OFFERING CIRCULAR

GALP ENERGIA, SGPS, S.A.

(*incorporated with limited liability in Portugal*)

EUR5,000,000,000

Euro Medium Term Note Programme

Under this EUR5,000,000,000 Euro Medium Term Note Programme (the **Programme**), Galp Energia, SGPS, S.A. (the **Issuer**, the **Company** or **Galp**) may from time to time issue notes (the **Notes**) denominated in any currency (as can be settled through Interbolsa from time to time) agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

Application has been made to the Financial Conduct Authority in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000, as amended (the **UK Listing Authority**) for Notes issued under the Programme during the period of twelve months from the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Notes to be admitted to trading on the London Stock Exchange's regulated market. References in this Offering Circular to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC, as amended).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which will be delivered to the UK Listing Authority and the London Stock Exchange. A copy of the relevant Final Terms will also be published on the website of the London Stock Exchange through a regulatory information service. Any websites referred to herein do not form part of this Offering Circular.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act (**Regulation S**) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction (see "*Subscription and Sale*").

Arranger

J.P. Morgan

Dealers

Banco Bilbao Vizcaya Argentaria, S.A.
Banco Santander Totta, S.A.
BofA Merrill Lynch
Deutsche Bank
ING
Millennium Investment Banking
Banco BPI, S.A.
BNP PARIBAS
Caixa - Banco de Investimento, S.A.
Haitong Bank, S.A.
J.P. Morgan
Société Générale Corporate & Investment Banking
UniCredit Bank

The date of this Offering Circular is 6 November 2017.

IMPORTANT INFORMATION

This Offering Circular comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. When used in this Offering Circular, **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and, where the context so requires, includes any relevant implementing measure in a relevant Member State of the European Economic Area (**EEA**).

The Issuer accepts responsibility for the information contained in this Offering Circular and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with any supplement thereto, if any, and with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes or such other information as is in the public domain and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

The information contained in this Offering Circular is given as of the date hereof. Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

IMPORTANT – EEA RETAIL INVESTORS - If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail

investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the EEA (including the United Kingdom and Portugal) and Japan, see "*Subscription and Sale*".

Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal

advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

PRESENTATION OF INFORMATION

Certain Defined Terms and Conventions:

Capitalised terms which are used but not defined in any particular section of this Offering Circular will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Offering Circular. In addition, the following terms as used in this Offering Circular have the meanings defined below:

- **EUR**, **euro** and **€** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union (**EU**), as amended;
- **U.S. dollars**, **U.S.$**, **USD** and **$** are to the lawful currency of the United States;
- **Sterling**, **GBP** and **£** are to the lawful currency of the United Kingdom;
- **JPY**, **Yen** and **¥** are to the lawful currency of Japan;
- **AUD** and **A$** are to the lawful currency of Australia;
- **CHF** are to the lawful currency of Switzerland; and
- **CAD** are to the lawful currency of Canada.

Certain figures and percentages included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

ALTERNATIVE PERFORMANCE MEASURES

Certain alternative performance measures (**APMs**) (as defined in the European Securities and Markets Authority Guidelines on Alternative Performance Measures (**ESMA Guidelines**)) are included in this Offering Circular. Please see the "*Alternative Performance Measures*" section of this Offering Circular for further details.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some statements in this Offering Circular and certain documents incorporated by reference herein may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Offering Circular, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "Risk Factors" and "Description of the Issuer" and other sections of this Offering Circular. By their nature, forward-looking statements involve risks and uncertainty because they relate to future events and circumstances. The Issuer has based these forward looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Offering Circular, if one or more of these risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Offering Circular, or if

any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include:

- the Issuer's ability to achieve and manage the growth of its business;
- the performance of the markets in Portugal and the wider region in which the Issuer operates;
- the Issuer's ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- the Issuer's ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects;
- changes in political, social, legal or economic conditions in the markets in which the Issuer and its customers operate; and
- actions taken by the Issuer's joint venture partners that may not be in accordance with its policies and objectives.

Any forward looking statements contained in this Offering Circular speak only as at the date of this Offering Circular. Without prejudice to the Issuer's obligations under applicable laws and regulations in relation to disclosure and ongoing obligations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Offering Circular any updates or revisions to any forward looking statements contained in it to reflect any change in expectations or any change in events, conditions or circumstances on which any such forward looking statement is based.

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STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004, as amended, implementing Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) (the ***Prospectus Regulation****).*

Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this Overview.

Issuer:	Galp Energia, SGPS, S.A.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. These are set out under "*Risk Factors*" below.
Description:	Euro Medium Term Note Programme
Arranger:	J.P. Morgan Securities plc
Dealers:	Banco Bilbao Vizcaya Argentaria, S.A. Banco BPI, S.A. Banco Comercial Português, S.A. Banco Santander Totta, S.A. BNP Paribas Caixa-Banco de Investimento, S.A. Deutsche Bank AG, London Branch Haitong Bank, S.A. ING Bank N.V. J.P. Morgan Securities plc Merrill Lynch International Société Générale UniCredit Bank AG and any other Dealers appointed from time to time in accordance with the Programme Agreement (as defined below).

Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Offering Circular. **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000, as amended, unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".
Agent:	Caixa - Banco de Investimento, S.A.
Paying Agent:	The Agent, and any other Paying Agent appointed from time to time by the Issuer in accordance with the Agency Agreement (as defined below).
Programme Size:	Up to EUR5,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) aggregate nominal amount of Notes outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Specified Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may only be denominated in Euro, U.S. dollars, Sterling, Japanese yen, Swiss francs, Australian dollars and Canadian dollars or any other currency as can be settled through Interbolsa from time to time, as agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par value or at a discount to, or premium over, the par value of the relevant Notes as at the Issue Date.
Clearing Systems:	Interbolsa, Euroclear and/or Clearstream, Luxembourg (each as

	defined in the section "*Form of Notes*" below) and any additional or alternative clearing system specified in the applicable Final Terms.
Form of Notes:	The Notes will be issued in dematerialised book-entry form (*forma escritural*) and are *nominativas* (and therefore Interbolsa, at the Issuer's request, can ask the Affiliate Members of Interbolsa for information regarding the identity of the Noteholders and transmit such information to the Issuer).
Fixed Rate Notes:	Fixed interest will be payable in respect of Fixed Rate Notes on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of the reference rate set out in the applicable Final Terms. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices as may be agreed between the Issuer and the relevant Dealer.

	Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less than one year*" above.
Denomination of Notes:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions - Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note will be EUR100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 3.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 8.
Substitution:	The terms of the Notes will contain a substitution provision as further described in Condition 14. In the event of any substitution pursuant to Condition 14 (except where the Substituted Debtor is the Successor in Business of the Issuer) the Issuer, acting either through its head office or through an international branch as it may determine in its sole discretion, shall irrevocably and unconditionally guarantee in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as principal debtor and (without prejudice to such guarantee) shall remain bound by the obligations (other than the obligations to make payments of interest or principal) of the Issuer under the Notes and the Agency Agreement (with any consequential amendments as may be necessary).
Modification:	The Agent and the Issuer may, in accordance with Condition 11, without the consent of the Noteholders, make any modification (within the limits mentioned in the Conditions) of the Notes which (a) is not prejudicial to the interests of the Noteholders, (b) is of a formal, minor or technical nature; (c) is made to correct a manifest or proven error; or (d) is to comply with mandatory provisions of any applicable law or regulation. Any modification so made shall be binding on all Noteholders.

Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.
Representative of Noteholders:	The Noteholders may appoint a common representative.
Listing:	Application has been made for Notes issued under the Programme to be listed on the regulated market of the London Stock Exchange.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law save that, the form (*forma de representação*) and transfer of the Notes, the creation (if any) of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by, and shall be construed in accordance with, Portuguese law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the United Kingdom and Portugal) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C and TEFRA not applicable as specified in the applicable Final Terms.
Credit Ratings:	Not Applicable. The Programme has not been assigned a credit rating.
Use of Proceeds:	The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes or for such other reason as may be specified in the applicable Final Terms.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Offering Circular the principal risks which the Issuer believes could materially adversely affect its business and ability to make payments due under the Notes.

In addition, the principal risks which the Issuer believes are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

Galp arranges the main risks that may affect its activity and operations into four categories: (i) strategic, (ii) operational and compliance, (iii) external and (iv) financial. The risks described below are the risks that Galp believes could have a negative impact on its strategy, operations, results, assets, financial position and reputation. Furthermore, these risks can have an impact on stakeholders (including its employees) and the regions in which the Company operates.

Galp's commercial operations are of a long-term nature, which implies that many of the risks to which it is exposed may be permanent. However, the triggering factors of the internal or external risks are changeable and can develop and evolve over time, and may vary in probability, severity and detectability.

Those risks are supervised by divisions and committees responsible for internal control and risk management, but there can be no certainty as to the efficacy of these risk management activities, in particular concerning the requirements to mitigate those risks or any other risk.

1. Strategic Risks

Galp is subject to risks relating to project execution, which may have an impact on its strategy, results, reputation and financial position.

The success of large projects is essential for the future growth of Galp. If these projects are not carried out within the designated budget and time frame and in compliance with the previously defined specifications, this may influence the execution of Galp's strategy, its results, reputation and financial position. The execution of these projects is subject to health, safety and environmental hazards, as well as risks of an economic, technical, technological, commercial, legal and regulatory nature. The choice of a less suitable development option can expose the projects to additional costs and risks.

The development of the BM-S-11 block is the Company's main Exploration & Production (**E&P**) project underway, along with other projects in Brazil, Mozambique and other countries. Any problem or constraint arising during the development phase may result in a delay in project execution, potentially jeopardising Galp's production targets and adversely impacting the Company's results of operations and financial condition.

Galp is subject to risks relating to partner dependency, which may have an impact on its strategy, results and financial position.

Many of Galp's major projects are carried out through joint ventures and partnerships, and may be operated by third parties and managed under joint venture agreements. Furthermore, Galp's activities are also dependent on other contracted parties and on various service providers. The Company is thus dependent on the performance of its partners/suppliers who are not under the control of Galp and may be vulnerable to events that affect them, even though these events are not directly related to Galp, therefore exposing the Company to the risk of execution through these entities. Since Galp does not have the ability to control the decisions of these entities and/or their potential breach of such agreements, these relationships may have a material adverse effect on Galp's reputation, business, financial position, results of operations and prospects.

Galp's partners may have economic or business interests or objectives that are inconsistent with or opposed to those of the Company, and may exercise veto rights to block certain key decisions or actions that Galp believes are in its or the joint venture's best interests, or approve such matters without the Company's consent. The fact that Galp is involved in different projects where it is not the operator, rather having a minority participating interest, may affect its ability to influence the joint venture's decisions, manage risks and costs.

Additionally, the Company's joint partners or contractual counterparties are primarily responsible for the adequacy of the financial resources, human or technical competencies and capabilities they bring to the project, and if those are lacking, joint venture partners may not be able to meet their financial or other obligations to their counterparties or to the projects, potentially threatening the viability of such projects.

These risks could place the execution of projects at risk and, ultimately, constrain and interfere with the implementation of Galp's strategy, having a negative impact on its operational results and financial position.

Galp is exposed to country risk as its reserve base is currently concentrated in Brazil.

Galp carries out its most important E&P projects in countries that are not part of the Organisation for Economic Co-operation and Development (**OECD**). As a consequence, certain issues with respect to security failures, civil disturbance or expropriation of assets may arise which could compromise and/or negatively affect the results of Galp's operations and financial position, and place the implementation of the Company's strategy at risk.

The BM-S-11 block in Brazil is currently the main contributor to Galp's oil and natural gas reserves.

Although Galp has not, historically, experienced any major issues in the course of its Brazilian operations, including, but not limited to, events related to safety hazards, civil unrest, expropriation of assets or changes in the legal, regulatory and fiscal framework, there is no guarantee that such events will not arise in the future.

As such, although the government of Brazil has so far been cooperative in the development of oil and gas reserves in the country, any adverse circumstance arising during the development phase of Galp's E&P projects in Brazil may jeopardise operations in that country and prevent the Company from reaching its production targets, thus adversely impacting its results of operations and financial position.

Galp's strategy execution is dependent on meeting the necessary financing and liquidity needs.

In order to pursue its strategic and investment plans Galp will need to secure significant funds. Galp expects to finance a substantial part of its capital expenditures out of cash flows from its operating activities, as well as, cash reserves and other available liquidity. However, if its operations do not generate sufficient cash Galp may have to finance more of its planned capital expenditures from alternative external sources, including bank loans and offerings of debt or equity securities in the capital markets and equity partnerships.

No assurance can be given that Galp will be able to raise the funds required for its planned capital expenditures on commercially acceptable terms or at all. If Galp is unable to meet the necessary financing and liquidity needs, it may have to reduce its planned capital expenditures. Any such reduction could have a negative impact on Galp's strategic and investment plans, the Company's business and, consequently, its results of operations and financial position.

Galp's organic growth is dependent to some extent on the efficiency of its investments

The Company's organic growth is dependent on creating and developing a portfolio of quality assets and investing in the best options. If Galp is not effective in its investment selection and development, this could lead to loss of value and higher capital expenditure, hence risking the implementation of its strategic plans. Galp's inability to successfully execute its business strategy may adversely impact its financial position and results of operation.

Future growth of Galp is subject to ongoing risks and uncertainties, including those related to the efficiency of its investments, and risks associated with the discovery and development of new oil and natural gas reserves and resources.

Galp's future production of oil and natural gas depends on its success in the consistent and profitable acquisition, discovery and development of new reserves to replace the reserves that have already been produced. However, the Company's ability to acquire and find new resources and reserves is subject to a number of risks.

E&P activities are usually carried out in extremely challenging environments, with potential risks of technical failures and natural disasters. A number of factors, such as unexpected drilling or pressure conditions, irregularities in geological formations, equipment malfunctions or accidents, adverse weather conditions, non-compliance with the requirements imposed by government entities, as well as failures or delays in the availability of drilling rigs and equipment supply, may lead to higher costs or downsizing (decrease in staff) and delay or suspension of drilling activities.

In addition, the production blocks of oil and natural gas are typically made available by government authorities. Galp is subject to strong competition in the bidding for these blocks, particularly with respect to those which are considered to be potentially more attractive in terms of resources. Due to this competition, Galp may not be able to obtain the desired production blocks, or may have to pay a higher price to obtain them, which may affect the economic viability of subsequent production.

The projects may be sanctioned based on incorrect assumptions or inadequate information. The projects may be delivered late, exceed the budget or have levels lower than the operational reliability standards. If the Company is not successful in de-risking the resources and in the development of reserves, its total proven reserves may decrease and Galp may run the risk of not achieving its production targets. This may negatively affect the results and the Company's financial position.

The successful delivery of Galp's business strategy is dependent on its ability to attract and retain talent.

The successful delivery of Galp's business strategy depends on the skills and efforts of its employees and management teams. In the energy sector, particularly in oil and gas, competition for experienced and qualified managers and employees is very strong.

If Galp fails to attract, retain, motivate and organise highly skilled human resources in the future, this may have an adverse impact on the success of its business and consequently on its financial position and results of operations.

