.8%**
(0)	(0)	(0)	n.m.	Non recurrent items	8	(8)	(16)	n.m.
19	**18**	**(1)**	**(3.0%)**	**Adjusted provisions**	**72**	**75**	**3**	**4.4%**
19	**18**	**(1)**	**(3.0%)**	**Adjusted provisions**	**72**	**75**	**3**	**4.4%**
(0)	14	14	n.m.	Exploration & Production	4	29	24	n.m.
8	3	(5)	**(64.3%)**	Refining & Marketing	23	8	(15)	**(64.5%)**
12	2	(10)	n.m.	Gas & Power	44	38	(6)	(12.8%)
0	(0)	(0)	n.m.	Others	1	0	(1)	(84.2%)

TWELVE MONTHS

Adjusted provisions for the twelve months of 2010 rose by €3 million yoy to €75 million.

In Exploration & Production, the €24 million increase in provisions was primarily related to abandonment of Angola's block 14 and the payment of oil tax for previous years.

In Refining & Marketing, the €15 million fall in provisions to €8 million stemmed primarily from lower adjustments for doubtful debtors.

In Gas & Power, adjusted provisions of €38 million were primarily earmarked for natural gas supply contracts.

Non-recurrent events of €8 million were primarily related to the natural gas business.

FOURTH QUARTER

Adjusted provisions for the fourth quarter of 2010 amounted to €18 million as the rise in Exploration & Production provisions was offset by the decline in both Refining & Marketing and Gas & Power provisions.

In Exploration & Production, adjusted provisions of €14 million were related to the abandonment of Angola's block 14 and the payment of oil tax related with previous years.

In Refining & Marketing, the €5 million decline was due to lower provisions for doubtful debtors.

In Gas & Power, provisions decreased €10 million yoy to €2 million, due to the renegotiation of natural gas supply contracts accounted in the fourth quarter of 2009.

OPERATING PROFIT

Million euros

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
119	**118**	**(1)**	**(0.9%)**	**Operating profit**	**459**	**630**	**171**	**37.3%**
(95)	(66)	30	31.0%	Inventory effect	(211)	(212)	(1)	(0.5%)
23	**52**	**28**	**121.8%**	**Operating profit RC**	**248**	**418**	**170**	**68.6%**
28	4	(24)	(86.7%)	Non recurrent items	39	27	(12)	(30.7%)
51	**55**	**4**	**8.3%**	**Operating profit RCA**	**287**	**445**	**158**	**55.2%**
51	**55**	**4**	**8.3%**	**Operating profit RCA**	**287**	**445**	**158**	**55.2%**
31	(1)	(32)	n.m.	Exploration & Production	67	61	(6)	(8.8%)
(6)	17	24	n.m.	Refining & Marketing	79	193	114	143.1%
30	38	9	28.7%	Gas & Power	135	181	46	34.0%
(3)	1	4	n.m.	Others	5	10	5	89.7%

TWELVE MONTHS

RCA operating profit for the twelve months of 2010 rose 55% yoy to €445 million as both Refining & Marketing and Gas & Power improved their performance following increases in the refining margin, the volume of crude processed and the volume of natural gas sold, respectively. The improved results in 2010 against 2009 stemmed partly from the adverse impact that the incident in the utilities factory at the Sines refinery had on 2009 results. RCA operating profit for Exploration & Production declined by €6 million as depreciation and amortisation and provisions rose.

FOURTH QUARTER

RCA operating profit for the fourth quarter of 2010 amounted to €55 million, driven by the favourable contributions from both Refining & Marketing and Gas & Power following the increase in the refining margin and larger volumes of natural gas sold. As a result of higher depreciation charges and provisions, operating profit from Exploration & Production business segment declined by €32 million.

OTHER RESULTS

Million euros

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
13	27	14	106.1%	Net profit from associated companies	70	79	9	13.5%
(0)	(0)	0	n.m.	Net profit from investments	(1)	0	1	n.m.
(23)	(27)	(4)	(16.6%)	Financial results	(76)	(98)	(22)	(29.0%)

TWELVE MONTHS

Results from associates in the twelve months of 2010 rose 14% yoy to €79 million.

International gas pipelines EMPL, Gasoducto Al Andalus and Gasoducto Extremadura contributed €50 million to results.

Net financial losses increased by €22 million as the average debt rose and unfavourable exchange differences followed from the 7% appreciation of the dollar against the euro in the year.

FOURTH QUARTER

Results from associates in the fourth quarter of 2010 rose €14 million yoy to €27 million.

Net financial losses for the fourth quarter of 2010 increased €4 million yoy as average debt rose.

INCOME TAX

Million euros (except otherwise noted)

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
19	**30**	**11**	**57.4%**	**Income tax IFRS[1]**	**99**	**165**	**66**	**67.1%**
18%	*26%*	*8 p.p.*	*n.m.*	*Effective income tax*	*22%*	*27%*	*5 p.p.*	*n.m.*
(24)	(17)	(7)	n.m.	Inventory effect	(50)	(55)	6	(11.7%)
(5)	**13**	**18**	**n.m.**	**Income tax RC[1]**	**49**	**109**	**60**	**123.0%**
10	1	(9)	n.m.	Non recurrent items	12	6	(7)	(54.2%)
6	**14**	**9**	**161.2%**	**Income tax RCA[1]**	**61**	**115**	**54**	**88.4%**
13%	*26%*	*13 p.p.*	*n.m.*	*Effective income tax*	*22%*	*27%*	*5 p.p.*	*n.m.*

[1] Include oil tax (IRP) payable in Angola

TWELVE MONTHS

RCA income tax for the twelve months of 2010 was €115 million, up €54 million from a year earlier as results improved and oil tax payable in Angola rose to €43 million against €20 million in 2009. The rise in oil tax payable followed from the increase in production to profit oil under the PSA. The RCA-based effective tax rate in the period was 27% and reflected the 2.5 p.p. increase to 29% in the Portuguese marginal corporate income tax rate from June 2010.

FOURTH QUARTER

RCA income tax for the fourth quarter of 2010 was €14 million, which equated to an RCA-based effective tax rate of 26%, and was impacted by the €10 million rise in oil tax payable in Angola as the allocation of production to profit oil rose under the PSA and by the upward revision of Portugal’s marginal income tax rate.

3. FINANCIAL POSITION

Million euros (except otherwise noted)

	December 31, 2009	September 30, 2010	December 31, 2010	Change vs Dec 31, 2009	Change vs Set 30, 2010
Fixed assets	4,379	5,122	5,426	1,047	304
Strategic stock	575	715	792	217	77
Other assets (liabilities)	(333)	(349)	(333)	(0)	16
Working capital	(305)	(196)	(333)	(28)	(137)
	4,316	**5,292**	**5,552**	**1,236**	**260**
Short term debt	424	723	616	193	(106)
Long term debt	1,747	2,143	2,412	665	270
Total debt	**2,171**	**2,865**	**3,028**	**858**	**163**
Cash	244	170	188	(56)	18
Total net debt	**1,927**	**2,695**	**2,840**	**914**	**146**
Total shareholder's equity	**2,389**	**2,597**	**2,711**	**322**	**114**
Capital employed	**4,316**	**5,292**	**5,552**	**1,236**	**260**

Net assets at 31 December 2010 amounted to €5,426 million, up €304 million from the end of the first nine months of 2010 following capital spending in the fourth quarter, mainly in Refining & Marketing and Exploration & Production.

The rise of €77 million in the strategic stock in the last quarter of 2010 was due to the rise in oil product prices compared with the previous quarter. Improved working capital management led to a reduction of €137 million relative to the end of the first nine months of 2010.

DEBT

Million euros (except otherwise noted)

	December 31, 2009		September 30, 2010		December 31, 2010		Change vs Dec 31, 2009		Change vs Set 30, 2010	
	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
Bonds	1	700	-	700	-	1,000	(1)	300	-	300
Bank debt	422	947	463	1,193	456	1,162	34	215	(6)	(30)
Commercial paper	-	100	260	250	160	250	160	150	(100)	-
Cash	(244)	-	(170)	-	(188)	-	56	-	(18)	-
Net debt	**1,927**		**2,695**		**2,840**		**914**		**146**	
Average life (years)	3.53		3.09		3.10		(0.42)		0.01	
Net debt to equity	81%		104%		105%		24.1 p.p.		1.0 p.p.	

Net debt at 31 December 2010 was €2,840 million, up €146 million from the end of the first nine months of 2010. With the rise in debt in the period, the net-debt-to-equity ratio stood at 105% at the end of 2010.

At the end of 2010, 80% of total debt was on a long-term basis against 75% at the end of September 2010. This increase followed the refinancing of short-term debt through a €300 million debt issue in November 2010. Out of the total medium and long term debt, 35% was on fixed rate.

At the end of December 2010, the average life of debt was 3.10 years, which was in line with the average maturity at the end of September 2010.

The average cost of debt in the twelve months of 2010 was 3.55%, or 25 basis points short of the cost in 2009, following benchmark interest rates decline.

At 31 December 2010, net debt attributable to minority interests was €25 million.

4. CASH FLOW

Million euros

Fourth quarter			Twelve months	
2009	2010		2009	2010
119	118	Operating profit	459	630
115	97	Non cash costs	307	340
(47)	16	Change in operational stock	(228)	(125)
62	(77)	Change in strategic stocks	96	(217)
248	**153**	**Sub total**	**634**	**628**
(22)	(27)	Interest expenses	(75)	(87)
(19)	(38)	Taxes	(101)	(108)
413	122	Change in working capital excluding operational stock	409	152
621	**210**	***Cash flow from operating activities***	**867**	**586**
(330)	(400)	Net capital expenditures and disposals[1]	(800)	(1,371)
(6)	27	Dividends paid / received	(127)	(107)
(14)	18	Others	(4)	(22)
271	**(146)**	**Total**	**(63)**	**(914)**

[1] Net capital expenditures and disposals includes financial investments

TWELVE MONTHS

Despite the improved operating performance in all business segments, the twelve months of 2010 had net cash outflow of €914 million.

In 2010, spending on both operational and strategic stocks increased as prices of crude and oil products rose on international markets, affecting cash flow negatively.

Cash flow from operating activities benefited from sound working capital management in 2010. However, this could not offset the cash outflow to pay interest and taxes as average debt and oil tax payable in Angola rose.

Investing in the refinery upgrade project in 2010 had a negative impact on cash flow in the twelve months of 2010 as had the payment of dividends in May and September 2010.

FOURTH QUARTER

Net cash outflow of €146 million for the fourth quarter of 2010 compared with cash flow of €271 million a year earlier. Despite the improved operating performance of all business segments in the fourth quarter of 2010, cash flow from operating activities was adversely affected by rising prices of crude and oil products on international markets, which impacted investment in strategic stocks. The rise in interest and taxes paid in the quarter following the rise in average debt and the results for the period, respectively, also had a negative impact on cash flow from operating activities. Spending in the fourth quarter of 2010, particularly on the refinery upgrade project, had a negative impact on cash flow for the period.

5. CAPITAL EXPENDITURE

Million euros

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
38	99	61	160.9%	Exploration & Production	193	341	148	76.7%
232	238	6	2.6%	Refining & Marketing	456	800	344	75.4%
24	30	6	26.3%	Gas & Power	77	87	10	12.4%
1	2	1	91.5%	Others	3	5	2	49.7%
295	**369**	**74**	**25.2%**	**Investment**	**730**	**1,233**	**503**	**69.0%**

TWELVE MONTHS

Capital expenditure in the twelve months of 2010 amounted to €1,233 million, of which 65% was directed to Refining & Marketing as a result of the refinery upgrade project.

In Exploration & Production, capital spending was mainly channelled to Brazil, namely the offshore fields and particularly the Tupi, which absorbed €173 million. Capital spending in Angola was primarily allocated to development of block 14, for an amount of €93 million, of which €52 million was related to the BBLT field.

In Refining & Marketing, capital expenditure in the twelve months of 2010 amounted to €800 million, of which €630 million was channelled to the refinery upgrade project.

In Gas & Power, capital spending of €87 million was primarily due to construction of the cogeneration plant in the Matosinhos refinery and to expansion of the natural gas distribution network in Portugal.

FOURTH QUARTER

Capital expenditure of €369 million in the fourth quarter of 2010 included €153 million for the refinery upgrade project.

In Exploration & Production, expenditure in Angola focused on development of production on block 14, where €21 million were spent. In Brazil, spending was mainly allocated to offshore fields, with the Tupi accounting for €46 million.

In Refining & Marketing, most of the €238 million spent went to the upgrade project of the refineries.

In Gas & Power, capital spending of €30 million was mainly channelled to construction of the cogeneration plant in the Matosinhos refinery and to expansion of the natural gas distribution network.

SEGMENT REVIEW

1. EXPLORATION & PRODUCTION

Million euros (except otherwise noted)

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
17.7	**20.1**	**2.4**	**13.7%**	**Average working interest production (kbbl/day)**	**14.7**	**19.5**	**4.8**	**32.9%**
12.2	**14.3**	**2.0**	**16.7%**	**Average net entitlement production (kbbl/day)**	**9.7**	**11.8**	**2.1**	**21.9%**
1.1	**1.3**	**0.2**	**16.7%**	**Total net entitlement production (million bbl)**	**3.5**	**4.3**	**0.8**	**21.9%**
0.8	1.1	0.3	32.2%	Angola - Block 14	3.3	3.7	0.4	13.3%
0.3	0.2	(0.1)	n.m.	Brazil - BM-S-11	0.3	0.6	0.3	121.9%
76.9	**80.0**	**3.1**	**4.1%**	**Average realized sale price[1] (Usd/bbl)**	**59.8**	**76.7**	**16.9**	**28.3%**
13.7	**9.0**	**(4.7)**	**(34.4%)**	**Operating cost[1] (Usd/bbl)**	**10.5**	**12.1**	**1.5**	**14.4%**
14.3	**52.7**	**38.4**	**269.3%**	**Amortisation[1] (Usd/bbl)**	**17.3**	**34.5**	**17.2**	**99.4%**
1.0	**1.0**	**(0.0)**	**(3.2%)**	**Total sales[2] (million bbl)**	**3.0**	**2.8**	**(0.1)**	**(4.9%)**
914	**1,219**	**305**	**33.3%**	**Net total assets**	**914**	**1,219**	**305**	**33.3%**
68	51	(17)	(25.4%)	Turnover	168	214	46	27.7%
3	**(2)**	**(6)**	**n.m.**	**Operating profit**	**31**	**49**	**17**	**54.9%**
27	1	(26)	n.m.	Non recurrent items	35	12	(23)	(65.6%)
31	**(1)**	**(32)**	**n.m.**	**Operating profit RCA**	**67**	**61**	**(6)**	**(8.8%)**

[1] Based on net-entitlement production in Angola

[2] Considers actual Sales

EXPLORATION AND PRODUCTION ACTIVITIES

RESERVES AND CONTINGENT RESOURCES

According to the DeGolyer and MacNaughton ("DeMac") report, the proved and probable reserves (2P) of Galp Energia at the end of December 2010 were 397 million barrels of oil and natural gas, compared with the 35 million barrels of oil at the end of 2009, on a net entitlement basis. This significant increase was mainly due to the transition to reserves, which up to the delivery of the Development Plan for the Lula (formerly Tupi) and Cernambi (formerly Iracema) fields were classed as contingent resources in Brazil. In Angola, the volume of reserves on a net entitlement decreased from 35 million barrels of oil to 20 million barrels of oil due to the production of 3.7 million barrels in 2010, the technical revision of reserves and the increase in the crude price used for net entitlement reserves calculation.