2. Operational and Compliance Risks

Galp's activity involves risks inherent in the process of estimating oil and natural gas resources and reserves.

Estimates of oil and natural gas resources and reserves are based on available geological, technological and economic data, and therefore subject to a great number of uncertainties. The accuracy of these estimates depends on a number of different factors, assumptions and variables, some of which are beyond Galp's control. These factors, assumptions and variables include *(i)* changes in prevailing oil and natural gas prices, which could have an impact on the quantities of proved reserves (since estimates of reserves are calculated under existing economic conditions when such estimates are made); *(ii)* subsequent changes in any applicable tax rules or other government regulations and contractual conditions (which could adversely affect the economic viability of exploration of the reserves); and *(iii)* certain actions of third parties, including the operators of fields in which Galp has an interest.

The process of estimating resources and reserves involves informed judgments, and hence it is subject to revision. The results of drilling, testing and production after the date of the estimates may require substantial downward revisions in Galp's resources and reserves data. Any downward revision in estimated quantities of proved reserves could adversely impact the results of operations of Galp, leading to increased depreciation, depletion and amortisation charges and/or impairment charges, which would have an adverse impact on Galp's financial position.

Galp is exposed to disruptive events, including any interruption of operations which give rise to catastrophic impacts in terms of health, safety and environmental risks, which may negatively affect its reputation, operational performance or financial position.

Given the range and complexity of Galp's operations – for example, in ultra-deep water exploration and production, or during the process of refining – the potential risks for health, safety and the environment are considerable. This includes major incidents involving safe processes and installations, failure to meet approved policies, natural disasters and civil unrest, civil war and terrorism. Galp is further exposed to generic operational, health and personal safety risks and criminal activities.

Such incidents may cause injury or loss of life, environmental damage or the destruction of premises and, depending on their cause, severity and extent, may negatively affect Galp's reputation, operational performance or financial position.

Galp is subject to risks associated with failures in information systems and cyber-security.

Systems failures, whether accidental, including those that are caused by network, hardware or software failures, or resulting from intentional actions, such as computer attacks (or non-directed attacks such as computer worms), may have adverse impacts at various levels.

These failures may affect the quality of, or cause an interruption of, Galp's activities, may lead to the loss, misuse or abuse of sensitive information, loss of lives, damage to the environment or assets and breaches in the legal or regulatory sphere, with the possibility of fines or any other type of measures being imposed by the regulatory authorities.

These events can have consequences for the Company's reputation and may severely compromise Galp's operations, resulting in significant costs.

Galp is subject to risks associated with business continuity and effective crisis management.

Galp is subject to business continuity risk, both of its own and of its partners, resulting from business interruption, for example natural disasters, industrial accidents, power outages, and loss of information

technology (IT) systems. Such disruption in Galp's business may adversely affect the results of its operations and financial position.

Galp is also subject to the risk of labour disputes and adverse employee relations and these disputes and adverse relations could disrupt its business operations and adversely affect its business, financial position and results of operations. Existing individual and collective labour agreements may not prevent a strike or work stoppage at any of Galp's facilities in the future. Any such work stoppage could have a material negative effect on the business, financial position and results of operations of Galp.

Crisis management plans and the ability to deal with a crisis scenario are essential to deal with emergencies at every level of the operations of the Company. If Galp does not respond or if it is perceived not to respond in an appropriate manner to either an external or internal crisis, the Company's business and operations could be severely disrupted, with a potential negative effect on Galp's reputation, results of operations and financial position. Additionally, an inability to restore or replace critical capacity to an agreed level within an agreed time frame could prolong the impact of any disruption.

Failure to report data accurately and in compliance with standards may result in regulatory action, legal liability and damage to Galp's reputation.

External reporting of financial and non-financial data is reliant on the integrity of systems and people. Failure to report data accurately and in compliance with external standards could result in regulatory action, legal liability and damage to the reputation of the Company, with a potential adverse impact on Galp's results of operations and financial position.

Galp's current insurance coverage for all its operational risks may not be sufficient.

Oil and gas activities involve significant hazards. Galp's operations are subject to risks generally relating to the exploration and production of oil, including blowouts, fires, equipment failure and other risks that can result in personal injuries, loss of life and property and environmental damage. Offshore exploration, in particular, is subject to a wide range of hazards, including capsizing, collision, bad weather and environmental pollution.

In addition, the operations of refinery and petrochemical complexes and oil and natural gas pipeline systems, storage and loading facilities are subject to mechanical difficulties, disruptions, shortages or delay in the delivery of equipment.

In line with industry best practices, Galp contracts insurance to cover business-specific risks. The insured risks include, among other hazards, damage to property and equipment, industry liability, maritime transport liability of crude oil and other goods, pollution and contamination, third-party liability of Executive Directors and staff, and work accidents.

Nevertheless, some major risks inherent in Galp's activities cannot reasonably be insured for a commercially appropriate sum. In addition, Galp's insurance policies contain exclusions that could result in limited coverage in certain circumstances. Furthermore, Galp may not be able to maintain adequate insurance at rates or on terms that it considers reasonable or acceptable, or be able to obtain insurance against certain risks that could materialise in the future. As such, Galp may incur substantial losses following events that are not covered by insurance, which would have an adverse impact on its business, operational results and financial position.

Trading activities may result in losses.

In the normal course of business, Galp is subject to operational risks in its treasury and trading activities. Galp conducts derivatives operations and has procedures in place designed to limit its exposure to risks relating to these operations conducted from time to time.

With respect to the physical commodities relating to Galp's business, there can be no assurance that it will not incur losses in the future as a result of adverse movements in commodity prices or other factors which may affect its trading positions.

Effective controls over these activities are dependent on Galp's ability to process, manage and monitor a large number of complex transactions across many markets and currencies. Any event in this context resulting in losses could have an adverse effect on Galp's business, results of operations and financial position.

3. External Risks

Galp is subject to political, legal and regulatory risks in the countries where its activities are located.

The Company's E&P activities are mainly located in non-European countries, some of which have developing economies or political and regulatory environments with a history of instability. Galp also sources natural gas from Algeria and Nigeria, and sells its oil products in several African countries. As a result, a portion of Galp's revenues are derived from, and are expected to be increasingly derived from, or dependent on countries with inherent economic and political risks. These include the possible expropriation and nationalisation of property, significant increases in taxes or royalties that are levied on crude oil and natural gas production, the establishment of limits on production and export volumes, the compulsory renegotiation or cancellation of contracts, changes in local government regimes and policies, changes in business customs and practices, payment delays, currency exchange restrictions or currency devaluations as well as losses and impairment of operations due to the actions of insurgent groups.

In addition, political changes may lead to changes in the business environment. In particular, regulatory changes in matters such as the award of licenses for exploration and production, the imposition of specific drilling and exploration obligations, restrictions on production and exports, price controls, environmental measures, control over the development and abandonment of fields and installations and risks relating to changes in local government regimes and policies could further adversely affect the E&P business of Galp. In addition, in certain countries in which Galp is active, it may be difficult to repatriate capital investments and profits. Economic downturns, political instability or civil disturbances may disrupt the supply chain or limit sales in the markets affected by such events.

While Galp has not experienced significant disruptions as a result of economic or political instability in the past, future disruptions could adversely affect its business, financial condition and results of operations.

Galp believes that it abides by applicable international norms in all countries in which it operates. However, any irregularities (effective or alleged) could have a materially adverse effect on Galp's ability to conduct business and/or on the price of its shares or other securities issued by it.

The Company's downstream and gas activities in the Iberian Peninsula are also subject to political, legal and regulatory risk. In particular, a change at those levels could impact the business environment, potentially affecting Galp's business and results of operations.

Particularly regarding the Company's refining and marketing of oil products activities, a change in regulation, either in the Iberian Peninsula or at the European level, could lead to significant changes in Galp's operations, namely as incremental costs could arise from requirement to comply with new regulation, thus potentially having a negative impact on the Company's competitiveness, results of operations and financial position.

In addition, Galp, through Galp Gás Natural Distribuição, S.A., carries out activities related to regulated natural gas infrastructure. These activities are based on concession agreements with the Portuguese authorities that encompass compensation systems geared to safeguard the recovery of the Company's investments. Consequently, the recovery of such investments is conditioned upon the definition and stability

of such legal and regulatory frameworks, which are out of Galp's scope of control. As such, a change at that level could adversely affect Galp's results and financial position.

Furthermore, significant changes in the tax regimes of countries in which the Company carries its downstream activities could have a materially adverse effect on Galp's results of operations or financial position.

Galp's downstream and gas activities are subject to antitrust and competition laws and regulations, namely in Portugal and in Spain, and the Company may incur significant losses in future years in connection with potential future antitrust and competition proceedings, including those arising from plaintiffs seeking compensation for any alleged damages. The occurrence of such events may have a material adverse effect on Galp's business, results of operations and financial position.

Finally, Galp deals with counterparties and partners throughout the world, and is therefore exposed to sanctions risks across the value chain. These could have a materially adverse effect on Galp's ability to conduct business and/or on the price of its shares or other securities issued by it.

Galp faces competition from other energy companies in all areas of its operations.

The energy industry is extremely competitive and is also exposed to competitors from others sectors.

Competition puts pressure on the prices of raw materials and products, affects marketing activities relating to energy products and related services, and demands a constant focus on cost control and increasing efficiency, while, at the same time, pursuing the safety of operations.

Within this context, implementation of the Company's strategy requires considerable effort in relation to innovation and constant technological progress and efficiency.

The Company's performance may be affected if its competitors develop or acquire intellectual property rights or technology that the Company needs, or if the Company were not able to keep up with the sector in terms of innovation.

Galp's competitors may benefit from a number of advantages including, but not restricted to: diversified and reduced risk; financial capacity necessary for developments that require high levels of investment; the capacity to benefit from economies of scale in terms of technology and organisation; and a size that allows them to benefit from advantages related to the competencies acquired, infrastructures established and reserves. In this way, these companies have the capacity to make competitive proposals with direct impact on the effectiveness of Galp's operations. The intense competition to which the Company is subject can affect its activities, operational results and financial position.

Galp is subject to extensive laws and regulations regarding climate change and the protection of natural habitats.

Galp is subject to the effects of government policies to curb climate change in the countries where it operates, including extensive environmental, health and safety laws and regulations, including, for example, those relating to emissions, energy consumption and waste treatment and disposal. Due to concerns over the risk of climate change, a number of countries have adopted, or are looking to adopt, new regulatory requirements to reduce greenhouse gas emissions, such as carbon taxes, increasing efficiency standards, or emissions trading schemes. The cost of producing hydrocarbons may increase significantly by constraining licences for carbon dioxide (CO_2) emissions. Although Galp is already considering a carbon price when assessing future long-term projects, the Company may require more carbon licences than initially anticipated and the carbon price may be higher than estimated, thus jeopardising profitability of future projects.

In addition, the adoption of policies to promote the use of renewable energy may affect the demand for hydrocarbon-based energy, which makes up the majority of Galp's business and despite the fact that the Company aims at gradually expanding its exposure to differentiated renewables businesses.

These initiatives may affect the conditions in which Galp conducts its business, especially in the exploration, production and refining businesses, with a potential negative impact on its results of operations and financial position.

Galp is required to obtain and comply with environmental permits or licences for its operations which cause emissions or discharge of pollutants and the handling of hazardous substances or waste treatment and disposal. Likewise, access to oil and natural gas reserves, which provide for the seizing of strategic growth opportunities, may be restricted due to initiatives to protect the integrity of natural habitats. In this regard, Galp closely monitors the development of government policies for environmental protection and adjusts its strategy in line with relevant developments.

Galp has made, and will continue to make, expenditures to comply with environmental, health and safety laws and regulations. To the extent that the cost of compliance increases and Galp cannot pass on future increases to its customers, such increases may have an adverse effect on Galp's results of operations and financial position. Failure to comply with environmental, health and safety laws and regulations could result in substantial cost for Galp, as well as liabilities vis-à-vis third parties or governmental authorities.

Failure to meet its stakeholders' expectations regarding corporate responsibility would impair Galp's reputation.

A number of stakeholders, including employees, shareholders, media, governments, civil society groups, non-governmental organisations and those living in local communities affected by Galp's operations, have legitimate interests in Galp's business.

Any possibility, however remote, that Galp will not meet its stakeholders' expectations in terms of corporate responsibility, would impair Galp's reputation and/or its business, financial position and results of operations.

In this regard, there are particular risks relating to Galp's potential inability to fully manage legal and reputational impacts, if any, due to an inadequate response to stakeholder expectations, lack of effective internal controls and/or failure to enforce anticorruption or other relevant policies.

Galp's activity is subject to uncertainty in the economic context.

Economic tensions are causing a rise in social tensions as well as the upsurge of protectionist tendencies in various parts of the world.

The global economy and the global financial system have been experiencing a period of uncertainty and turbulence. In the Eurozone the key focus is on the ability of peripheral countries to repay their debt, including Portugal. The persistent pressure on the sustainability of government finances in advanced economies has led to strong tensions in credit markets. A new or further escalation of the crises in the Eurozone could impair Galp's ability to refinance its maturing debt. In addition, there could be prompt fiscal reforms or changes in the European regulatory framework of the oil and gas industry.

In addition, the ongoing instability and economic-financial situation may have a negative impact on third parties with whom Galp does or could do business with. In particular, the economies in the Iberian countries may continue to be restrained in the coming years, thus potentially impacting the business environment and demand for Galp's products.

Any of the factors described above, whether in isolation or in combination with each other, could have an adverse effect on the financial position, businesses, or results of operations of Galp.

4. Financial Risks

Fluctuating prices for crude oil, natural gas, liquefied natural gas (LNG) and oil products may have an unfavourable impact on Galp's operations and results.

The prices of oil, natural gas, LNG and oil-derived products are affected, at any time, by the dynamics of market supply and demand. In turn, these products are influenced by different factors such as economic and operational circumstances, natural disasters, weather conditions, political instability, armed conflicts or supply constraints of oil exporting countries. Over the course of its operations and trading activities, Galp's results are therefore exposed to the volatility of the prices of oil, natural gas, LNG and oil-derived products.

Even though, in the long term, operational costs tend to be in line with the rises and falls of the prices of raw materials and products, there is no guarantee that this will happen, especially in the short-term. Consequently, a reduction in the price of oil or natural gas could compromise investment plans, including exploration and development activities.

On the other hand, the increase in the prices of oil or natural gas could affect the value and profitability of Galp's assets. Even though the prices that the Company charges its clients tend to reflect the market prices, they cannot be adjusted immediately, and may not entirely reflect the changes in market prices.

Furthermore, the significant differences in price that are seen between the purchase of the raw materials and the sale of refined products could negatively affect Galp's operational results and financial position.

Galp is subject to credit risk.

Credit risk arises from the possibility of a counterparty not fulfilling its contractual payment obligations, meaning that the level of risk depends upon a counterparty's financial capacity.

This risk may arise both from financial relations – i.e. one of the parties involved not fulfilling the payment obligations it assumes by entering into a financial investment or hedging agreements (relating to exchange rates, interest rates and other risks) - as well as from commercial relations between the Company and its clients.

Any increase in the Company's exposure to credit risk may, in a significant and adverse manner, affect Galp's operational results and financial position.

Galp's financial condition may be adversely affected by a number of factors, including restrictions on borrowing and debt arrangements and volatility in the global credit markets.

Galp's business is partly financed through debt, and the maturity and repayment profile of debt used to finance investments often does not correlate to cash flows from Galp's assets. The global financing markets have been experiencing volatility and disruption. A shortage of liquidity, lack of funding, pressure on capital and extreme price volatility across a wide range of asset classes are putting financial institutions under considerable pressure and, in certain cases, placing downward pressure on share prices and credit availability for companies.

In addition, the funding required by Galp, at each time, depends on a range of factors, including, among others, the price of oil and exchange rates, which are beyond the control of Galp. An increase in the financing needs of Galp may have a negative impact on its financial performance and gearing ratio, affecting both its borrowing capacity and the cost of those borrowings, as well as Galp's ability to fund its investments.

Galp is exposed to the risk that credit facilities may not be available to refinance maturing debt or to meet cash shortfalls in a timely manner, or at an acceptable and competitive rate, in order to allow Galp to fund its financial commitments, which could have a material adverse effect on its business or financial position.

Fluctuation in the prevailing exchange rates may negatively influence Galp's results and financial position.

Galp is exposed to fluctuations in exchange rates due to the fact that the results and the cash flow generated by the sale of oil, natural gas and refined products are usually related to U.S. dollars and Brazilian Reais and are affected by the exchange rates associated with these currencies.

In those countries where Galp is developing commercial activities, either directly or indirectly, the operational results are also exposed to fluctuations of the relevant exchange rates.

Galp is also exposed to the risk of exchange rates in relation to the value of its financial assets and investments, mainly those that are defined in U.S. dollar and, Brazilian Reais, but also in other currencies of countries where Galp is active, which could have an impact on the Company's financial position, given that the Company's financial statements are expressed in Euros.

Adverse fluctuations in the prevailing exchange rates could negatively influence Galp's financial position and results of operations.

Fluctuation in market interest rates may negatively influence Galp's results.

Despite the ability to access the market for instruments designed to hedge interest rate risk, Galp's financing costs could be affected by volatility in market rates, which could, in turn negatively influence its results.

Galp may incur future costs with respect to its defined benefit pension plans.

Under its pension plans, benefit payments are calculated as a complement of social security pension, based on years of service and salary. The most critical risks relating to pensions accounting often relate to the returns on pension plan assets and the discount rate used to assess the present value of future payments. Pension liabilities can place significant pressure on cash flows. In particular, if pension funds are underfunded, Galp may be required to make additional contributions to the funds, which could adversely affect its business, financial position and results of operations.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the interest rate in relation to any Notes is structured such that it converts from a fixed rate to a floating rate, or vice versa (any such Notes, Fixed/Floating Rate Notes), this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes will bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The conversion of the interest basis may affect the secondary market in, and the market value of, such Notes where the change of interest basis results in a lower interest return for Noteholders. Where the relevant Notes convert from a fixed rate to a floating rate, the spread on the relevant Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the relevant Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on the relevant Notes and could affect the market value of an investment in the relevant Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

The conditions of the Notes contain provisions which may permit their modification and a substitution of the Issuer without the consent of all investors.

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Agent and the Issuer may, without the consent of the Noteholders, make any modification of the Notes, the Agency Agreement, or the Interbolsa Instrument in certain circumstances as further described in Condition 11.

The conditions of the Notes also provide that the Issuer may, without the consent of the Noteholders, and without regard to the interests of particular Noteholders, be replaced and substituted by *(i)* any Successor in Business of the Issuer; or *(ii)* any other company, in each case as principal debtor in respect of the Notes, in the circumstances described in Condition 14.

The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes.

Withholding under Portuguese tax law

Under Portuguese tax law, interest and other types of investment income derived from Notes issued by Portuguese resident entities are generally subject to Portuguese domestic withholding tax, currently assessed at the rate of 25 per cent. in case of resident or non-resident legal persons. However, in the case of resident entities, as well as for non-resident investors holding a Portuguese permanent establishment to which the income is allocated, such withholding tax rate is withheld on account of the final income tax due, while in the case of non-residents without a Portuguese permanent establishment to which the income is allocated, such withholding tax will be deemed as final, unless a withholding tax exemption applies. Also as a rule, interest and other types of investment income derived from Notes issued by Portuguese resident entities and paid to resident or non-resident individual investors are subject to Portuguese final withholding tax at the rate of 28 per cent. unless the individual resident elects to aggregate such income to his taxable income, subject to tax at progressive income tax rates of up to 48 per cent. to an additional surcharge tax due on the part of the taxable income exceeding EUR80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding EUR80,000 up to EUR250,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding EUR250,000 and to an additional surtax (due for the tax year of 2017) according to the taxpayer taxable income, as follows: (i) 0.88 per cent. for taxable income exceeding EUR20,261 up to EUR40,522; (ii) 2.75 per cent. for taxable income exceeding EUR40,522 up to EUR80,640 and (iii) 3.21 per cent. for taxable income above EUR80,640. However, interest and other types of investment income paid or made available to accounts opened in the name of one or several accountholders acting on behalf of undisclosed third parties is subject to a withholding tax rate of 35 per cent., except where the beneficial owner(s) of such income is/are disclosed, in which case the general rules will apply. A final withholding tax rate of 35 per cent. applies in case of investment income payments to individuals or companies domiciled in one of the "low tax jurisdictions" set out in the list approved by Ministerial Order (*Portaria*) no. 150/2004, of 13 February 2004, as amended from time to time (*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*) (**Ministerial Order no. 150/2004**).

Notwithstanding the above, said non-resident investors (both individual and corporate) without a Portuguese permanent establishment to which the income may be attributable, eligible for the debt securities special tax exemption regime which was approved by Decree-law no. 193/2005, of 7 November 2005, as amended from time to time (**Decree-law no. 193/2005**), may benefit from an upfront withholding tax exemption, provided that certain formal procedures and requirements are met (see "*Taxation - Portugal*", for information on these formal procedures and certification requirements). Failure to comply with these procedures and certifications will result in the application of the Portuguese domestic withholding rate of 25 per cent. (in case of non-resident legal persons), 28 per cent. (in case of non-resident individuals) or 35 per cent. (in case of investment income payments to (i) individuals or legal persons who are resident in the countries and territories included in the Portuguese "blacklist" approved by Ministerial Order no. 150/2004, or (ii) accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties in which the beneficiaries are not disclosed) which may be reduced in relation to entities or individuals domiciled in certain jurisdictions pursuant to the provisions of treaties for the avoidance of double taxation entered into by Portugal, as may be in force from time to time provided that the formal procedures and certification requirements established by the relevant treaties are complied with (see "*Taxation - Portugal*").

Risks related to procedures for collection of Noteholders' details

It is expected that the direct registering entities, the participants and the clearing systems will follow certain procedures to facilitate the collection from the Noteholders of the information referred to in "*Withholding under Portuguese tax law*" above required to comply with the procedures and certifications required by Decree-law no. 193/2005. Under the Decree-law no. 193/2005, the obligation of collecting from the Noteholders proof of their non-Portuguese resident status and of the compliance with the other requirements for the exemption rests with the direct registering entities, the participants and the entities managing the international clearing systems. A summary of those procedures is also set out in "*Taxation - Portugal*". Such procedures may be revised from time to time in accordance with applicable Portuguese laws and

regulations, further to clarifications from the Portuguese tax authorities regarding such laws and regulations and the operational procedures of the clearing systems.

Noteholders must seek their own advice to ensure that they comply with all applicable procedures and to ensure the correct tax treatment of their Notes. None of the Issuer, the Dealers, the Agent or the clearing systems assumes any responsibility in this regard.

The value of the Notes could be adversely affected by a change in English law, Portuguese law or administrative practice.

Save for the form (*forma de representação*) and transfer of the Notes, the creation (if any) of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes, which are governed by Portuguese law in effect as at the date of this Offering Circular, the conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English or, as the case may be, Portuguese law or administrative practice after the date of this Offering Circular. Any such change could materially adversely impact the value of any Notes affected by it.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of any Notes.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination as set forth under the Terms and Conditions of the Notes that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to Notes which are linked to "benchmarks"

The London Interbank Offered Rate (**LIBOR**), the Euro Interbank Offered Rate (**EURIBOR**) and other interest rate or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the **FCA Announcement**). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to Floating Rate Notes whose interest rates are linked to LIBOR). Any such consequence could have a material adverse effect on the value of and return on any such Notes.

Credit ratings assigned to any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings

issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended,). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) a direct and accurate English translation of the audited consolidated annual financial statements and auditor's report of the Issuer contained in the Issuer's annual reports for the financial years ended 31 December 2015 (the **2015 Annual Report**) and 31 December 2016 (the **2016 Annual Report**), including the information set out at the following pages:

	2015	**2016**
Consolidated Statement of Financial Position	Page 95	Page 171
Consolidated Income Statement	Page 96	Page 172
Consolidated Statement of Comprehensive Income	Page 97	Page 173
Consolidated Statement of Changes in Equity	Pages 98 to 99	Pages 174 to 175
Consolidated Statement of Cash Flow	Page 100	Page 176
Accounting Principles and Notes	Pages 102 to 215	Pages 177 to 360
Audit Report	Page 222	Pages 372 to 379

(b) a direct and accurate English translation of the Issuer's unaudited consolidated interim financial statements and auditor's review report for the first half of 2017 contained in the Issuer's interim report (the **1H2017 Report**), including the information set out at the following pages:

Consolidated Statement of Financial Position	Page 27
Consolidated Income Statement	Page 28
Consolidated Statement of Comprehensive Income	Page 29
Consolidated Statement of Changes in Equity	Page 30
Consolidated Statement of Cash Flow	Page 31
Accounting Principles and Notes	Pages 32 to 93
Auditors' Limited Review Report	Pages 94 to 95

(c) a direct and accurate English translation of the Issuer's unaudited consolidated interim financial statements for the first nine months of 2017 contained in the Issuer's results and consolidated financial information for this period (the **Q32017 Report**), including the information set out at the following pages:

Consolidated Statement of Financial Position	Page 19
Consolidated Income Statement	Page 20
Consolidated Statement of Comprehensive Income	Page 21
Consolidated Statement of Changes in Equity	Page 22
Consolidated Statement of Cash Flow	Page 23
Accounting Principles and Notes	Pages 24 to 81

(d) the Terms and Conditions of the Notes contained in the Offering Circular dated 4 November 2013, pages 36 to 61 (inclusive), prepared by the Issuer in connection with the Programme; and

(e) the Terms and Conditions of the Notes contained in the Offering Circular dated 3 December 2014, pages 36 to 62 (inclusive), prepared by the Issuer in connection with the Programme.

Any non-incorporated parts of the documents referred to above are either deemed not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

Documents referred to in paragraphs (a) to (c) above can be viewed electronically and free of charge at the Issuer's website (http://www.galpenergia.com/EN/INVESTIDOR/RELATORIOS-E-RESULTADOS/Paginas/Home.aspx). The Documents referred to in paragraphs (d) and (e) above can be viewed electronically and free of charge at http://www.rns-pdf.londonstockexchange.com/rns/1779S_-2013-11-4.pdf and https://www.rns-pdf.londonstockexchange.com/rns/7875Y_-2014-12-3.pdf respectively.

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Lisbon and will be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

Form of the Notes

Notes to be issued under the Programme will be represented in dematerialised book-entry form (*forma escritural*) and are *nominativas* (and therefore Interbolsa (as defined below), at the Issuer's request, can ask the Affiliate Members of Interbolsa (as defined below) information regarding the identity of the Noteholders and transmit such information to the Issuer).

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant currency, and save that the minimum denomination of each Note will be EUR100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

In this Offering Circular, **Interbolsa** means Interbolsa - Sociedade Gestora de Sistemas de Liquidação de Sistemas Centralizados de Valores Mobiliários, S.A., the Portuguese central securities depositary, also acting as operator and manager of **CVM** (*Central de Valores Mobiliários*), the Portuguese centralised system of registration of securities. The expression **Affiliate Member of Interbolsa** means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of Noteholders and includes any depository banks appointed by Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**) for the purposes of holding such accounts with Interbolsa on behalf of Euroclear and Clearstream, Luxembourg.

Any reference herein to Interbolsa, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

Clearing and Settlement

CVM is the Portuguese centralised system (*sistema centralizado*) for the registration and control of securities operated by Interbolsa. CVM is composed of interconnected securities accounts, through which securities (and inherent rights) are created, held and transferred. This allows Interbolsa to control the amount of securities created, held and transferred at each time. Issuers, Affiliate Members of Interbolsa and the Bank of Portugal, all participate in CVM.

CVM provides for all the procedures which allow the owners of securities to exercise their rights.

In relation to each issue of securities, CVM comprises *inter alia*, *(a)* the issue account, opened by the relevant issuer in CVM and which reflects the full amount of securities issued; *(b)* the individual accounts, opened in the Affiliate Members of Interbolsa by their respective customers; and *(c)* the control accounts opened by each Affiliate Member of Interbolsa, and which reflect, at all times, the aggregate nominal amount of securities held in the individual securities accounts opened by holders of securities with each of the Affiliate Members of Interbolsa.

Each person shown in the records of an Affiliate Member of Interbolsa as having an interest in Notes shall be treated as the holder of the principal amount of the Notes recorded.

Notes registered with Interbolsa will be attributed an International Securities Identification Number (ISIN) code through Interbolsa's codification system and will be accepted for registration and clearing through the system operated at Interbolsa and settled by Interbolsa's settlement system.

Exercise of Financial Rights

Payment of principal and interest in respect of the Notes will be subject to Portuguese laws and regulations, notably the regulations from time to time issued and applied by the Comissão do Mercado de Valores Mobiliários, the Portuguese Securities Market Commission (**CMVM**) and by Interbolsa.

The Issuer must give Interbolsa advance notice of all payments and provide all necessary information for that purpose, including the identity of the financial intermediary (which shall be a participant in Interbolsa) appointed by the Issuer to act as the Paying Agent in respect of the Notes and is responsible for the relevant payments.

Prior to any payment, such Paying Agent shall provide Interbolsa with a statement of acceptance of its role of Paying Agent.

Interbolsa must notify such Paying Agent of the amounts to be settled, which will be determined by Interbolsa on the basis of the account balances of the control accounts of each relevant Affiliate Member of Interbolsa.

On the date on which any payment in respect of the Notes is to be made, the corresponding entries and counter-entries will be made by Interbolsa *(i)* in the TARGET2 current accounts held by such Paying Agent and by the relevant Affiliate Members of Interbolsa in the case of payments in euro or *(ii)* in the Caixa Geral de Depósitos, S.A. current accounts held by such Paying Agent and by the relevant Affiliate Members of Interbolsa in the case of payments in currencies acceptable by Interbolsa other than euro.