According to the same report, Galp Energia's contingent resources (3C) were 2,356 million barrels oil and natural gas, of which 221 million barrels are located in Angola and the remaining 2,135 million barrels in Brazil. At the end of 2009, Galp Energia's contingent resources (3C) were 3,065 million barrels of oil and natural gas.

TWELVE MONTHS

Working interest production in 2010 rose by 33% yoy to 19.5 thousand barrels per day. This rise was mainly due to increased production at Angola's CPT Tômbua--Lândana and the Extended Well Test (EWT) in Brazil's Tupi field, which jointly produced 6.1 thousand barrels per day.

Net entitlement production rose 22% yoy to 11.8 thousand barrels per day. This increase was due to higher production at the CPT Tômbua-Lândana and Tupi fields, which more than offset the decline in the BBLT and Kuito fields under the production-sharing agreement (PSA). The joint net entitlement production of the CPT Tômbua-Lândana and Tupi projects amounted to 5.5 thousand barrels per day, which accounted for 46% of total net entitlement production.

FOURTH QUARTER

In the fourth quarter of 2010, working interest and net entitlement production increased 14% and 17% yoy, respectively, which was mainly due to increased production at CPT Tômbua-Lândana in Angola and Tupi in Brazil.

Production at the FPSO Cidade de Angra dos Reis in the Tupi field started in October, producing 78 thousand barrels. However, since this production was not marketed in the fourth quarter of 2010, it was accounted for at production cost in order to have a neutral impact on results.

Net entitlement production increased 50% compared with the previous quarter, due to the increase in the rate of production available in the Kuito and BBLT fields, as a result of an increase in cost oil under the PSA mechanisms for cost recovery. This increase was mainly due to the change in the method for calculating cost oil in the quarter, with the purpose of allocating actual costs to each quarter.

OPERATING PROFIT

TWELVE MONTHS

RCA operating profit in 2010 was €61 million, compared with €67 million a year earlier, driven by the increase in depreciation and provisions in Angola. The increase of 22% in net entitlement production and the increase of 28% in the average sale price of crude from Angola were not enough to offset the effect of increased non-cash costs.

Production costs in Angola rose to €34 million from €25 million a year earlier. On a net entitlement basis, the unit cost was Usd 12.1/bbl in 2010, up from Usd 10.5/bbl a year earlier as the CPT Tômbua-Lândana came into production and the difference between working interest and net entitlement production increased, leading to a narrower spread of costs.

Depreciation in Angola amounted to €96 million, up €56 million from a year earlier, due to capital spending in CPT Tômbua-Lândana and the increase in the depreciation rate of assets in Angola as a result of the downward revision of reserves. In unit terms, on the basis of net entitlement production, depreciation equated to Usd 34.5/bbl, up from Usd 17.3/bbl a year earlier.

Provisions in 2010 were €29 million, an increase of €24 million yoy, due to the provisions made for abandonment of block 14, which will be recovered through the cost oil component from 2011 onwards, and to the payment of oil tax for previous years.

FOURTH QUARTER

The RCA operating result in the fourth quarter of 2010 was a loss of €1 million. Despite increased net entitlement production and the higher average sale price of crude oil from Angola, the result declined €32 million yoy due to the increase of depreciation charges and provisions in Angola.

Production costs in Angola amounted to €7 million, in line with the fourth quarter of 2009, which equated, on a net entitlement basis, to a unit cost of Usd 9,0/bbl in comparison with Usd 13.7/bbl a year earlier. This reduction of the unit cost was due to the adjustment of the cost oil in the quarter, which contributed to the increase in net entitlement production.

Depreciation in Angola amounted to €43 million, up €35 million from a year earlier. This increase is explained by the increase in the depreciation rate of assets in Angola in the fourth quarter of 2010 and by capital spending in CPT Tômbua-Lândana. The depreciation rate included the effect of the downward revision of reserves which resulted from the increase in the price of crude used as a benchmark and from the development of the fields, whose production in the year contributed negatively to the value of reserves at the end of the period. In addition, the increase in the depreciation rate in the fourth quarter of 2010 led to an adjustment of depreciations charges in 2010, which impacted the last quarter. In unit terms, on the basis of net entitlement production, depreciation charges equated to Usd 52.7/bbl, up from Usd 14.3/bbl a year earlier.

About 50% of the provisions made in 2010 for abandonment and payment of the oil tax in Angola were accounted for in the fourth quarter of 2010 and amounted to €14 million.

2. REFINING & MARKETING

Million euros (except otherwise noted)

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
(0.0)	**1.6**	**1.6**	**n.m.**	**Rotterdam cracking refining margin[1] (Usd/bbl)**	**1.3**	**1.5**	**0.3**	**21.1%**
(1.2)	**0.5**	**1.7**	**n.m.**	**Rotterdam hydroskimming + aromatics + base oil refining margin[1] (Usd/bbl)**	**0.1**	**0.4**	**0.3**	**n.m.**
0.9	**2.3**	**1.4**	**n.m.**	**Galp Energia refining margin (Usd/bbl)**	**1.5**	**2.6**	**1.2**	**80.6%**
2.1	**2.6**	**0.5**	**23.2%**	**Refinery cash cost (Usd/bbl)**	**2.1**	**2.1**	**0.0**	**1.2%**
21,099	**17,984**	**(3,115)**	**(14.8%)**	**Crude processed (k bbl)**	**77,624**	**84,720**	**7,097**	**9.1%**
3.0	**2.7**	**(0.4)**	**(12.7%)**	**Raw material processed (million tonnes)**	**11.5**	**12.3**	**0.7**	**6.2%**
4.2	**4.0**	**(0.2)**	**(5.1%)**	**Total refined product sales (million tonnes)**	**16.7**	**16.7**	**(0.0)**	**(0.3%)**
2.8	**2.6**	**(0.1)**	**(5.4%)**	**Sales to direct clients in Iberia (million tonnes)**	**11.1**	**10.4**	**(0.7)**	**(6.3%)**
1.5	1.6	0.1	6.3%	Wholesale	5.8	6.0	0.2	3.5%
0.9	0.8	(0.1)	(6.8%)	Retail	3.6	3.4	(0.2)	(6.3%)
0.1	0.1	(0.0)	(5.9%)	LPG	0.4	0.3	(0.1)	(14.3%)
0.3	0.2	(0.2)	(50.7%)	Others	1.4	0.8	(0.6)	(44.8%)
0.7	**0.5**	**(0.1)**	**(20.4%)**	**Exports (million tonnes)**	**2.4**	**2.8**	**0.3**	**14.2%**
0.2	**0.2**	**0.0**	**6.3%**	**Sales in Africa (million tonnes)**	**0.6**	**0.6**	**(0.0)**	**(3.3%)**
1,451	**1,436**	**(15)**	**(1.0%)**	**Number of service stations (Iberia)**	**1,451**	**1,436**	**(15)**	**(1.0%)**
467	**509**	**42**	**9.0%**	**Number of c-stores (Iberia)**	**467**	**509**	**42**	**9.0%**
98	**103**	**5**	**5.1%**	**Number of service stations (Africa)**	**98**	**103**	**5**	**5.1%**
4,814	**6,139**	**1,325**	**27.5%**	**Net total assets**	**4,814**	**6,139**	**1,325**	**27.5%**
2,614	3,145	531	20.3%	Turnover	10,668	12,388	1,721	16.1%
77	**75**	**(2)**	**(2.4%)**	**Operating profit**	**316**	**391**	**75**	**23.8%**
(85)	(62)	22	26.5%	Inventory effect	(232)	(201)	31	13.4%
1	4	3	n.m.	Non recurrent items	(5)	3	7	n.m.
(6)	**17**	**24**	**n.m.**	**Operating profit RCA**	**79**	**193**	**114**	**143.1%**

[1] Source: Platts. For a complete description of the method for calculating Rotterdam margins, see “Definitions”

REFINING AND MARKETING ACTIVITIES

TWELVE MONTHS

Crude processed in the twelve months of 2010 amounted to 85 million barrels, or 7 million barrels ahead of a year earlier. The year 2009 was negatively impacted by the incident in the utilities factory at the Sines refinery in the first quarter of 2009.