Whilst the Notes are held through Interbolsa, payment of principal and interest in respect of the Notes will be *(i)* if made in euro *(a)* credited, according to the procedures and regulations of Interbolsa, to TARGET2 payment current accounts held in the payment system of TARGET2 according to the applicable procedures and regulations of Interbolsa by the Affiliate Members of Interbolsa whose control accounts with Interbolsa are credited with such Notes and thereafter *(b)* credited by such Affiliate Members of Interbolsa from the aforementioned payment current accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; or *(ii)* if made in currencies other than euro *(a)* transferred, on the payment date and according to the procedures and regulations applicable by Interbolsa, from the account held by the relevant Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by Caixa Geral de Depósitos, S.A., to the relevant accounts of the relevant Affiliate Members of Interbolsa, and thereafter *(b)* transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

FORM OF FINAL TERMS

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended[, from 1 January 2018,] to be offered, sold or otherwise made available to and[, with effect from such date,] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the Prospectus Directive). Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[*Date*]

GALP ENERGIA, SGPS, S.A.
(incorporated with limited liability in Portugal)

Issue of [*Aggregate Nominal Amount of Tranche*] [*Title of Notes*]
under the EUR5,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 6 November 2017 [and the supplement[s] to it dated [ ] [and [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published on the London Stock Exchange plc's website (http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular dated [*original date*] [and the supplement to it dated [*date*]] which are incorporated by reference in the Offering Circular dated 6 November 2017. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular dated 6 November 2017 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**), including the Conditions incorporated by reference in the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published on the London Stock Exchange plc's website (http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).]

1.	Issuer:		Galp Energia, SGPS, S.A.
2.	(a)	Series Number:	[ ]

	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [ ] on [[ ] / the Issue Date] / Not Applicable]
3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
5.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]
6.	Specified Denomination:		[ ]
7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[[ ]/Issue Date/Not Applicable]
8.	Maturity Date:		[[ ]/ Interest Payment Date falling in or nearest to [ ]]
9.	Interest Basis:		[[ ] per cent. Fixed Rate] [[ ] month [LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate] [Zero coupon] (further particulars specified below)
10.	Redemption Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount.
11.	Change of Interest Basis:		[ ] [Not Applicable]
12.	Put/Call Options:		[Not Applicable] [Investor Put] [Issuer Call] [(further particulars specified below)]
13.	Date [Board] approval for issuance of Notes obtained:		[ ] [Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		[Applicable/Not Applicable]
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[[ ] in each year up to and including the Maturity Date]

			[ ]
	(c)	Fixed Coupon Amount(s):	[ ] per Specified Denomination
	(d)	Broken Amount(s):	[[ ] per Specified Denomination, payable on the Interest Payment Date falling [in/on] [ ]] [Not Applicable]
	(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(f)	Determination Date(s):	[[ ] in each year] [Not Applicable]
15.	Floating Rate Note Provisions		[Applicable/Not Applicable]
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ] [subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention] [Not Applicable]
	(c)	Additional Business Centre(s):	[ ] [Not Applicable]
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(e)	Party Responsible for calculating the Rate of Interest and the Interest Amount (if not the Agent):	[ ]
	(f)	Screen Rate Determination:	[Applicable/Not Applicable]
		• Reference Rate:	[ ] month [LIBOR/EURIBOR]
		• Interest Determination Date(s):	[ ]
		• Relevant Screen Page:	[ ]
	(g)	ISDA Determination:	[Applicable/Not Applicable]
		• Floating Rate Option:	[ ]
		• Designated Maturity:	[ ]
		• Reset Date:	[ ]

	(h)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
	(i)	Margin(s):	[+/-] [ ] per cent. per annum
	(j)	Minimum Rate of Interest:	[ ] per cent. per annum
	(k)	Maximum Rate of Interest:	[ ] per cent. per annum
	(l)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]
16.	Zero Coupon Note Provisions		[Applicable/Not Applicable]
	(a)	Accrual Yield:	[ ] per cent. per annum
	(b)	Reference Price:	[ ]
	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17.	Notice periods for Condition 6.2:		Minimum period: [30] days Maximum period: [60] days
18.	Issuer Call:		[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[[ ] per Specified Denomination] [Spens Amount][1] [Make-Whole Amount] [(as specified in 18(a) above)]
	(c)	Reference Bond:	[ ]
	(d)	Redemption Margin:	[ ]
	(e)	Quotation Time:	[ ]

[1] To be used for Notes denominated in sterling only

(f)	If redeemable in part:		
	(i)	Minimum Redemption Amount:	[ ] [Not Applicable]
	(ii)	Maximum Redemption Amount:	[ ] [Not Applicable]
(g)	Notice periods:		Minimum period: [15] days Maximum period: [30] days

19.	Investor Put:		[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[ ] per Specified Denomination
	(c)	Notice periods:	Minimum period: [15] days Maximum period: [30] days

20.	Final Redemption Amount:	[ ] per Specified Denomination
21.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	[ ] per Specified Denomination

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	Form of Notes:	Dematerialised book-entry form (*forma escritural*) held through Interbolsa *Nominativas*
23.	Additional Financial Centre(s):	[Not Applicable/[ ]]

Third Party Information

[[ ] has been extracted from [ ]]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of **Galp Energia, SGPS, S.A.**:

By: .....

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing and Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market with effect from [ ].]
(ii)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings:	[The Notes to be issued [have been/are expected to be] rated: [*insert details*]] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*]. [Each of [*defined terms*] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation).]] [Not Applicable]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business [and [ ]]]

4. USE OF PROCEEDS [As specified in the Offering Circular] [●]

5. YIELD (Fixed Rate Notes only)

Indication of yield:	[ ] [Not Applicable]

The yield is calculated at the Issuer Date on the basis of the Issue Price. It is not an indication of further yield.

6. HISTORIC INTEREST RATES (Floating Rate Notes only)

[Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].] [Not Applicable]

7. OPERATIONAL INFORMATION

(i)	ISIN Code:	[ ]
(ii)	Common Code:	[ ] [Not Applicable]
(iii)	Any clearing system(s) other than Interbolsa, Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/[ ]]
(iv)	Delivery:	Delivery [against/free of] payment
(v)	Names and addresses of additional Paying Agent(s) (if any):	[ ] [Not Applicable]

8. DISTRIBUTION

(i)	If syndicated, names of Managers:	[Not Applicable/[ ]]
(ii)	Date of Subscription Agreement:	[ ]
(iii)	If non-syndicated, name of relevant Dealer:	[Not Applicable/[ ]]
(iv)	U.S. Selling Restrictions:	Reg. S Compliance Category 2; [TEFRA C applies / TEFRA not applicable]
(v)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be applicable to each Note. The applicable Final Terms in relation to any Tranche of Notes will complete the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be applicable to each Note. Reference should be made to "Form of Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Galp Energia, SGPS, S.A. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean the book-entries representing the Notes while held through Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (**Interbolsa**), as management entity of the Portuguese Centralised System of Registration of Securities (**Central de Valores Mobiliários**).

The Notes have the benefit of a deed poll given by the Issuer in favour of the Noteholders dated 6 November 2017 (such deed poll as amended and/or supplemented and/or restated from time to time, the **Interbolsa Instrument**) and of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 6 November 2017 and made and agreed between the Issuer and Caixa - Banco de Investimento, S.A. as agent (the **Agent**, which expression shall include any successor agent) and any other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the applicable Final Terms which complete these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof).

The expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and, where the context so requires, includes any relevant implementing measure in a relevant Member State of the European Economic Area.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the persons in whose name the Notes are registered in the individual securities account held with an Affiliate Member of Interbolsa (as defined below) in accordance with Portuguese law and the relevant Interbolsa procedures and, for the purposes of Condition 7, the effective beneficiary of the income attributable thereto.

In these Conditions, the expression **Affiliate Member of Interbolsa** means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of Noteholders and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg, for the purposes of holding accounts on behalf of Euroclear and Clearstream, Luxembourg; **Clearstream, Luxembourg** means Clearstream Banking S.A.; and **Euroclear** means Euroclear Bank SA/NV

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which *(a)* are expressed to be consolidated and form a single series and *(b)* (i) have the same terms and conditions or (ii) terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Interbolsa Instrument and the Agency Agreement are available for inspection during normal business hours at the specified office of the Agent. As the Notes are to be admitted to trading on the

regulated market of the London Stock Exchange, the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Interbolsa Instrument, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Interbolsa Instrument or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Interbolsa Instrument and the Agency Agreement, the Interbolsa Instrument shall prevail, and that in the event of inconsistency between the Interbolsa Instrument or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In these Conditions, **euro** and **EUR** mean the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are issued in the currency (the **Specified Currency**) and the denomination (the **Specified Denomination**) specified in the applicable Final Terms, provided that the minimum Specified Denomination of each Note will be EUR100,000 (or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

The Notes are held through Interbolsa in dematerialised book entry form (*forma escritural*) and are *nominativas* (in which case Interbolsa, at the Issuer's request, can ask the Affiliate Members of Interbolsa for information regarding the identity of the Noteholders and transmit such information to the Issuer, and title to the Notes is evidenced by registration in the relevant individual securities accounts held with an Affiliate Member of Interbolsa in accordance with the provisions of the **Portuguese Securities Code** (*Código dos Valores Mobiliários*) enacted by Decree-law no. 486/99, of 13 November 1999, as amended, and the applicable regulations of Comissão do Mercado de Valores Mobiliários, the Portuguese Securities Market Commission (**CMVM**). No physical document of title will be issued in respect of the Notes. Each person shown in the relevant individual securities accounts held with an Affiliate Member of Interbolsa as having an interest in Notes shall be treated as the holder of the principal amount of the Notes recorded therein. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the registered holder of any Note as the absolute owner thereof (whether or not overdue) for all purposes.

The transferability of the Notes is not restricted. Subject as set out below, title to Notes will pass upon registration of transfers in the relevant individual securities accounts held with an Affiliate Member of Interbolsa in accordance with the provisions of the Portuguese Securities Code and the relevant procedures of Interbolsa. Notes may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Note. No holder of a Note will be able to transfer such Note, except in accordance with Portuguese law and with the applicable procedures of Interbolsa.

Any reference herein to Interbolsa, Euroclear or Clearstream, Luxembourg shall, wherever the context so permits, be deemed to include a reference to any additional or alternative clearing system

specified in the applicable Final Terms. The holders of Notes will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2. STATUS OF THE NOTES

The Notes are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

3. NEGATIVE PLEDGE

So long as any of the Notes remains outstanding, the Issuer will not (and will procure that none of its Material Subsidiaries will) create or have outstanding any Security Interest other than any Permitted Security upon the whole or any part of its undertaking or assets, present or future (including any uncalled capital) to secure any Loan Stock of any Person without at the same time or prior thereto at the option of the Issuer either:

(i) securing the Notes equally and rateably with such Loan Stock; or

(ii) providing such other security for or other arrangement in respect of the Notes as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

For the purposes of these Conditions:

Loan Stock means *(i)* indebtedness (other than the Notes) having an original maturity of more than one year which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other debt securities (not comprising, for the avoidance of doubt, preference shares or other equity securities) which for the time being are, or are intended to be with the consent of the issuer thereof, quoted, listed, ordinarily dealt in or traded on any stock exchange and/or quotation system or over-the-counter or other securities market other than any such indebtedness where the majority thereof is initially placed with investors domiciled in Portugal and who purchase such indebtedness in Portugal and *(ii)* any guarantee or indemnity in respect of any such indebtedness.

Material Subsidiary means at any time a Subsidiary of the Issuer:

(a) whose total assets or revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest consolidated accounts of the Issuer relate, are equal to) not less than 10 (ten) per cent. of the consolidated total assets or consolidated revenues of the Issuer, all as calculated by reference to the then most recent financial statements of that Subsidiary (consolidated or, as the case may be, unconsolidated) and the most recent consolidated financial statements of the Issuer; or

(b) to which the whole or substantially the whole of the assets and undertaking of a Subsidiary is transferred which, immediately prior to such transfer, is a Material Subsidiary,

provided that:

(i) in subparagraph (a), if the Subsidiary was acquired after the financial period to which the most recent consolidated accounts of the Issuer relate, the reference to the then latest consolidated accounts of the Issuer shall, until consolidated accounts of the Issuer for the financial period in which the acquisition is made have been approved, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant accounts, adjusted as deemed appropriate by the Issuer;

(ii) in subparagraph (b), the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of the transfer have been approved, save if the transferor Subsidiary or the transferee Subsidiary qualify as a Material Subsidiary on or at any time after the date on which such consolidated accounts have been approved as aforesaid by virtue of the provisions of subparagraph (a) above; and

(iii) any reference to "financial statements" or "accounts" in these Conditions refer to such "financial statements" or "accounts" as approved by the relevant company's shareholders meeting.

A Noteholder shall be entitled to request at any time a report signed by two directors of the Issuer confirming on behalf of the Issuer that a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period, a Material Subsidiary. Any such report shall be made available for inspection by all Noteholders, and notification thereof shall be delivered in accordance with Condition 10 within 14 days of such request, and such report shall (unless the contrary be proven) be sufficient evidence of such confirmation of the Issuer.

Permitted Security means:

(i) in the case of a consolidation or merger of the Issuer or any Material Subsidiary with or into another company (the **Combining Company**) any Security Interest over assets of the Combining Company (prior to consolidation or merger with the Issuer or the relevant Material Subsidiary) provided that:

(1) such Security Interest was created by the Combining Company over assets owned by the Combining Company prior to consolidation or merger with the Issuer or the relevant Material Subsidiary;

(2) such Security Interest is existing at the time of such consolidation or merger;

(3) such Security Interest was not created in contemplation of such consolidation or merger; and

(4) the amount secured by such Security Interest is not increased thereafter; or

(ii) any Security Interest on or with respect to assets (including but not limited to receivables) of the Issuer or any Material Subsidiary which is created in respect of indebtedness raised in the context of project finance transactions, securitisations or like arrangements in accordance with normal market practice (or guarantees or indemnities of such indebtedness) and whereby the payment obligations of the Issuer or the relevant Material Subsidiary in respect

of such indebtedness (or guarantees or indemnities of such indebtedness) are limited to the value of such assets; or

(iii) any Security Interest created before the Issue Date of the first Tranche of the Notes; or

(iv) any Security Interest arising by operation of law.

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state, agency of a state or other entity, whether or not having separate legal personality.

Security Interest means a mortgage, lien, pledge, charge or other security interest.

Subsidiary means an entity from time to time in respect of which the Issuer *(a)* has the right to appoint the majority of the members of the board of directors or similar board or *(b)* owns directly or indirectly more than 50 per cent. of *(i)* the share capital or similar right of ownership or *(ii)* voting rights (by contract or otherwise), and in each case where the financial statements of such entity are consolidated with the financial statements of the Issuer.

4. INTEREST

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of *(I)* the number of days in such Determination Period and *(II)* the number

of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of *(x)* the number of days in such Determination Period and *(y)* the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of *(x)* the number of days in such Determination Period and *(y)* the number of Determination Dates that would occur in one calendar year; and

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and *(x)* if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or *(y)* if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date *(a)* in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or *(b)* in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event *(i)* such Interest Payment Date shall be brought forward to the immediately preceding Business Day and *(ii)* each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Lisbon and London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;

(b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and

(c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

(A) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

I. the offered quotation; or

II. the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service that displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

(B) If the Relevant Screen Page is not available or if, in the case of paragraph 4.2(b)(ii)(A)I, no offered quotation appears or, in the case of paragraph 4.2(b)(ii)(A)II, fewer than three offered quotations appear, in each case as at the Specified Time, the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

(C) If on any Interest Determination Date:

I. one only or none of the Reference Banks provides the Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any); or

II. if fewer than two of the Reference Banks provide the Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any),

provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

Interest Determination Date means the second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, as specified in the applicable Final Terms.

Reference Banks means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Agent;

Specified Time means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR);

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 10 as soon as possible after their determination but in no event later than the fourth Lisbon Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 10. For the purposes of this paragraph, the expression **Lisbon Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Lisbon.

(g) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and (in the absence of wilful default or bad faith) no liability to the Issuer and the Noteholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(h) References to Agent

References in this Condition 4.2 to "the Agent" shall be deemed to refer instead to such other person as identified in the applicable Final Terms if such Final Terms name another person as the party for calculating the Rate of Interest and the Interest Amount.

4.3 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 10.

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency; and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to *(i)* any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and *(ii)* any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

5.2 Payments in respect of the Notes

Whilst the Notes are held through Interbolsa, payment of principal and interest in respect of the Notes will be *(i)* if made in euro *(a)* credited, according to the procedures and regulations of Interbolsa, from the payment current account which the relevant Paying Agent (acting on behalf of the Issuer) has indicated to, and has been accepted by, Interbolsa to be used on the relevant Paying Agent's behalf for payments in respect of securities held through Interbolsa to the payment current accounts held according to the applicable procedures and regulations of Interbolsa by the Affiliate Members whose control accounts with Interbolsa are credited with such Notes of and thereafter *(b)* credited by such Affiliate Members of Interbolsa from the aforementioned payment current accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; or *(ii)* if made in currencies other than euro *(a)* transferred, on the payment date and according to the procedures and regulations applicable by Interbolsa, from the account held by the relevant Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by Caixa Geral de Depósitos, S.A., to the relevant accounts of the relevant Affiliate Members of Interbolsa, and thereafter *(b)* transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

5.3 General provisions applicable to payments

The holder of a Note, as shown in the relevant individual securities accounts held with an Affiliate Member of Interbolsa as having an interest in Notes shall be the only person entitled to receive payments in respect of Notes recorded therein.

The Issuer will be discharged by payment to the Noteholders according to the procedures and regulations of Interbolsa in respect of each amount so paid.

5.4 Payment Day

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 12) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency

deposits) in Lisbon and London and any Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;

(b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and

(c) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

5.5 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 7;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.5); and

(f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

6.2 Redemption for tax reasons

Subject to Condition 6.5, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 10, the Noteholders (which notice shall be irrevocable), if:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts described in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in Condition 7) or any political subdivision of, or any authority in, or of, the Relevant Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Notes; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Agent shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in which event they shall be conclusive and binding on the Noteholders.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 10 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only (as specified in the applicable Final Terms) of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. The Optional Redemption Amount will be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms.

If Spens Amount is specified in the Final Terms as the Optional Redemption Amount, the Optional Redemption Amount shall be an amount equal to the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed and (ii) the nominal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer and the Agent by the Independent Financial Adviser, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time specified in the applicable Final Terms on the Reference Date of the Reference Bond, plus the Redemption Margin, all as determined by the Independent Financial Adviser.

If Make-Whole Amount is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount shall be an amount calculated by the Independent

Financial Adviser equal to the higher of (i) 100 per cent. of the nominal amount outstanding of the Notes to be redeemed or (ii) the sum of the present values of the nominal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Note (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on an annual basis at the Reference Bond Rate, plus the Redemption Margin.

Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the nominal amount of all outstanding Notes will be reduced proportionally.

In these Conditions:

Gross Redemption Yield means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Independent Financial Adviser on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 4, Section One: Price/Yield Formulae "Conventional Gilts"; Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as agreed between the Issuer and the Independent Financial Adviser;

IFA Selected Bond means a government security or securities selected by the Independent Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes;

Independent Financial Adviser means an independent financial institution of international repute appointed by the Issuer at its own expense;

Redemption Margin shall be as set out in the applicable Final Terms;

Reference Bond shall be as set out in the applicable Final Terms or, if no such bond is set out or if such bond is no longer outstanding, shall be the IFA Selected Bond;

Reference Bond Price means, with respect to any date of redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Independent Financial Adviser obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

Reference Bond Rate means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

Reference Date will be set out in the relevant notice of redemption;

Reference Government Bond Dealer means each of five banks selected by the Issuer (or the Independent Financial Adviser on its behalf), or their affiliates, which are (A) primary government

securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

Reference Government Bond Dealer Quotations means, with respect to each Reference Government Bond Dealer and any date for redemption, the arithmetic average, as determined by the Independent Financial Adviser, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Independent Financial Adviser by such Reference Government Bond Dealer; and

Remaining Term Interest means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from (and including) the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 6.3.

6.4 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 10 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition. Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable. The right to require redemption will be exercised directly against the Issuer, through the relevant Paying Agent.

6.5 Early Redemption Amounts

For the purpose of Condition 6.2 above and Condition 8:

(a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and

(b) each Zero Coupon Note will be redeemed at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^{y}$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

^{y} is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

6.6 Purchases

Subject to applicable provisions of Portuguese law, the Issuer or any of its Subsidiaries (as defined below) may at any time purchase or otherwise acquire Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the relevant Subsidiary (as the case may be), cancelled.

6.7 Cancellation

All Notes which are redeemed will forthwith be cancelled in accordance with Interbolsa regulations. All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.6 above shall be cancelled by Interbolsa in accordance with Interbolsa regulations and cannot be held, reissued or resold.

6.8 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3 or 6.4 above or upon its becoming due and repayable as provided in Condition 8 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.5(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 10.

7. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any taxes imposed or levied in the Relevant Jurisdiction, unless the withholding or deduction of the taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been

receivable in respect of the Notes in the absence of the withholding or deduction, except that no additional amounts shall be payable in relation to any payment in respect of any Notes:

(a) to, or to a third party on behalf of, a Noteholder who is liable to the taxes in respect of the Notes by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of Notes; or

(b) to, or to a third party on behalf of, a Noteholder that may qualify for the application of Decree-law no. 193/2005, of 7 November 2005, as amended from time to time (**Decree-law no. 193/2005**), and in respect of whom all procedures and information required from a Noteholder in order to comply with Decree-law no. 193/2005, and any implementing legislation, are not performed or received, as the case may be, in due time; or

(c) to, or to a third party on behalf of, a Noteholder resident for tax purposes in the Relevant Jurisdiction, or a resident in a country, territory or region subject to a clearly more favourable tax regime (a tax haven jurisdiction) as defined in Ministerial Order (*Portaria*) no. 150/2004, of 13 February 2004, as amended from time to time, issued by the Portuguese Minister of State and Finance (*Portaria do Ministério das Finanças e da Administração Pública no. 150/2004*) with the exception of *(a)* central banks and governmental agencies, as well as international institutions recognised by the Tax Jurisdiction, of those tax haven jurisdictions, and *(b)* tax haven jurisdictions which have a double taxation treaty in force or a tax information exchange agreement in force with Portugal, provided that all procedures and information required from a Noteholder under Decree-law no. 193/2005 regarding (a) and (b) are complied with or received, as the case may be; or

(d) to, or to a third party on behalf of *(i)* a Portuguese resident legal entity subject to Portuguese corporation tax with the exception of entities that benefit from an exemption of Portuguese withholding tax or from Portuguese income tax exemptions, or *(ii)* a legal entity not resident in Portugal with a permanent establishment in Portugal to which the income or gains obtained from the Notes are attributable (with the exception of entities which benefit from a Portuguese withholding tax waiver); or

(e) presented for payment by or on behalf of a Noteholder who would not be liable for or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(f) presented for payment into an account held on behalf of undisclosed beneficial owners where such beneficial owners are not disclosed for purposes of payment and such disclosure is required by law.

Notwithstanding any other provision of these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (any such withholding or deduction, a FATCA Withholding). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

For the purposes of the above:

Affiliate Member means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of Noteholders and includes any depository banks appointed by Euroclear

and Clearstream, Luxembourg, for the purposes of holding accounts on behalf of Euroclear and Clearstream, Luxembourg;

Noteholder means the persons in whose name the Notes are registered in the individual securities account held with an Affiliate Member of Interbolsa, in accordance with Portuguese law and the relevant Interbolsa procedures, or the person who is the effective beneficiary of the income attributable thereto; and

Relevant Jurisdiction means the Republic of Portugal or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax in which the Issuer becomes tax resident.

8. EVENTS OF DEFAULT

If any or more of the following events (each an **Event of Default**) shall occur and be continuing:

(a) the Issuer fails to pay any amount of principal or interest due in respect of the Notes and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest; or

(b) the Issuer fails to perform or observe any of its other obligations under these Conditions and such failure continues unremedied for a period of 30 days after any Noteholder has given written notice to the Issuer requiring the failure to be remedied; or

(c) *(i)* any Indebtedness for Borrowed Money of the Issuer or any Material Subsidiary becomes due and payable prior to the stated maturity thereof following the occurrence of any event of default (howsoever described); or *(ii)* any Indebtedness for Borrowed Money of the Issuer or any Material Subsidiary is not paid on the due date of payment (as extended by any applicable grace period); or *(iii)* following the occurrence of any event of default (howsoever described), any guarantee or indemnity in respect of Indebtedness for Borrowed Money given by the Issuer or any Material Subsidiary is not honoured when due (as extended by any applicable grace period); or *(iv)* any security interest, present or future, over the assets of the Issuer or any Material Subsidiary for any Indebtedness for Borrowed Money becomes enforceable following the occurrence of any event of default (howsoever described) and steps are taken to enforce the same, ***provided that*** an event described in this subparagraph (c) shall not constitute an Event of Default (I) if it is being contested in good faith by appropriate means by the Issuer or the relevant Material Subsidiary, as the case may be, and the Issuer or such Material Subsidiary, as the case may be, has been advised by recognised independent legal advisers of good repute that it is reasonable to do so; or (II) if the Indebtedness for Borrowed Money, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money in respect of which any of the events specified above has occurred and is continuing, does not exceed EUR50,000,000 (or its equivalent in any other currency or currencies); or

(d) if *(i)* any steps are taken with a view to the liquidation or dissolution of the Issuer or any Material Subsidiary or the Issuer or any Material Subsidiary becomes insolvent, is unable to pay its debts or admits in writing its inability to pay its debts as and when the same fall due, or a receiver, liquidator or similar officer shall be appointed over all or any part of the Issuer or any Material Subsidiary's assets or an application shall be made for a moratorium or an arrangement with creditors of the Issuer or any Material Subsidiary or proceedings shall be commenced in relation to the Issuer or any Material Subsidiary under any legal reconstruction, readjustment of debts, dissolution or liquidation law or regulation, or a

distress shall be levied or sued out upon all or any part of the Issuer or any Material Subsidiary's assets or anything analogous to the foregoing shall occur; and *(ii)* in any case shall not be discharged for 60 days, ***provided that*** no such event shall constitute an Event of Default if (A) it arises for the purposes of a Permitted Transaction; or (B) it is being contested in good faith by appropriate means by the Issuer or the relevant Material Subsidiary, as the case may be, and the Issuer or such Material Subsidiary, as the case may be, has been advised by recognised independent legal advisers of good repute that it is reasonable to do so; or

(e) save for the purposes of a Permitted Transaction *(i)* the Issuer ceases or *(ii)* the Issuer and its Material Subsidiaries taken as a whole cease, in each case to carry on the whole or substantially the whole of the business conducted by it or them; or

(f) any authorisation, approval, consent, licence, decree, registration, publication, notarisation or other requirement of any governmental or public body or authority necessary to enable or permit the Issuer to comply with its obligations under the Notes or to carry out the whole or substantially the whole of its business is revoked, withdrawn or withheld or otherwise fails to remain in full force and effect or any law, decree or directive of any competent authority of Portugal is enacted or issued which materially impairs the ability or right of the Issuer to perform such obligations or to carry out the whole or substantially the whole of its business; or

(g) any event occurs which under the laws of any Relevant Jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or

(h) it is or becomes unlawful for the Issuer to perform or comply with any of its material obligations under the Notes,

Any Noteholder may by written notice to the Issuer and to the Agent at the specified office of the Agent, declare the principal amount outstanding of the Notes to be forthwith due and payable whereupon the same shall become forthwith due and payable at their Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind, ***provided that*** any such action is not contrary to the terms of any Extraordinary Resolution or other resolution of the Noteholders.

No later than 30 days prior to any Solvent Voluntary Reorganisation, the Issuer shall notify the Noteholders in accordance with Condition 10 of its intention to carry out a Solvent Voluntary Reorganisation. Following such Solvent Voluntary Reorganisation, the Issuer shall make available for inspection by Noteholders a report signed by two directors of the Issuer confirming on behalf of the Issuer that such event was a Solvent Voluntary Reorganisation and such report shall (unless the contrary be proven) be sufficient evidence of such confirmation of the Issuer.

Group means the Issuer and its Subsidiaries taken as a whole.

Indebtedness for Borrowed Money means *(i)* any indebtedness (whether being principal, premium interest or other amounts) for or in respect of notes, bonds, debentures, debenture stock, loan stock or other securities; or *(ii)* any borrowed money, in each case other than Intra-Group Indebtedness.

Intra-Group Indebtedness means money borrowed by one entity within the Group from another entity within the Group.

Permitted Transaction means *(i)* a transaction on terms previously approved by an Extraordinary Resolution or *(ii)* a Solvent Voluntary Reorganisation of any Group member (other than the Issuer) in connection with any combination with, or transfer of any or all of its business and/or assets to, the Issuer or another Group Member or *(iii)* a reorganisation, reconstruction, amalgamation, merger, consolidation or transfer of undertakings, assets or rights resulting in a Successor in Business (as defined in Condition 14) of the Issuer provided that the Issuer exercises its rights pursuant to Condition 14 to be replaced and substituted by the Successor in Business at the same time as the relevant entity becomes the Successor in Business of the Issuer.

Solvent Voluntary Reorganisation means a reorganisation, reconstruction, amalgamation, merger, consolidation or transfer of undertakings, assets or rights (a **reorganisation**) in each case where the aggregate amount of the undertakings, assets and rights of the Group owned, controlled or otherwise held, directly or indirectly, by the Issuer immediately following the completion of such reorganisation is not substantially less than the corresponding amount of undertakings, assets and rights owned, controlled or otherwise held, directly or indirectly, by the Issuer immediately prior to the completion of such reorganisation.

9. PAYING AGENTS

The initial Paying Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(a) there will at all times be an Agent;

(b) so long as any of the Notes are registered with Interbolsa there will at all times be a Paying Agent having a specified office in such place of registration and complying with any requirements that may be imposed by the rules and regulations of Interbolsa; and

(c) so long as any of the Notes are listed on any stock exchange or listed or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 10.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor Paying Agent.