In 2010, refining capacity utilization was 75% and was negatively affected by the technical outage of the Matosinhos refinery, which lasted for 78 days in the fourth quarter of 2010 and was made necessary for maintenance works and interconnections related with the upgrade project.

Crude oil accounted for 92% of raw materials processed against 90% in 2009. In the twelve months of 2010, medium crude accounted for 41% of the total crude processed and light crude and condensates accounted for 40%, followed by heavy crude with 19%.

In the production profile, diesel weighed 35% followed by gasoline with 24%. Fuel oil and jet fuel had a weight of 17% and 8%, respectively, up from 16% and 7% in the twelve months of 2009.

Own consumption and losses in the period stood at 7.3%.

The volume of oil products sold in 2010 reached 16.7 million tonnes, which was in line with a year earlier.

Sales to direct clients fell by 6% yoy to 10.4 million tonnes as the Iberian market for oil products contracted. The Spanish market accounted for 44% of total sales to direct clients.

Total exports, where fuel oil and gasoline featured prominently, amounted to 2.8 million tonnes, up 14% from a year earlier. The year 2009 was negatively impacted by the incident in the Sines refinery.

In 2010, the coverage of the refining activity by own branded marketing of oil products, measured on the basis of the average production in the last three years, was 92%.

At the end of December 2010, Galp Energia had 1,436 service stations in the Iberian Peninsula, in line with September 2010. Around 44% of service stations were located in Spain. In Africa, Galp Energia had 103 service stations.

At the end of the twelve months of 2010, Galp Energia had 509 convenience stores in the Iberian Peninsula, of which approximately half were located in Spain.

FOURTH QUARTER

In the fourth quarter of 2010, 18 million barrels of crude oil were processed, with refining capacity utilization of 63%. The decrease in the refining capacity utilization in comparison with the same period a year earlier, when it reached 74%, was due to the technical outage of the Matosinhos refinery in the fourth quarter of 2010.

Crude oil accounted for 90% of total raw materials processed. Medium crude accounted for 40% of total crude processed, followed by light crude and condensates with 36% and heavy crude with 24%. Processed heavy crude increased in comparison with a year earlier, when it weighed 18%, following the technical outage of the Matosinhos refinery in the fourth quarter of 2010.

In the production profile, diesel weighed 35%, gasoline 24%, fuel oil 18% and jet fuel 8%.

Own consumption and losses stood at 7.2%.

In 2010, volumes sold amounted to 4 million tonnes, of which sales to direct clients accounted for 2.6 million tonnes, a shortfall of 5% yoy which was mainly due to the contraction of the Iberian market for oil products. The Spanish market had a 46% share of total sales to direct clients.

Exports declined 20% yoy to 0.5 million tonnes. This decline followed from the technical outage of the Matosinhos refinery, which led to the reduction of final products for export, namely chemical products and naphtha.

The coverage of refining activity by own branded marketing activities of oil products in the fourth quarter of 2010 was 99%. This indicator was positively impacted by the decrease in processed crude oil.

OPERATING PROFIT

TWELVE MONTHS

In 2010, RCA operating profit was €193 million, up from €79 million a year earlier. RCA operating profit had been negatively influenced in 2009 by the incident in the utilities factory at the Sines refinery.

Galp Energia's refining margin amounted to Usd 2.6/bbl, in comparison with Usd 1.5/bbl a year earlier, due to the increase in refining margins in international markets and the impact of the incident in the Sines refinery in 2009 on the refining margin.

In 2010, the refineries' operating cash costs amounted to €135 million, up from €116 million a year earlier, which equated to a unit cost of Usd 2.1/bbl, in line with a year earlier.

In 2010, the negative time lag effect of €37 million was a significant improvement from the €56 million loss a year earlier.

In the marketing activity of oil products, the Spanish operations raised their contribution compared with a year earlier, namely through the capture of synergies driven by the acquisition of Agip's and ExxonMobil's former Iberian subsidiaries.

FOURTH QUARTER

RCA operating profit amounted to €17 million in the fourth quarter of 2010, a significant improvement over the €6 million loss a year earlier, mainly due to a better performance by the refining activity.

Galp Energia's refining margin in the fourth quarter of 2010 rose to Usd 2.3/bbl from Usd 0.9/bbl a year earlier. This increase reflected rising refining margins in the international markets, although it was negatively impacted by the technical outage of the Matosinhos refinery due to the foregone margin contribution from both aromatics and base oils.

In the fourth quarter of 2010, the refineries' operating cash costs amounted to €34 million against €30 million yoy, which equated in unit terms to Usd 2.6/bbl in comparison with Usd 2.1/bbl in the same period a year earlier. This increase in unit costs was due to the lower spread of fixed costs following the lower volume of processed crude.

The time lag in the fourth quarter had a negative effect of €21 million, down €2.5 million yoy, due to the increase in the price of crude oil and oil products in the international markets.

The marketing of oil products kept its solid contribution to profits when compared with the same period a year earlier. The performance of this business improved in Spain.

3. GAS & POWER

Million euros (except otherwise noted)

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
1,198	**1,340**	**142**	**11.9%**	**NG supply total sales volumes (million m^3)**	**4,680**	**4,926**	**245**	**5.2%**
882	**1,056**	**174**	**19.8%**	**Liberalised market sales volumes (million m^3)**	**3,208**	**3,702**	**494**	**15.4%**
719	815	96	13.4%	Portugal, of which:	2,763	3,115	353	12.8%
392	465	73	18.6%	Electrical	1,918	1,939	21	1.1%
327	323	(4)	(1.2%)	Industrial	845	1,104	259	30.7%
131	195	64	49.0%	Trading	280	494	213	76.0%
32	46	14	44.2%	Spain	165	93	(72)	(43.4%)
316	**284**	**(32)**	**(10.3%)**	**Regulated market sales volumes (million m^3)**	**1,472**	**1,223**	**(249)**	**(16.9%)**
189	106	(84)	(44.1%)	Industrial	968	658	(311)	(32.1%)
17	26	9	52.4%	Commercial	94	99	5	4.9%
45	93	48	106.7%	Residential	197	281	84	42.9%
65	59	(6)	(8.5%)	Other supply companies	212	185	(27)	(12.7%)
915	**1,327**	**412**	**45.0%**	**NG clients[1] (thousands)**	**915**	**1,327**	**412**	**45.0%**
285	**292**	**7**	**2.4%**	**Sales of electricity to the grid[2]**	**706**	**1,202**	**495**	**70.1%**
1,036	**1,045**	**9**	**0.9%**	**Natural gas net fixed assets[3]**	**1,036**	**1,045**	**9**	**0.9%**
1,927	**2,058**	**132**	**6.8%**	**Net total assets**	**1,927**	**2,058**	**132**	**6.8%**
369	526	157	42.5%	Turnover	1,425	1,832	408	28.6%
41	**43**	**2**	**6.1%**	**Operating profit**	**113**	**188**	**75**	**65.9%**
(10)	(3)	7	(67.5%)	Inventory effect	21	(11)	(32)	n.m.
(0)	(1)	(1)	n.m.	Non recurrent items	1	4	3	n.m.
30	**38**	**9**	**28.7%**	**Operating profit RCA**	**135**	**181**	**46**	**34.0%**
0	8	8	n.m.	Supply[4]	36	79	44	121.9%
25	29	4	16.8%	Infrastructure	94	92	(3)	(3.1%)
5	1	(4)	n.m.	Power	5	11	5	n.m.

[1] Includes unconsolidated companies where Galp Energia has a significant interest

[2] Includes Energin, which does not consolidate but where Galp Energia has a 35% holding. In the twelve months and in the fourth quarter of 2010, this company sales of electricity to the grid were 307 GWh and 83 GWh, respectively.

[3] Excludes financial investments. Net fixed assets are on a consolidated basis

[4] Includes liberalized and regulated commercialization

GAS & POWER ACTIVITIES

TWELVE MONTHS

Natural gas sold in 2010 amounted to 4,926 million cubic metres, up 5% yoy. The liberalised market accounted for 75% of the total.

Sales to the electrical sector were 1,939 million cubic metres, in line with 2009.

Taking into account both the liberalised and regulated markets, the Portuguese industrial segment fell 3% yoy. The first full year of operation of the Sines cogeneration raised the consumption of natural gas by 252 million cubic metres.

In Spain, volumes sold in both the liberalised and regulated markets reached 159 million cubic metres, with a positive contribution from the natural gas supply activities in the Madrid region, which were acquired in late April and contributed 115 million cubic metres up to the end of 2010.

The volume of natural gas carried by the networks owned by the distribution companies amounted to 1.5 billion cubic metres.

In the Power business, sales of electricity to the grid reached 1,202 GWh against 706 GWh a year earlier, exceeding 1,000 GWh for the first time. This increase was the result of the start of operations at the Sines refinery's cogeneration in the fourth quarter of 2009, which produced 661 GWh in 2010.

FOURTH QUARTER

In the fourth quarter of 2010, the volume of natural gas sold was 1,340 million cubic metres, up 12% yoy.

The electrical sector increased 19% to 465 million cubic metres, or 57% of the Portuguese liberalised market. The Portuguese industrial sector, including the liberalised and regulated markets, decreased 17% yoy and accounted for 32% of the total volumes sold in the fourth quarter of 2010. The industrial segment included the Sines cogeneration, which used 64 million cubic metres, up 11% yoy.

The volume of natural gas sold into trading activities reached 195 million cubic metres, up 49% yoy, due to better trading opportunities.

In Spain, volumes sold in both markets, liberalised and regulated, amounted to 87 million cubic metres, 53% of which in the liberalised market. In the fourth quarter, Madrileña Gas sold 72 million cubic metres, a significant increase in comparison with the third quarter of 2010, which evidences the pronounced seasonality of consumption in the Spanish market.

The volume of natural gas carried by the networks owned by the distribution companies amounted to 0.4 billion cubic metres.

Sales of electricity to the grid in the fourth quarter of 2010 were 292 GWh, or 7 GWh ahead of a year earlier.

OPERATING PROFIT

TWELVE MONTHS

RCA operating profit for the Gas & Power business in the twelve months of 2010 rose 34% yoy to €181 million as favourable contributions from the natural gas supply business and power offset lower results in the infrastructure business.

The RCA operating profit for the natural gas supply business rose €44 million to €79 million as (i) an optical fibre lease was terminated and revenues were recognised in the second quarter of 2010 rather than over the originally scheduled 20 years and (ii) volumes sold into the liberalised market increased by 15%. Results were, however, negatively impacted by the decrease in supply margins as they suffered the adverse impact of the higher cost of natural gas acquisition, in 2010.

The infrastructure business reported RCA operating profit of €92 million, down 3% yoy. This decrease was driven by lower allowed revenues in the 2009/2010 gas year compared with the 2008/2009 gas year and the reallocation of revenues between the two periods, which benefited the twelve months of 2009.

FOURTH QUARTER

RCA operating profit in the fourth quarter of 2010 amounted to €38 million, up about 29% yoy.

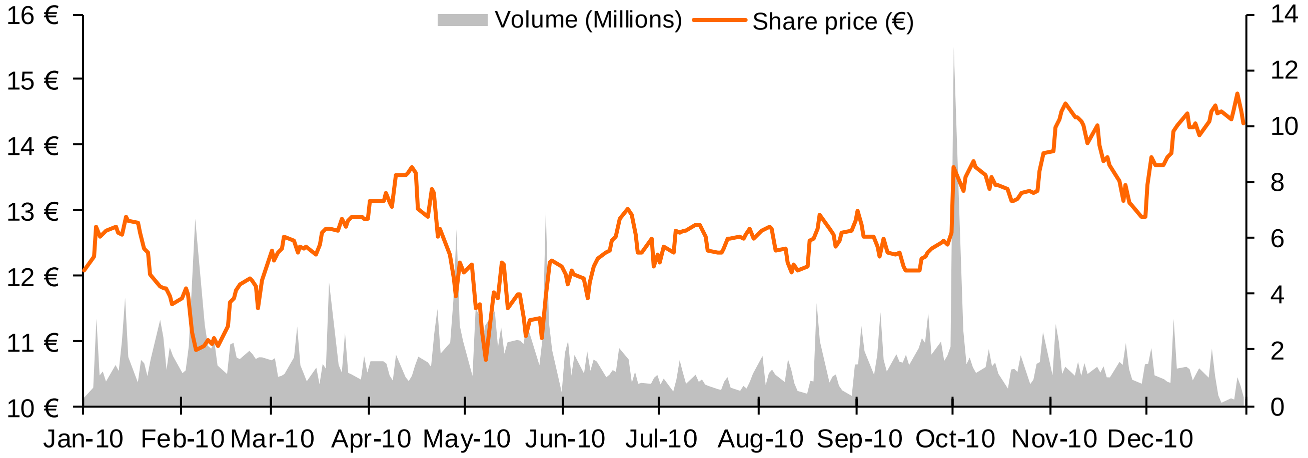
The natural gas supply business increased by €8 million in the fourth quarter. This change was largely due to 2009 being negatively affected by provisions for the negotiation of contracts for the supply of natural gas which ended in the second quarter of 2010.

The infrastructure business reported RCA operating profit of €29 million in the fourth quarter, up 17% yoy. This increase was influenced by the extinction of the smoothing effect in allowed revenues in July 2010.

The RCA operating profit for the Power business in the fourth quarter of 2010 was €1 million, less €4 million than in the fourth quarter of 2009. This decrease stemmed from the lower contribution from the cogeneration at Sines refinery, following the rise in the natural gas tariff, namely in what regards the network access component.

THE GALP ENERGIA STOCK

PERFORMANCE OF THE GALP ENERGIA STOCK



Source: Euroinvestor

TWELVE MONTHS

In the twelve months of 2010, the Galp Energia stock gained 18.7%, closing the year at €14.34 and peaking at €14.86 in the period. From the initial public offering on 23 October 2006 up to 31 December 2010, the stock gained 146.8%. In 2010, 428 million shares were traded for an average daily traded volume of 1.6 million shares.

At 31 December 2010, Galp Energia had a market capitalisation of €11,891 million.

FOURTH QUARTER

In the fourth quarter of 2010, the stock gained 13.3% relative to the third quarter's close and the volume traded in the period amounted to 98.1 million shares, for a daily average of 1.5 million shares.

Share detail	
ISIN	PTGAL0AM0009
Reuters	GALP.LS
Bloomberg	GALP PL
Number of shares	829,250,635

Main indicators			
	2009	4Q 2010	12M 2010
Min (€)	7.22	12.66	10.37
Max (€)	12.65	14.86	14.86
Average (€)	10.23	13.84	12.70
Close price (€)	12.08	14.34	14.34
Volume (M shares)	413.8	98.1	428.0
Average volume per day (M shares)	1.6	1.5	1.6
Market cap (M€)	10,017	11,891	11,891

EVENTS IN THE FOURTH QUARTER OF 2010

CORPORATE

NOTES ISSUE OF €300,000,000

Galp Energia announced on November 12 the issue of notes, through a private offering, in the amount of €300,000,000, with a maturity of 4 years. Notes will be redeemed partially at 50% in the third year and the remaining 50% will be redeemed at maturity date. The interest rate shall be a floating rate, being the first coupon fixed at 3.774%.