10. NOTICES

All notices regarding the Notes will be deemed to be validly given if published in accordance with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading, which may include

publication in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall comply with disclosure obligations applicable to listed companies under Portuguese law in respect of notices relating to the Notes, which are integrated in and held through Interbolsa in dematerialised book-entry form. Any notice shall be deemed to have been given on the date of publication or, if published more than once or on different dates, on the date of the first publication.

Notices to be given by any Noteholder shall be in writing and given by lodging the same either with the Issuer or with the Agent.

11. MEETINGS OF NOTEHOLDERS AND MODIFICATION

The Interbolsa Instrument contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by resolution of a modification of these Conditions.

The quorum at any meeting convened to vote on a resolution will be any person or persons holding or representing Notes whatever the nominal amount of the relevant Series of Notes so held or represented, save in the case of an Extraordinary Resolution when the quorum shall be any person or persons holding or representing in the aggregate not less than 50 per cent. in nominal amount of the relevant Series of Notes for the time being outstanding (or, in the case of a meeting the business of which includes a Reserved Matter, holding or representing in the aggregate not less than three quarters in nominal amount of the relevant Series of Notes for the time being outstanding), or, at any adjourned meeting, any person or persons holding or representing Notes whatever the nominal amount of the relevant Series of Notes so held or represented (or, in the case of an adjourned meeting the business of which includes a Reserved Matter, holding not less than one quarter in nominal amount of the relevant Series of Notes for the time being outstanding).

The majorities required to approve a resolution at any meeting convened in accordance with the applicable rules shall be: *(i)* if in respect of a resolution other than an Extraordinary Resolution, the majority of the votes cast at the relevant meeting; *(ii)* if in respect of an Extraordinary Resolution, at least 50 per cent. in nominal amount of the relevant Series of Notes for the time being outstanding or, at any adjourned meeting, 2/3 of the votes cast at the relevant meeting; or (iii) if in respect of a resolution regarding an increase in the obligations of the Noteholders, by all Noteholders.

The power to resolve on any Reserved Matter is exercisable only by Extraordinary Resolution. For the purposes of these Conditions, a **Reserved Matter** means any proposal: *(i)* to change any date fixed for payment of principal or interest in respect of the Notes, *(ii)* to reduce the amount of principal or interest due on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity; *(iii)* to effect the exchange, conversion or substitution of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed; *(iv)* to change the currency in which amounts due in respect of the Notes are payable; *(v)* to alter the priority of payment of interest or principal in respect of the Notes; and *(vi)* to amend this definition.

A resolution approved at any meeting of the holders of Notes of a Series shall be binding on all the holders of Notes of such Series, whether or not they are present at the meeting.

A meeting of Noteholders may be convened by the Issuer or a common representative of the Noteholders elected by Noteholders holding not less than five per cent. of the nominal amount of the relevant Series of Notes for the time being outstanding or, if no common representative of the Noteholders has been appointed or if the appointed common representative of the Noteholders

refuses or fails to convene the meeting within a period of seven days after the date on which they are requested to give notice of the meeting, the meeting may be convened by the chairman of the general shareholders meeting of the Issuer. If both the common representative and the chairman of the general shareholders meeting of the Issuer refuse or fail to convene a meeting of Noteholders within a period of seven days after the date on which they are requested to give notice of the meeting, Noteholders holding not less than five per cent. in nominal amount of the relevant Series of Notes for the time being outstanding may convene the meeting of Noteholders and shall elect its chairman.

The Agent and the Issuer may, without the consent of the Noteholders (and by acquiring the Notes, the Noteholders agree that the Agent and the Issuer may, without the consent of the Noteholders) make any modification (except as mentioned in these Conditions) of the Notes, the Agency Agreement or the Interbolsa Instrument which:

(a) is not prejudicial to the interests of the Noteholders;

(b) is of a formal, minor or technical nature;

(c) is made to correct a manifest or proven error; or

(d) is to comply with mandatory provisions of any applicable law or regulation.

Any modification so made shall be binding on all Noteholders and shall be notified to the Noteholders in accordance with Condition 10 as soon as practicable after it has been agreed.

12. PRESCRIPTION

The Notes will become void unless presented for payment within 10 years (in the case of principal) and 5 years (in the case of interest) in each case from the date on which such payment first becomes due, subject in each case to the provisions of Condition 5.

13. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having the same terms and conditions as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue so that the same shall be consolidated and form a single Series with the outstanding Notes of such Series.

14. SUBSTITUTION

14.1 Conditions Precedent to Substitution

The Issuer may, without the consent of the Noteholders, be replaced and substituted by *(i)* any Successor in Business of the Issuer; or *(ii)* any other company, in each case as principal debtor (the **Substituted Debtor**) in respect of the Notes provided that:

(a) no Event of Default has occurred and is continuing;

(b) a deed poll (to be available for inspection by Noteholders at the specified office of the Agent) and such other documents (if any) as may be necessary to give full effect to the substitution (together the **Documents**) are executed by the Substituted Debtor pursuant to which *(i)* the Substituted Debtor shall undertake in favour of each Noteholder to be bound by

the Conditions and the provisions of the Interbolsa Instrument and the Agency Agreement (with any consequential amendments as may be necessary) as fully as if the Substituted Debtor had been named in the Notes, the Interbolsa Instrument and the Agency Agreement as the principal debtor in respect of the Notes in place of the Issuer (or any previous substitute); ***and*** *(ii)* except where the Substituted Debtor is the Successor in Business of the Issuer, the Issuer, acting either through its head office or through an international branch as it may determine in its sole discretion, shall irrevocably and unconditionally guarantee (the **Guarantee**) in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as principal debtor and (without prejudice to such guarantee) shall remain bound by the obligations (other than the obligations to make payments of interest or principal) of the Issuer under the Notes and the Agency Agreement (with any consequential amendments as may be necessary);

(c) without prejudice to the generality of subparagraph 14.1(b) above, where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than Portugal, the Documents contain a covenant by the Substituted Debtor and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms no less favourable to Noteholders (as determined by the Issuer) than the provisions of Condition 7 with the substitution for the references to Portugal in the definition of "Relevant Jurisdiction" of references to the territory or territories in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes;

(d) the Substituted Debtor and the Issuer, by means of the deed poll, jointly and severally agree to indemnify and hold harmless each Noteholder against *(i)* any tax, duty, assessment or governmental charge with respect to any Note which (A) is or may be imposed, incurred by or levied on it by (or by any authority in or of) the jurisdiction of the country of the Substituted Debtor's and the Issuer's residence for tax purposes and, if different, of its jurisdiction of incorporation; and (B) which would not have been so imposed had the substitution not been made; and *(ii)* any tax, duty, assessment or governmental charge, and any liability, charge, cost or expense, in connection with the substitution;

(e) the Documents contain a warranty and representation by the Substituted Debtor and the Issuer that *(i)* each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents (if any) for such substitution and for the performance by each of the Substituted Debtor and the Issuer of its obligations under the Documents and the Notes and that any such approvals and consents are in full force and effect; and *(ii)* the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents and the Notes are all legal, valid and binding in accordance with their respective terms;

(f) following the proposed substitution of the Substituted Debtor, the Notes will continue to be listed on each stock exchange on which the Notes are listed;

(g) the Substituted Debtor has delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of lawyers in the jurisdiction of the Substituted Debtor to the effect that the Documents and its obligations under the Notes constitute legal, valid, binding and enforceable obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of the substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified office of the Agent;

(h) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of lawyers in the jurisdiction of the Issuer to the effect that the

Documents (including the Guarantee (if applicable)) constitute legal, valid, binding and enforceable obligations of the Issuer, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified office of the Agent;

(i) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of English lawyers to the effect that the Documents constitute legal, valid, binding and enforceable obligations of the parties thereto under English law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified office of the Agent; and

(j) the Substituted Debtor (if not incorporated in England or Wales) shall have appointed the process agent appointed by the Issuer in Condition 16 or another person with an office in England as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes.

For the purposes of this Condition 14:

Successor in Business means, in relation to the Issuer, any company which, as a result of any reorganisation, reconstruction, amalgamation, merger, consolidation or transfer of undertakings, assets or rights:

(i) owns (directly or indirectly) the whole or substantially the whole of the undertakings, assets and rights owned (directly or indirectly) by the Issuer immediately prior thereto, as certified by two directors of the Issuer; and

(ii) carries on (directly or indirectly) the whole or substantially the whole of the business carried on (directly or indirectly) by the Issuer immediately prior thereto.

No later than 30 days prior to any substitution to a Successor in Business, the Issuer shall notify the Noteholders in accordance with Condition 10 of its intention to create a Successor in Business. Following creation of a Successor in Business, the Issuer shall make available for inspection by Noteholders a report signed by two directors of the Issuer confirming on behalf of the Issuer that a company was a Successor in Business and such report shall (unless the contrary be proven) be sufficient evidence of such confirmation of the Issuer.

14.2 Assumption by Substituted Debtor

Upon execution of the Documents as referred to in Condition 14.1, the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer (or such previous substitute as aforesaid) from all of its obligations as principal debtor in respect of the Notes, notwithstanding the provisions of subparagraph 14.1(b) and 14.1(d).

14.3 Further substitution

After a substitution pursuant to Condition 14.1 the Substituted Debtor may, without the consent of the Noteholders, effect a further substitution. All the provisions specified in Conditions 14.1 and 14.2 shall apply *mutatis mutandis*, to such further substitution and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such

further Substituted Debtor, ***provided that***, in the event of a further substitution (except where the Substituted Debtor is the Successor in Business of the Issuer in both the original substitution and each further substitution), the Issuer or its Successor in Business (and not any other Substituted Debtor in respect of any substitution occurring prior to the relevant further substitution), acting either through its head office or through an international branch as it may determine in its sole discretion, shall irrevocably and unconditionally guarantee in favour of each Noteholder the payment of all sums payable by the Substituted Debtor as principal debtor and (without prejudice to such guarantee) shall remain bound by the obligations (other than the obligations to make payments of interest or principal) of the Issuer under the Notes and the Agency Agreement (with any consequential amendments as may be necessary) and Conditions 14.1 and 14.2 shall be construed accordingly.

14.4 Reversal

After a substitution pursuant to Condition 14.1 or 14.3 any Substituted Debtor may, without the consent of any Noteholder, reverse the substitution, *mutatis mutandis*.

14.5 Deposit of Documents

The Documents shall be deposited with and held by the Agent for so long as any Note remains outstanding and for so long as any claim made against the Substituted Debtor or the Issuer by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Noteholder to production of the Documents for the enforcement of any of the Notes or the Documents.

14.6 Notice of Substitution

Before such substitution comes into effect, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 10.

15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 Governing law

The Notes and the Interbolsa Instrument and any non-contractual obligations arising out of or in connection with the Notes and the Interbolsa Instrument are governed by, and shall be construed in accordance with, English law, save that the form (*forma de representação*) and transfer of the Notes, the creation (if any) of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by, and shall, in each case, be construed in accordance with, Portuguese law.

The Agency Agreement and any non-contractual obligations arising out of or in connection with this Agreement are governed by, and shall be construed in accordance with, Portuguese law.

16.2 Submission to jurisdiction

(a) Subject to Condition 16.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes (a **Dispute**) and accordingly each of the Issuer and any Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 16.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) To the extent allowed by law, the Noteholders may, in respect of any Dispute or Disputes, take *(i)* proceedings in any other court with jurisdiction; and *(ii)* concurrent proceedings in any number of jurisdictions.

16.3 Appointment of Process Agent

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at 100 Wood Street, London EC2V 7EN, as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes or for such other reason as may be specified in the applicable Final Terms.

DESCRIPTION OF THE ISSUER

OVERVIEW

Galp is a publicly traded integrated oil and natural gas company. It carries out activities in three distinct but complementary business segments: Exploration & Production **(E&P)**, Refining & Marketing (**R&M**) and Gas & Power (**G&P**). Galp's strategic focus is delivering profitable growth in its E&P business, whilst supported by its competitive downstream activities (R&M and G&P), mainly focused in Iberia and Africa.

Galp was founded on 22 April 1999 under the name GALP – Petróleos e Gás de Portugal, SGPS, S.A., as a result of a restructuring in the energy sector in Portugal, to operate in the oil and natural gas businesses. Galp resulted from the merger of two pre-existing Portuguese state-controlled companies: Petróleos de Portugal – Petrogal, S.A., the only refiner and the leading distributor of oil products in Portugal with E&P activities in Angola and Brazil, and GDP – Gás de Portugal, SGPS, S.A., responsible for the supply, transportation and distribution of natural gas in Portugal.

Regarding its upstream business, Galp has a diversified portfolio of assets which comprises more than 50 projects across seven countries, with its main development activities based in three core countries: Brazil, Mozambique and Angola.

Although Galp started its E&P activities in Angola back in 1982, the discovery of the giant Tupi field in Brazil (now denominated as the Lula field) in 2006 was crucial to the E&P business gaining relevance within the Group. Since then, Galp has made several discoveries in the pre-salt area of the Santos basin in Brazil and, more recently, in the Rovuma basin in Mozambique.

These areas are expected to be the main drivers of Galp's anticipated production growth in the coming years.

In its R&M business, Galp owns two coastal refineries in Portugal and operates a vast network of distribution of oil products in Portugal and in Spain. The Company is also growing its competitive oil marketing activity in selected African countries.

Regarding its G&P business, Galp is a leading natural gas company in Portugal and one of the largest in Iberia, maintaining a robust client base. The company also carries out trading activities, selling natural gas and liquefied natural gas (**LNG**) in the international market.

Financial discipline is paramount to support the creation of long-term value, with Galp aiming to remain below a 2 times net debt to Ebitda RCA (as defined below) ratio[2]. At the end of 2016, the ratio of net debt to Ebitda RCA was 1.0 times.

Galp is listed (*sociedade aberta*) on the NYSE Euronext Lisbon, with a market capitalisation at 30 September 2017 of around €12.4 billion. Galp's share capital amounts to EUR829,250,635.00, represented by shares with a nominal value of EUR1 per share. Of these, 771,171,121 shares, i.e. 93 per cent. of Galp's issued share capital, are ordinary shares while the remaining 58,079,514 shares are special category shares, subject to privatization process, which are held by Parpública – Participações Públicas, SGPS, S.A., a Portuguese State-owned company. These shares may be converted into ordinary shares on completion of this process, by simple request sent to Galp.

[2] The net debt to Ebitda RCA ratio is reached by net debt divided by EBITDA RCA.

Galp is established in Portugal, organised under the laws of Portugal and registered with the Commercial Registry Office of Lisbon, under no. 504 499 777. Its registered head office is located at Rua Tomás da Fonseca, Torre C, 1600-211 Lisbon, Portugal and its telephone number is +351 217 240 866.

STRATEGY

Galp is an integrated energy player that develops profitable and sustainable businesses, aiming to create value for its stakeholders.

After implementing a scenario-planning process aimed at identifying long-term alternative outcomes for the energy sector, the Company's strategy remains focused in the development of a resilient E&P portfolio, embedded with an efficient and competitive downstream business, supported by innovative and differentiating solutions that promote the transition into a lower carbon economy.

This strategy is supported by a solid financial capacity and a culture which is client-centred and grounded on partnerships. Corporate culture also aims to promote a more agile, innovative and technology-based business environment. At the same time, the strategy is based on a meritocratic culture of autonomy and accountability that promotes talent development. With this approach, Galp is preparing to face the energy sector's dynamics and challenges, within an uncertain and complex context, capitalising on the Company's assets and competitive advantages.

Galp believes that ensuring the protection of people, the environment and assets, as well as the communities it operates in, and adopting an ethical conduct are crucial for its actions and strategic execution.

Upstream

Galp aims to grow and protect its current E&P portfolio value by executing its main projects, including the development of world-class discoveries in the Santos basin pre-salt in Brazil and in the Rovuma basin in Mozambique. The Company is focused on extracting more value from those projects, namely by accelerating the resources' time to market, optimising existing assets and starting the subsequent development stages of its oil and natural gas resources. Due to sector volatility, Galp's emphasis has been on a structural cost reduction to support the best development solutions and to increase operating efficiency, thus protecting long-term profitability, even when facing challenging scenarios of oil and carbon prices.

In an integrated manner and aiming at the long-term sustainability of its portfolio, Galp will seek to identify the best opportunities for exploration and resource acquisition. The Company will seek to maintain a balanced exposure to natural gas, according to clear and strict risk management criteria, and make the best use of competitive advantages and synergies with its current portfolio in geological and geopolitical terms.

Strategic partnerships with leading operators in the sector, in line with the specificities of each project, also help leverage Galp's competitive advantages and enhance the sharing of knowledge.

Downstream

Galp's strategy aims to extract more value from its R&M business by strengthening its competitive position within the European refining industry and in marketing oil products and related services in Iberia and Africa. The Company will also continue to ensure high safety and quality standards in its activities.

Accordingly, Galp will continue to focus on the integration of its refining and marketing activities, matching the profile and volumes of production to the market. In addition, the Company is committed to energy efficiency and process optimisation of the refining system to enable cost reductions and achieve a higher return on capital employed.

Galp is aiming to enhance its presence in Africa, where it has an important legacy, by strengthening its position as a local partner, with an active contribution to the growth of the region's economies.

Galp will also seek to improve the performance of the oil products trading business by exploring new opportunities in global markets leveraging its geographic proximity to the African and North American markets, and on the strong growth expected in the Asian market.

The share of natural gas and electricity in the European and global energy mix is expected to continue to grow over the coming decades, making the G&P business an essential pillar in the Company's strategy as an integrated player.

The Company is building a diversified, competitive and flexible portfolio. For that purpose, it is key that Galp secures access to competitive natural gas sources, as well as infrastructure, including transport and storage capacity, to support its commercial activity.

Galp must maintain its strategic position as an integrated supplier of natural gas and electricity in the Iberian market, while also exploring opportunities in potential new markets.

Trading activity will continue to promote a balance between medium and long-term contracts and spot operations, in order to support the supply activity and to benefit from market opportunities.

Energy transition and the new paradigm in consumption

Global energy consumption patterns are changing, supported by the digital transition over recent years. Simultaneously, the renewables sector has grown and its competitiveness has gradually increased, not only by cost reduction but also supported by public policies of compliance with environmental targets.

Galp aims to be an active partner in changing the energy paradigm by anticipating trends; making its portfolio adequate for future needs; creating synergies simultaneously with current activities; consolidating the Company's know-how and enhancing asset diversification, with corresponding risk reduction, namely through lower carbon intensity energy.

At the same time, emerging economies proceed to seek better access to energy and the improvements to well-being which such access provides. Galp will continue to work with local communities in the countries it operates in, by supporting the creation of conditions for the optimal use of available resources.

Galp assumes that the structural transformation in energy demand will involve creating solutions that are innovative and increasingly more sustainable at an economic, environmental and social level.

New models

In connection with the ongoing digital transformation, a set of new capacities has arisen, with old solutions giving way to new products and services. Diverse areas such as mobility, decentralised energy production and domotics impact the energy sector, leading to significant gains in energy efficiency and to a wider range of options for clients.

Galp endeavours to help find the best solutions for its clients at any given moment. Therefore, the Company will continue to promote the transition into a client-centric organisation, with the skills for anticipating and fulfilling their needs.

To achieve that purpose, it will also develop partnerships that help complement Galp's value proposition and to diversify its product and service portfolio, making it suitable for the natural dynamics of a market that is based on information and knowledge.

Innovation, technology and digitisation

Galp actively promotes innovation, research and technological development, as they are crucial for extracting added value from its asset portfolio, as well as for the Company's long-term sustainability and that of the communities it operates in.

Galp manages its relations with stakeholders and, in particular, fosters the development of lasting and successful partnerships with leading energy players and with the scientific and technological communities. The Company believes cooperation and sharing experiences are essential to value creation, as well as to develop and implement new and innovative technological solutions and new businesses.

In order to face the industry's transformational challenges, Galp intends to invest in the organisational transition into a model that is strongly supported by digital solutions and data management. To that end, the Company will guide its employees to work and make decisions in highly complex and uncertain contexts.

ACTIVITIES DESCRIPTION

Exploration & Production

Key indicators

	2015	2016	1H17	9M17
Average working interest production (kboepd)	45.8	67.6	88.9	90.8
Average net entitlement production (kboepd)	43.2	65.1	87.2	88.9
Ebitda RCA (€m)	352	494	391	606

Overview

Galp holds a diversified E&P portfolio, comprising over 50 projects spread across seven countries and that are at various stages of exploration, development and production. Galp focuses its activity on three core countries – Brazil, Mozambique and Angola. Galp also holds a geographically diversified portfolio of projects in East Timor, Namibia, Portugal and São Tomé and Príncipe.

The success achieved so far, mainly from exploration activities in the pre-salt Santos basin in Brazil, has been contributing to a strong increase in production for Galp. The Company aims to achieve a 15 to 20 per cent. compound annual growth rate (**CAGR**) in production from 2016 to 2021, as development activities in the coming years are expected to be focused on the projects which have already been identified in Brazil and in Angola and which are currently under development and production. In 2017, production is expected to reach between 90 and 95 thousands of barrels of oil equivalent per day (**kboepd**). During the first nine months of 2017, working interest production averaged 90.8 kboepd.

Additionally, Galp's portfolio breakeven, considering operating and sanctioned projects (including the Lula/Iracema and Iara in Brazil, and Block 32 and 14/14k in Angola), stands below $25 per barrel (**bbl**), demonstrating the competitiveness of the Company's upstream assets.

Reserves and resources at the end of 2016, as certified by DeGolyer and MacNaughton (**DeMac**), are shown in the table below.

Net entitlement reserves (mmboe)

	2015	2016
1P	276	274
2P	701	673
3P	960	927

Working interest contingent resources (mmboe)

	2015	2016
1C	307	300
2C	1,342	1,320
3C	3,025	2,993

Working interest prospective resources (mmboe)

	2015	2016
Unrisked	1,493	2,658
Risked	226	383

In 2016, proven and probable (2P) reserves decreased 4 per cent. compared to the previous year, to 673 mmboe. This decrease was mainly due to production during the year, and to the fact that in 2016 there was no addition of reserves from investment decisions in new projects. With regard to natural gas reserves, these continue to account for around 14 per cent. of total 2P reserves.

2C contingent resources totaled 1,320 mmboe, of which 46 per cent. were related to natural gas resources, mainly located in the Rovuma basin. It should be noted that natural gas volumes estimated to be recoverable through the Coral South Floating Liquified Natural Gas (**FLNG**) project were accounted as resources at the end of 2016, as Final Investment Decision (FID) was only made on 1 June 2017.

Development and production activities

Lula/Iracema

In Brazil, the Company's main producing asset is currently the Lula/Iracema fields in block BM-S-11, in the pre-salt Santos basin. This block is expected to be the main driver of the Company's production growth until 2021.

There have been important advancements in the development of the Lula/Iracema fields, with project execution currently proceeding with no material constraints, and the current development plan is around 70 per cent. realised.

This project is located in ultra-deep waters in the pre-salt region and is operated by Petróleo Brasileiro S.A. – Petrobras (**Petrobras**), which has a proven track record and experience in operating highly complex projects. Petrogal Brasil, a subsidiary of the Group, holds a 10 per cent. stake in block BM-S-11, Petrobras holds 65 per cent. and BG E&P Brasil, a subsidiary of Royal Dutch Shell, the remaining 25 per cent.

The Lula/Iracema project, in block BM-S-11, started commercial production in 2010 with FPSO (floating, production, storage and offloading) Angra dos Reis, just four years after the field's discovery. At the end of 2016, six out of the ten development areas considered in the project were already in production, and the first five had reached plateau production. During 2017, the sixth unit, FPSO Cidade de Saquarema, reached plateau production and the seventh unit, FPSO P-66, started producing in the Lula South area.

The development of the Lula/Iracema project was the main driver behind the increase in Galp's production in 2016, with its working interest production in the Lula/Iracema project averaging 57.1 kboepd. Its working interest production in the Lula/Iracema project was 80.0 and 82.0 kboepd, for the first half and first nine months of 2017 respectively.

Throughout the development of the Lula/Iracema project, Galp and its partners have pursued sustainable value creation. Operational performance in the project execution has allowed for a significant and continuous reduction of well drilling and completion time and cost. In 2016, those activities took on average 85 days, compared to an average of 110 days in 2015 and 239 days in 2010. The quality of the reservoirs have allowed for outstanding productivity within the industry, having achieved an average production per well of c.30 kboepd during 2016. Galp and its partners also study ways to guarantee production flow and development optimisation during the project's life cycle, including anticipation of production and implementation of techniques to extend the plateau production period of each FPSO.

The recovery factor of Lula/Iracema field is now estimated at 30 per cent. against 23 per cent. estimated at the date of the declaration of commerciality of the field in December 2010. Galp is further working to increase oil recoverability and, alongside its partners, it is testing new recovery techniques which could contribute to achieving its long-term ambition of recovering 40 per cent. of the total volumes in place.

It is worth highlighting that, in 2015, the BM-S-11 consortium – together with Petrobras (owner of a 100 per cent. interest in the offshore oil block 'transfer-of-rights' area) and Pré-Sal Petróleo S.A. (**PPSA**) submitted to the National Agency for Oil, Natural Gas and Biofuels (**ANP**), the Brazilian oil industry regulator, a production individualisation agreement, that will define the terms of the unitisation of the Lula field located in the BM-S-11 block with the extension of the discovery to the Transfer of Rights area and to open acreage.

Iara

Regarding the Iara project, also in BM-S-11, the three accumulations, designated as Atapu, Berbigão and Sururu, were declared commercial in 2016. In 2015, the consortium submitted the development plan to the ANP. The different accumulations extend into the Entorno de Iara area, in the Transfer of Rights held 100 per cent. by Petrobras. The consortium, Petrobras for the Transfer of Rights area and PPSA, are now currently negotiating the production individualisation agreement of the three fields to be developed (in Greater Iara), which shall be submitted to ANP afterwards. The start of production is expected during 2018 in the Berbigão/Sururu area. It should be noted that at the end of 2016, Total and Petrobras have signed a Master Agreement which included the sale of a 22.5 per cent. interest in Iara's area in block BM-S-11. According to the agreement, Petrobras will remain the operator with a 42.5 per cent. stake in the consortium, Petrogal Brasil will retain a 10 per cent. stake and Shell shall retain the remaining 25 per cent. through a subsidiary.

Carcará

Petrogal Brasil also holds a 14 per cent. stake in block BM-S-8 operated by Statoil, in the Santos basin pre-salt, where the Carcará discovery lies.

During the fourth quarter of 2017, Galp, through Petrogal Brasil, acquired a 20 per cent. interest in the Carcará North area pursuant to the second production sharing bidding round in Brazil. The consortium also

comprises of Statoil, which is the operator, and ExxonMobil, each of which has a participating interest of 40 per cent. in the consortium. The consortium offered a profit oil share to the Brazilian regulator of 67.12 per cent.. Additional commitments include the payment of an upfront signature bonus to the Brazilian regulator of approximately $930 m, (with approximately $186 m to be paid by Petrogal Brasil), and the drilling of an exploration well.

In this context, Petrogal Brasil has agreed with Statoil, subject to certain conditions, the acquisition of an additional 3 per cent. stake in BM-S-8, for a total consideration of approximately $114 m, comprising an upfront cash payment of approximately $71 m and a cash payment contingent on certain conditions being met, which include the unitisation process between Carcará and Carcará North areas.

Pursuant to the two above-mentioned transactions, Petrogal Brasil's total exposure to the Carcará reservoir will consist of a 20 per cent. interest in Carcará North and a 17 per cent. interest in the BM-S-8 concession.

Other Brazilian blocks

Petrogal Brasil also holds a 20 per cent. stake in block BM-S-24, with the block including the Sépia East area, which will be subject to a unitisation with the Sépia field (Transfer of Rights, 100 per cent. held by Petrobras), and Júpiter areas. Galp is expecting production from Sépia East unitised with Sépia to start in 2020, whereas in Carcará and Júpiter, production is only expected post-2021.

Mozambique

In Mozambique, around 85 trillion cubic feet (**tcf**) of gas in place (**GIIP**) identified in Area 4 of the Rovuma basin, position it as a highly relevant region in the world for future natural gas production. With a 10 per cent. stake, Galp's partners in Area 4 are Eni East Africa (operator), with a 70 per cent. stake, Kogas and Empresa Nacional de Hidrocarbonetos (**ENH**), each with a 10 per cent. stake. China National Petroleum Corporation (**CNPC**) has an indirect stake of 20 per cent. through Eni East Africa. In March 2017, ExxonMobil and Eni signed a sale and purchase agreement to enable ExxonMobil to acquire a 25 per cent. indirect interest in Area 4, through Eni East Africa. Eni will continue to lead the Coral South FLNG project, whilst ExxonMobil will lead the construction and operation of LNG facilities onshore.

Mamba Onshore

The Mamba discovery here stands out for its size and resource quality, showing potential for a large-scale project and low unit operating costs that, together with its geographical location, will grant high competitiveness compared to other LNG projects. Considering that the reservoirs extend between Area 4 and the adjacent Area 1, the unitisation agreement, which has already been concluded, still requires the approval by the Mozambican Government. The Area 4 consortium is preparing the first phase of development of the discoveries, with potential for further phases. The Engineering, Procurement and Construction (**EPC**) proposals for the upstream and midstream solutions for this first stage were received during 2016 and are currently being analysed by the consortium.