APPOINTMENT OF NEW MEMBER OF THE BOARD OF DIRECTORS

On December 20, Galp Energia announced that, following the resignation presented by Mr. Massimo Mondazzi to his position of member of the board of directors of Galp Energia, the board of directors approved the appointment of Mr. Luca Bertelli, in replacement of that member.

EXPLORATION & PRODUCTION

NEW WELLS CONFIRM POTENTIAL OF LIGHT OIL IN TUPI

Galp Energia announced, on October 7, that the drilling of the Iracema Norte well confirmed the light oil potential in pre-salt reservoirs in Tupi's Evaluation Plan.

On October 22, Galp Energia announced that the drilling of the Tupi SW well confirmed that, not only the oil accumulation is extended until the South extreme of the Evaluation Plan area, but also that the thickness of the oil reservoir reaches around 128 meters.

TUPI'S PILOT-PROJECT FIRST OIL

On October 27, Galp Energia announced the FPSO Cidade de Angra dos Reis start of operations, this being the first definitive production system installed in the Tupi's area. This pilot-system will complement technical data gathered through the EWT with critical information about the reservoir and the production, essential for the design of future units that will operate in the pre-salt area.

CONTRACT AWARDS FOR CONSTRUCTION OF EIGHT FPSO HULLS FOR OFFSHORE BRAZIL

Galp Energia announced on November 11, the EPC (Engineering, Procurement and Construction) contract awards for six hulls for the FPSO vessels to be installed in the Santos basin, in block BM-S-11. Contracts have been awarded to Engevix Engenharia S.A.. Each FPSO will have a production capacity of 150,000 barrels of oil per day and approximately 6 million cubic meters of gas per day. All units should start operations between 2015 and 2017.

NEW WELL IN THE WEST OF TUPI CONFIRMS LIGHT OIL POTENTIAL

On December 16, Galp Energia announced that the drilling of the Tupi W well confirmed the extension of the light oil accumulation until the West extreme in Tupi's Evaluation Plan, also proving an oil reservoir thickness of around 90 meters, further reinforcing the hydrocarbons volume estimate for Tupi/Iracema area.

DECLARATION OF COMMERCIALITY FOR TUPI AND IRACEMA AREAS

On December 29, Galp Energia announced the filing with the ANP of the Declaration of Commerciality of the light oil and gas accumulations in the Tupi and Iracema areas. This fields, which new denominations suggested for Tupi and Iracema are, respectively, Lula field and Cernambi field, have a total recoverable volume of 8.3 billion boe. The contractor group also submitted to the ANP the Final Report of the Evaluation Plan and the Development Plan for both fields.

EVENTS AFTER THE CLOSE OF THE FOURTH QUARTER OF 2010

EXPLORATION & PRODUCTION

NEW FPSO LEASE FOR BLOCK BM-S-11

On January 7, Galp Energia announced the lease of a new FPSO for the development of the Southern part of Cernambi field (former Iracema). This FPSO, which should start production in 2014, will have a production capacity of 150,000 barrels of oil per day and 6 to 8 million of cubic meters of gas compression.

ASSOCIATES

1. MAIN ASSOCIATES

Company	Country	Business Segment	Equity Share	Consolidation method
Petróleos de Portugal, Petrogal, S.A.	Portugal	R&M	100%	Full
Galp Energia España, S.A.	Spain	R&M	100%	Full
Galp Exploração e Produção Petrolífera, S.A.	Portugal	E&P	100%	Full
CLCM - Companhia Logística da Madeira, S.A.	Portugal	R&M	75%	Full
CLC - Companhia Logística de Combustíveis, S.A.	Portugal	R&M	65%	Equity
CLH - Compañia Logística de Hidrocarburos, S.A.	Spain	R&M	5%	Equity
GDP, Gás de Portugal, SGPS, S.A.	Portugal	G&P	100%	Full
Galp Gás Natural, S.A.	Portugal	G&P	100%	Full
Transgás, S.A.	Portugal	G&P	100%	Full
Transgás, Armazenagem, S.A.	Portugal	G&P	100%	Full
EMPL - Europe MaghrebPipeline, Ltd	Spain	G&P	27%	Equity
Gasoduto Al-Andaluz, S.A.	Spain	G&P	33%	Equity
Gasoduto Extremadura, S.A.	Spain	G&P	49%	Equity
GDP Distribuição, SGPS, S.A.	Portugal	G&P	100%	Full
Lisboagas, S.A.	Portugal	G&P	100%	Full
Lusitaniagás, S.A.	Portugal	G&P	85%	Full
Setgás, S.A.	Portugal	G&P	45%	Equity
Beiragás, S.A.	Portugal	G&P	59%	Full
Duriensegás, S.A.	Portugal	G&P	100%	Full
Tagusgás, S.A.	Portugal	G&P	41%	Equity
Galp Power, SGPS, S.A.	Portugal	G&P	100%	Full
Galp Energia, S.A.	Portugal	Others	100%	Full

2. RESULTS FROM ASSOCIATES

Million Euros

Fourth quarter					Twelve months			
2009	2010	Chg.	% Chg.		2009	2010	Chg.	% Chg.
(0.1)	2.1	2.2	n.m.	CLH	6.7	7.1	0.4	5.4%
2.2	2.3	0.0	2.1%	CLC	9.6	8.3	(1.3)	(13.5%)
12.9	14.4	1.5	11.6%	*International Pipelines*	45.2	50.3	5.1	11.4%
1.0	1.4	0.4	43.8%	Setgás - Natural Gas Distribution Company	3.6	3.9	0.3	7.1%
(2.9)	6.8	9.8	n.m.	Others	4.5	9.5	5.0	n.m.
13.1	**27.0**	**13.9**	**106.1%**	**Total**	**69.6**	**79.1**	**9.4**	**13.5%**

RECONCILIATION OF REPORTED AND REPLACEMENT COST ADJUSTED FIGURES

1. REPLACEMENT COST ADJUSTED OPERATING PROFIT BY SEGMENT

Million euros

Fourth quarter					2010	Twelve months				
Operating profit	Inventory effect	Operating profit RC	Non recurrent items	operating profit RCA		Operating profit	Inventory effect	Operating profit RC	Non recurrent items	operating profit RCA
118	**(66)**	**52**	**4**	**55**	**Operating profit**	**630**	**(212)**	**418**	**27**	**445**
(2)	-	(2)	1	(1)	E&P	49	-	49	12	61
75	(62)	13	4	17	R&M	391	(201)	190	3	193
43	(3)	40	(1)	38	G&P	188	(11)	177	4	181
1	(0)	1	-	1	Others	2	-	2	8	10

Million euros

Fourth quarter					2009	Twelve months				
Operating profit	Inventory effect	Operating profit RC	Non recurrent items	operating profit RCA		Operating profit	Inventory effect	Operating profit RC	Non recurrent items	operating profit RCA
119	**(95)**	**23**	**28**	**51**	**Operating profit**	**459**	**(211)**	**248**	**39**	**287**
3	-	3	27	31	E&P	31	-	31	35	67
77	(85)	(8)	1	(6)	R&M	316	(232)	84	(5)	79
41	(10)	30	(0)	30	G&P	113	21	135	1	135
(3)	(0)	(3)	0	(3)	Others	(2)	0	(2)	7	5

2. REPLACEMENT COST ADJUSTED EBITDA BY SEGMENT

Million euros

Fourth quarter					2010	Twelve months				
EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA		EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA
233	**(66)**	**167**	**9**	**177**	**EBITDA**	**1,053**	**(212)**	**841**	**12**	**854**
56	-	56	(0)	56	E&P	186	-	186	(0)	186
121	(62)	58	11	69	R&M	586	(201)	385	9	394
55	(3)	52	(1)	50	G&P	273	(11)	262	(0)	261
2	(0)	2	-	2	Others	8	-	8	4	12

Million euros

Fourth quarter					2009	Twelve months				
EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA		EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA
253	**(95)**	**157**	**(8)**	**150**	**EBITDA**	**830**	**(211)**	**619**	**10**	**630**
47	-	47	(9)	39	E&P	113	-	113	(1)	112
145	(85)	60	2	62	R&M	524	(232)	292	3	295
63	(10)	53	(1)	52	G&P	194	21	215	0	216
(3)	(0)	(3)	0	(3)	Others	(0)	0	(0)	7	7

3. NON RECURRENT ITEMS

EXPLORATION AND PRODUCTION

Million Euros

Fourth quarter			Twelve months	
2009	2010		2009	2010
		Exclusion of non recurrent items		
(0.0)	(0.0)	Gains / losses on disposal of assets	(0.1)	(0.3)
(8.8)	0.0	*Assets write offs*	(0.6)	0.0
36.0	1.0	Assets impairments	36.0	12.5
-	-	Provisions for environmental charges and others	-	-
-	-	Others	-	-
27.1	**1.0**	**Non recurrent items of operating profit**	**35.3**	**12.1**
-	-	Other financial results	-	-
27.1	**1.0**	**Non recurrent items before income taxes**	**35.3**	**12.1**
(9.2)	(0.3)	Income taxes on non recurrent items	(12.0)	(4.2)
17.9	**0.6**	**Total non recurrent items**	**23.3**	**8.0**

REFINING & MARKETING

Million Euros

Fourth quarter			Twelve months	
2009	2010		2009	2010
		Exclusion of non recurrent items		
(47.9)	(65.9)	Sale of strategic stock	(47.9)	(65.9)
47.9	65.9	Sale of strategic stock cost	47.9	65.9
-	-	Monobuoy costs	-	-
(9.2)	(1.5)	Accidents caused by natural facts	(16.0)	(3.0)
(1.9)	(2.4)	Gains / losses on disposal of assets	(4.6)	(2.5)
1.5	3.3	*Assets write offs*	1.5	3.3
6.2	11.3	Employees contracts rescission	15.0	19.7
10.3	-	Sines refinery fire - accidents	16.1	-
(0.1)	0.3	Provisions for environmental charges and others	(8.7)	0.4
(0.7)	(6.8)	Assets impairments	0.7	(6.2)
(4.9)	-	Margin in the sale of CO_2 emission licenses	(8.5)	(8.9)
-	-	Others	-	-
1.2	**4.2**	**Non recurrent items of operating profit**	**(4.5)**	**2.9**
0.4	-	Capital gains / losses on disposal of financial investments	0.8	-
1.7	**4.2**	**Non recurrent items before income taxes**	**(3.7)**	**2.9**
(0.9)	(1.5)	Income taxes on non recurrent items	0.1	(1.1)
0.7	**2.7**	**Total non recurrent items**	**(3.6)**	**1.7**

GAS & POWER

Million Euros

Fourth quarter			Twelve months	
2009	2010		2009	2010
		Exclusion of non recurrent items		
-	-	Services rendered	-	-
(0.0)	0.0	Gains / losses on disposal of assets	(0.1)	0.0
0.0	0.1	*Assets Write offs*	0.1	0.1
-	-	Collections related to the sale of land	-	-
-	-	Accidents caused by natural facts	(0.0)	-
0.3	(1.0)	Employees contracts rescission	2.2	0.9
0.3	-	Provisions for environmental charges and others	0.3	4.5
(1.1)	(0.6)	Margin in the sale of CO_2 emission licenses	(1.7)	(1.5)
-	(0.8)	Claim paid to OnlyProperties (Lands in Cabo Ruivo)	-	(0.8)
-	0.8	Claims paid to EDP (Lands in Cabo Ruivo)	-	0.8
(0.5)	**(1.4)**	**Non recurrent items of operating profit**	**0.8**	**4.0**
-	-	Capital gains / losses on disposal of financial investments	-	(0.0)
-	-	Other financial results	-	-
(0.5)	**(1.4)**	**Non recurrent items before income taxes**	**0.8**	**4.0**
0.1	0.4	Income taxes on non recurrent items	(0.2)	(0.6)
(0.3)	**(1.0)**	**Total non recurrent items**	**0.5**	**3.4**

OTHER

Million Euros

Fourth quarter			Twelve months	
2009	2010		2009	2010
		Exclusion of non recurrent items		
-	-	Gains / losses on disposal of assets	-	-
-	-	Sines refinery fire - accidents	7.0	4.5
-	-	*Assets write-offs*	-	-
-	-	Provisions for environmental charges and others	-	3.2
-	**-**	**Non recurrent items of operating profit**	**7.0**	**7.7**
-	-	Capital gains / losses on disposal of financial investments	-	(0.0)
-	**-**	**Non recurrent items before income taxes**	**7.0**	**7.7**
-	-	Income taxes on non recurrent items	-	0.0
-	**-**	**Total non recurrent items**	**7.0**	**7.7**

CONSOLIDATED SUMMARY

Million Euros

Fourth quarter			Twelve months	
2009	2010		2009	2010
		Exclusion of non recurrent items		
(47.9)	(65.9)	Sale of strategic stock	(47.9)	(65.9)
47.9	65.9	Sale of strategic stock cost	47.9	65.9
-	-	Monobuoy costs	-	-
(9.2)	(1.5)	Accidents caused by natural facts	(16.0)	(3.0)
(2.0)	(2.4)	Gains / losses on disposal of assets	(4.8)	(2.8)
(7.3)	3.4	*Assets write off*	1.0	3.5
(6.0)	(0.6)	Margin in the sale of CO_2 emission licenses	(10.1)	(10.4)
6.6	10.3	Employees contracts rescission	17.2	20.6
10.3	-	Sines refinery fire - accidents	23.1	4.5
0.2	0.3	Provisions for environmental charges and others	(8.4)	8.0
35.3	(5.8)	Assets impairments	36.7	6.3
-	(0.8)	Claim paid to OnlyProperties (Lands in Cabo Ruivo)	-	(0.8)
-	0.8	Claims paid to EDP (Lands in Cabo Ruivo)	-	0.8
-	-	Others	-	-
27.9	**3.7**	**Non recurrent items of operating profit**	**38.5**	**26.7**
0.4	-	Capital gains / losses on disposal of financial investments	0.8	(0.1)
-	-	Other financial results	-	-
28.3	**3.7**	**Non recurrent items before income taxes**	**39.4**	**26.6**
(10.1)	(1.4)	Income taxes on non recurrent items	(12.1)	(5.9)
18.3	**2.3**	**Total non recurrent items**	**27.3**	**20.8**

CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED INCOME STATEMENT

Million euros

Fourth quarter			Twelve months	
2009	2010		2009	2010
		Operating income		
2,900	3,511	Sales	11,728	13,747
59	92	Services rendered	280	316
50	35	Other operating income	141	162
3,009	**3,639**	**Total operating income**	**12,149**	**14,226**
		Operating costs		
(2,459)	(3,092)	Inventories consumed and sold	(10,193)	(11,997)
(197)	(210)	Material and services consumed	(751)	(781)
(96)	(93)	Personnel costs	(339)	(355)
(115)	(97)	Amortisation and depreciation cost	(307)	(340)
(19)	(19)	Provision and impairment of receivables	(64)	(83)
(4)	(10)	Other operating costs	(36)	(41)
(2,890)	**(3,521)**	**Total operating costs**	**(11,690)**	**(13,596)**
119	**118**	**Operating profit**	**459**	**630**
13	27	Net profit from associated companies	70	79
(0)	(0)	Net profit from investments	(1)	0
		Financial results		
3	10	Financial profit	13	27
(25)	(37)	Financial costs	(88)	(114)
(1)	1	Exchange gain (loss)	0	(11)
-	(0)	Profit and cost on financial instruments	0	1
(0)	(0)	Other gains and losses	(1)	(1)
108	**117**	**Profit before taxes**	**451**	**611**
(19)	(30)	Income tax expense	(99)	(165)
89	**87**	**Profit before minority interest**	**353**	**446**
(1)	(1)	Profit attributable to minority interest	(6)	(5)
87	**86**	**Net profit for the period**	**347**	**441**
0.11	**0.10**	**Earnings per share (in Euros)**	**0.42**	**0.53**

galp energia

2. CONSOLIDATED FINANCIAL POSITION

Million euros

	December 31, 2009	September 30, 2010	December 31, 2010
Assets			
Non current assets			
Tangible fixed assets	2,641	3,319	3,588
Goodwill	189	245	243
Other intangible fixed assets	1,318	1,302	1,309
Investments in associates	227	252	253
Investments in other participated companies	3	3	33
Other receivables	99	110	115
Deferred tax assets	210	217	216
Other financial investments	0	2	1
Total non current assets	**4,688**	**5,450**	**5,757**
Current assets			
Inventories	1,229	1,509	1,570
Trade receivables	778	993	1,082
Other receivables	574	577	545
Other financial investments	2	4	5
Current Income tax recoverable	(0)	-	(0)
Cash and cash equivalents	244	170	188
Total current assets	**2,826**	**3,253**	**3,390**
Total assets	**7,514**	**8,703**	**9,148**
Equity and liabilities			
Equity			
Share capital	829	829	829
Share premium	82	82	82
Translation reserve	(11)	4	28
Other reserves	193	193	193
Hedging reserves	(7)	(5)	(4)
Retained earnings	927	1,109	1,109
Profit attributable to equity holders of the parent	347	355	441
Equity attributable to equity holders of the parent	**2,361**	**2,568**	**2,679**
Minority interest	27	29	32
Total equity	**2,389**	**2,597**	**2,711**
Liabilities			
Non current liabilities			
Bank loans and overdrafts	1,047	1,443	1,412
Bonds	700	700	1,000
Other payables	381	325	321
Retirement and other benefit obligations	271	285	285
Deferred tax liabilities	57	82	84
Other financial instruments	9	7	0
Provisions	153	151	156
Total non current liabilities	**2,619**	**2,992**	**3,258**
Current liabilities			
Bank loans and overdrafts	422	723	616
Bonds	1	-	-
Trade payables	1,122	1,265	1,487
Other payables	961	1,071	1,022
Other financial instruments	0	0	8
Income tax	(0)	54	45
Total current liabilities	**2,507**	**3,113**	**3,178**
Total liabilities	**5,125**	**6,105**	**6,437**
Total equity and liabilities	**7,514**	**8,703**	**9,148**

ADDITIONAL INFORMATION

GLOSSARY

EBITDA

Operating profit plus depreciation, amortisation and provisions. EBITDA is not a direct measure of liquidity and should be analysed jointly with the actual cash flows from operating activities and taking into account existing financial commitments

Galp Energia, Company or Group

Galp Energia, SGPS, S.A. and associates

IRP

Income tax on oil sales in Angola

Rotterdam cracking margin

The Rotterdam cracking margin has the following profile: -100% dated Brent, +2.3% LPG FOB Seagoing (50% Butane + 50% Propane), +25.4% PM UL NWE FOB Bg, +7.4% Naphtha NWE FOB Bg., +8.5% Jet NWE CIF, +33.3% ULSD 50 ppm NWE CIF Cg and +15,3% LSFO 1% FOB Cg.; C&Q: 7.7%; Terminal rate: 1$/ton; Ocean loss: 0.15% over dated Brent; Freight 2010: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 5.22 $/ton (Freight 2009: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 6.04 $/ton). Yields in % of weight.

Hydroskimming margin+ Aromatics + Rotterdam base oils

Rotterdam hydroskimming margin: -100% dated Brent, +2.1% LPG FOB Seagoing (50% Butane+ 50% Propane), +15.1% PM UL NWE FOB Bg, +4,0% Nafhtha NWE FOB Bg., +9% Jet NWE CIF Cg, +32.0% ULSD 10 ppm NWE CIF Cg. and +33.8% LSFO 1% NWE FOB Cg.; C&Q: 4.0%; Terminal rate: 1$/ton; Ocean loss: 0.15% over dated Brent; Freight 2010: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 5.22 $/ton (Freight 2009: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 6.04 $/ton).

Rotterdam aromatics margin: -60% PM UL NWE FOB Bg, -40.0% Naphtha NWE FOB Bg., +37% Naphtha NWE FOB Bg., +16.5% PM UL NWE FOB Bg, +6.5% Benzene Rotterdam FOB Bg, +18.5% Toluene Rotterdam FOB Bg, +16.6% Paraxylene Rotterdam FOB Bg, +4.9% Ortoxylene Rotterdam FOB Bg.; Consumptions: -18% LSFO 1% CIF NEW. Yields in % of weight.

Base oils refining margin: -100% Arabian Light, +3.5% LPG FOB Seagoing (50% Butane+ 50% Propane), +13.0% Naphtha NWE FOB Bg., +4.4% Jet NWE CIF, +34.0% ULSD 10 ppm NWE CIF, +4.5% VGO 1.6% NWE FOB cg, +14.0% Base oils FOB, +26% HSFO 3.5% NWE Bg.; Consumptions: -6.8% LSFO 1% NWE FOB Cg.; Losses: 0.6%; Terminal rate: 1$/ton; Ocean losses: 0.15% over dated Brent; Freight 2010: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 5.22 $/ton (Freight 2009: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 6.04 $/ton). Yields in % of weight.

Hydroskimming Margin+ Aromatics + Rotterdam base oils = 65% Rotterdam hydroskimming margin + 15% Rotterdam aromatics margin + 20% Base oils refining margin.

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 – either Portuguese GAAP or IFRS – and is consequently not adopted for valuing inventories. This method does not reflect the cost of replacing other assets.

ACRONYMS:

ANP: Agência Nacional do Petróleo, Gás Natural e Biocombustíveis;

bbl: barrels;

BBLT: Benguela, Belize, Lobito and Tomboco;

bbl/d: barrels per day;

Bg: Barges;

Cg: Cargoes;

CIF: Costs, Insurance and Freights;

CLC: Companhia Logística de Combustíveis;

CLH: Companhia Logística de Hidrocarburos, S.A.;

CMP: Weighted-average cost;

CPT: Compliant Piled Tower;

DGEG: Direcção Geral de Energia e Geologia;

E&P: Exploration & Production;

€: Euro;

FCC: Fluid Catalytic Cracking;

FIFO: First In First Out;

FOB: Free on Board;

G&P: Gas & Power;

IAS: International Accounting Standards;

IFRS: International Financial Reporting Standards;

LIFO: Last In First Out;

LNG: Liquefied Natural Gas;

LSFO: Low sulphur fuel oil;

m^3: cubic metres;

n.m.: not meaningful;

OPEP: Organisation of Petroleum-Exporting Countries;

PM UL: Premium unleaded;

p.p.: percentage points;

PSA: Production Sharing Agreement;

R&D: Refining & Marketing;

RCA: Replacement cost adjusted;

SXEP: DJ Europe Oil & Gas Index;

TL: Tômbua-Lândana;

ULSD CIF Cg: Ultra Low sulphur diesel CIF Cargoes;

USA: United States of America;

Usd: US dollar.

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