Coral Offshore

The Coral South project involves the construction of an FLNG with a capacity of around 3.4 million tonnes per annum (**mtpa**) of LNG. The FLNG will be connected to six wells and will be allocated to the southern part of the Coral discovery, which is exclusively located in Area 4 and is estimated to hold around 16 tcf of GIIP. In June 2017, the Area 4 consortium ratified the Final Investment Decision for the Coral South FLNG project, with total development capital expenditure estimated at approximately $7 billion and first gas expected by 2022. The consortium awarded the Engineering, Procurement, Construction, Installation and Commissioning (**EPCIC**) contract for the FLNG unit, as well as the upstream contracts for the drilling rig,

umbilicals and subsea production systems for the development of the area. In October 2016, the consortium signed an agreement with BP for the offtake of the total volumes produced through the Coral South FLNG, for a period of 20 years. The Area 4 consortium has also signed a financing package of around $5 billion with a syndicate of leading Export Credit Agencies (**ECA**s) and international banks.

Angola

In Angola, Galp's only producing assets are located in blocks 14 and 14-k, operated by Chevron and where Galp holds, respectively, a 9 per cent. and a 4.5 per cent. stake in the blocks. The fields currently under production have already matured and, as such, are already in a natural declining production stage. This trend is expected to be reversed once new projects come onstream in Angola, namely in block 32 operated by Total and where Galp holds a 5 per cent. stake. In block 32, two units, Kaombo North and Kaombo South, each with a 125 kbpd capacity, are expected to start production from 2018. The drilling campaign at Kaombo is currently ongoing.

Exploration Activities

Although Galp is focused on the development of previously made discoveries, the Company continues to make efforts to contribute to value creation through its exploration activities. These include the identification and maturation of prospects and the drilling of wells with relevant exploration potential. The company holds a diversified portfolio across different regions, namely in Brazil, Portugal, São Tomé and Príncipe and Namibia.

The key short term activities which are planned include the drilling of the Guanxuma prospect, located in block BM-S-8 offshore Brazil, which is expected to be spudded in 2018. In the offshore Potiguar basin, where Petrobras is the operator and Petrogal Brasil holds a 20 per cent. stake, after having proved the extension of the Pitu discovery in the BM-POT-17 licence, the consortium is planning a 3D seismic data acquisition programme. In Portugal, the drilling of the first exploration well, in the Santola block in the offshore Alentejo basin, where Galp holds a 30 per cent. stake and Eni is the operator, is planned to be drilled in 2018.

In 2016, Galp reached an agreement with Kosmos Energy to acquire a 20 per cent. stake in blocks 5, 11 and 12 in the São Tomé and Príncipe offshore. With this acquisition, the Company has strengthened its position in that country, where it already had, since 2015, a 45 per cent. operating stake in block 6. In 2017, a 3D seismic data acquisition programme of 16 thousand km^2 was conducted across all blocks.

Refining & Marketing

Key indicators

	2015	2016	1H17	9M17
Raw materials processed (mmboe)	114.6	109.7	56.1	85.8
Refined products sales (million tonnes (**mton**))	18.2	17.8	9.1	14.0
Sales to direct clients (mton)	9.1	8.8	4.4	6.7
Ebitda RCA (€m)	779	576	420	639

Overview

Galp operates a complex, integrated refining system, consisting of two refineries in Portugal, a wide marketing network of oil products in Iberia and, on a smaller scale, in Africa. Galp also owns an extensive network of logistics assets that support Galp's marketing activities.

Regarding its refining activity, Galp is implementing energy and operational cost efficiency measures to improve profitability, which aims to allow for an additional margin of $1/boe (barrel of oil equivalent) in 2020.

Refining

Galp has two coastal refineries in Portugal, which have a capacity to process 330 kbpd.

Galp has recently upgraded its refineries in order to adapt the refining system, to meet increased consumer demand for middle distillates in Europe and, in particular, in Iberia. As a result, Galp is now able to produce more jet and diesel mainly at the expense of lower valued fuel oil.

The Nelson complexity index (as described in the footnote below) of the refining system, considering both Sines and Matosinhos refineries, is of 8.6.[3]

The main units installed at the Sines refinery are the hydrocracking unit (which uses vacuum diesel and heavy visbreaking diesel produced in both refineries and has a capacity to process 43 kbpd) and the steam reformer unit (which produces the hydrogen required for the hydrocracking process). In the Sines refinery, there is also a Fluid Catalytic Cracking (FCC) unit with a capacity to process 45 kbpd and which is mainly used in the production of gasoline. This refinery is integrated and sea-linked with the Matosinhos refinery, where the main units installed are the vacuum distillation and visbreaker units (with a capacity to process 40 kbpd of atmospheric residue produced in the refinery), as well as aromatics and base oils plants in the Matosinhos refinery.

[3] The complexity index of a refinery, i.e. the Nelson complexity, is calculated by assigning a complexity factor to each of the units in the refinery, which is mainly based on the technology level used in the construction of the unit and by reference to one facility of primary distillation of crude to which is assigned a complexity factor of 1.0. The index of complexity of each unit is calculated by multiplying the complexity factor by the unit capacity. The complexity of a refinery is equivalent to the weighted average of the index of complexity of each of the units thereof, including the distillation unit.

In 2016, approximately 109.7 million barrels of raw materials were processed, of which crude oil represented 92 per cent. During 2016, Galp imported crude oil from 15 countries. Medium and heavy crude oils, which historically tend to have a lower cost than light crude oils, represented 83 per cent. of the total.

Energy optimisation and efficiency on refining

Galp remains focused on maximising energy efficiency and optimising refining system processes.

Galp is implementing energy optimisation measures in the Sines and Matosinhos refineries, while also applying the lean six sigma methodology with a view to achieving continuous improvement, minimising process variability and reducing waste.

Galp aims to gradually increase its refining margin by $1/bbl in 2020 through initiatives in the context of increased conversion and energy efficiency that will require marginal investments in upgrading current equipment.

Logistics

Galp has a portfolio of logistics assets in Iberia that includes access to the maritime terminals at Sines and Leixões, in Southern and Northern Portugal, respectively, as well as a set of storage facilities in both Portugal and Spain with a combined capacity of 8.9 mm^3. Galp also holds stakes in logistics companies in Portugal, and benefits from access to several pipelines in Iberia.

These assets support the refining and marketing of oil products in Iberia and, at the same time, provide Galp with the relevant expertise in the implementation and management of an efficient logistics network – a competitive advantage valued by Galp's partners across different business segments.

Sales and marketing of oil products

As an integrated energy operator, Galp oversees the marketing and sale of oil products, either directly to customers in Iberia and in selected African countries, or to other operators, or even through exports. Galp's presence in Africa, namely in Mozambique, Angola, Cape Verde, Guinea-Bissau and Swaziland, has allowed it to take advantage of the recent increase in oil demand in those markets.

In 2016, sales of refined oil products amounted to 17.8 mton, a 2 per cent. decrease year-on-year mainly due to planned outages for maintenance in conversion units in the Sines refinery. The Iberian oil market, however, posted a recovery, benefiting from the increase in tourism in the region. Sales to direct clients however decreased 3 per cent., to 8.8 mton, given the policy to reduce exposure to low margin clients. On the other hand, exported volumes increased by 3 per cent. to 5.8 mton, i.e. 33 per cent. of total oil products sold. Total refined product sales in the first half of 2017 amounted to 9.1 mton, of which 4.4 mton was sold to direct clients and 3.2 mton corresponded to exports. The remaining volumes correspond to sales to other operators in the Iberian Peninsula. In the first nine months of 2017, total refined product sales amounted to 14.0 mton, of which 6.7 mton was sold to direct clients. and 4.8 mton corresponded to exports. The remaining volumes corresponded to sales to other operators in the Iberian Peninsula.

Galp's main objective is the marketing of oil products across the different segments (retail, wholesale, LPG) under the Galp brand, as well as the marketing of non-fuel products via its network of service stations. Galp is the largest oil marketing company in Portugal, and the third largest in Iberia.[4] At the end of 2016, Galp had a total of 1,436 service stations and 836 convenience stores that spanned across Iberia and, on a smaller

[4] Source: Galp management estimate.

scale, in the African countries, where it is present with 152 service stations. Marketing of oil products in selected African markets accounted for around 10 per cent. of total sales to direct clients during 2016.

Gas & Power

Key indicators

	2015	2016	1H17	9M17
Natural gas sales to direct clients (mm^3)	3,843	3,780	2,201	3,265
Sales of natural gas (**NG**)/LNG in trading (mm^3)	3,822	3,285	1,532	2,184
Sales of electricity (GWh)	4,636	5,010	2,520	3,812
Ebitda RCA (€m)	382	313	68	113

Overview

The G&P business segment comprises natural gas sourcing, distribution and supply activities, which have gradually been combined with electricity generation and supply. The Company also operates in the NG/LNG international market through its trading activity.

Sourcing

Galp has long-term supply contracts for natural gas with Algeria and for LNG with Nigeria, totalling around 5.7 billion cubic metres (**bcm**) per year, and which mature between 2020 and 2026. In addition, the Company sources NG from other markets, namely the Spanish and French wholesale network players. The remaining natural gas requirements are met through operations in the spot market.

Sales to direct clients

Natural gas and electricity supply activities take place mainly in the Iberian market, with the Company focusing on strengthening its combined offer, particularly in the Portuguese retail segment, where it is one of the main players. Galp is also actively present in the international NG/LNG market. In 2016, Galp's total NG/LNG volumes sold were 7,065 mm^3, down 8 per cent. year-on-year, impacted by fewer trading opportunities.

Galp's natural gas supply business is mainly based on clients in the industrial, electrical and retail segments in the Iberian market. The Company is one of the most relevant natural gas suppliers in Iberia. In 2016, natural gas sales to direct clients decreased 2 per cent. year-on-year to 3,780 mm^3. The higher sales in the electrical segment were not enough to offset the decrease in the conventional segment, i.e. in sales to retail and industrial clients. Sales in the electrical segment in 2016 reached 1,179 mm^3, up 97 mm^3 year-on-year, mostly following the lower use of coal for electricity generation in Iberia. Natural gas sales to the industrial segment were 2,286 mm^3, down 111 mm^3 year-on-year mainly due to higher competition. In the retail segment, natural gas volumes decreased 49 mm^3 year-on-year to 315 mm^3, following the sale, in 2015, of the activities related to the Spanish residential segment. Natural gas sales to direct clients were 2,201mm^3 and 3,265mm^3 in the first half of 2017 and first nine months of 2017, respectively.

In the retail segment, it is worth noting the activity's integration with the marketing of electricity. In 2016, electricity volumes totalled 3,396 gigawatts hour (GWh), a 2 per cent. increase from the previous year. At

the end of 2016, the G&P business had 690 thousand clients, of which 266 thousand were power clients or opted for Galp's integrated offer.

Regarding the trading activity, Galp has been consolidating its NG activity with access to European organised gas markets, namely in Spain, France and The Netherlands. Network trading volumes accounted for 35 per cent. of total traded volumes, reaching 1,151 mm^3, compared to 1,224 mm^3 in the previous year. Regarding LNG trading, there was a decrease in activity from 33 operations in 2015 to 25 in 2016, considering the fewer opportunities in the market.

Associated gas sourcing and distribution infrastructure businesses

Galp holds stakes in gas sourcing infrastructure in the Iberian Peninsula, as well as a relevant stake in the regulated gas infrastructure business in Portugal.

The Company has minority stakes in international gas pipelines as mentioned in the table below.

International pipelines	**Country**	**Capacity (bcm/annum)**	**Galp stake (%)**
EMPL	Algeria, Morocco	12.0	23
Al-Andalus	Spain	7.8	33
Extremadura	Spain	6.1	49

The regulated infrastructure business in Portugal consists of managing the natural gas distribution network of medium and low-pressure. The Portuguese Energy Market Regulator (**ERSE**) defines the remuneration rules for this activity.

The rate of return takes into account, amongst other indicators, the average yield of ten-year bonds issued by the Portuguese state. The rate of return for the Gas Year 2017-2018 was set at 6.65 per cent. At the end of 2016, the regulated asset base was approximately €1.0 bn.

At the end of 2016, Galp operated a distribution network of 12,740 km, through Galp Gás Natural Distribuição, S.A. (**GGND**). GGND has stakes in nine natural gas distribution companies in Portugal, five of which operate under 40-year concession contracts, with the remainder operating under 20-year operation licenses.

During 2016, Galp reduced its stake in GGND by selling 22.5 per cent. of its share capital to Meet Europe Gas Lda, owned by Marubeni Corporation (50 per cent.) and by Toho Gas Co., Ltd. (50 per cent.). Although Galp continues to hold a 77.5 per cent. stake in GGND's share capital, the latter ceased to be fully consolidated in the Group's accounts following conclusion of the transaction in October, with the partners sharing certain governance rights within the joint venture.

Power

As at 30 June 2017, Galp's portfolio of cogeneration units and wind farms in Portugal had an installed capacity of 185 MW.

As at 30 June 2017, the installed capacity for electricity production through cogeneration units was 173 MW, with the most relevant units being installed at the Sines and Matosinhos refineries. Those are important natural gas consumption points, as well as important energy suppliers for the refineries.

At the end of 2016, the Company also had an installed capacity of 184 MW in six wind farms, out of which five came into operation during 2016, with a joint capacity of c.172 MW. During 2017, the Company sold its indirect stake in the Âncora project, which held the latter five wind farms.

In 2016, total sales of electricity amounted to 5,010 GWh, of which 1,614 GWh corresponded to sales of electricity to the grid. . In the first half of 2017, sales of electricity amounted to 2,520 GWh, of which 844 GWh were sales to the grid. From the total 3,812 GWh of total sales during the first nine months of 2017, 1,192 GWh corresponded to sales of electricity to the grid.

BUSINESS PERFORMANCE

Galp's Ebitda RCA (as defined below) of EUR1,411 million in 2016 was 8 per cent. lower year-on-year as a result of a lower contribution from the R&M and G&P business segments.

E&P Ebitda RCA reached €494 m, benefiting from the 51 per cent. increase in net entitlement production to 65.1 kboepd, and despite the decrease in average oil and gas realisation prices.

R&M Ebitda RCA decreased €203 m year-on-year to €576 m, mainly due to the lower contribution from the refining activity.

Ebitda RCA for the G&P segment decreased €69 m year-on-year to €313 m, mainly following lower results from the natural gas activity.

Net income RCA was €483 m, down €156 m year-on-year, while IFRS net income was €179 m. The inventory effect was €20 m and non-recurring items reached €324 m, including upstream asset impairments.

Net debt at the end of 2016 was €1,260 m, considering the loan to Sinopec as cash and equivalents, down €439 m year-on-year, due to a robust operating performance and to the partial divestment of the regulated gas infrastructure business. In this context, net debt to Ebitda RCA stood at 1.0x.

In the first half of 2017, Galp's Ebitda RCA was €892 m, a 41% increase year-on-year, due to the enhanced performance of E&P and R&M.

E&P Ebitda RCA amounted to €391 m, up €257 m year-on-year, benefiting from higher production and average sale price of oil and natural gas.

During the first half of 2017, R&M Ebitda RCA was €420 m, up €129 m year-on-year supported by the market environment and the operational availability of the refineries.

Ebitda RCA for the G&P segment was €68 m, down €119 m year-on-year, mainly following lower results from the natural gas activity and the deconsolidation of GGND.

Net income RCA in the first half of 2017 reached €250 m, while net income IFRS was €234 m. The inventory effect was €18 m and non-recurring items stood at €35 m.

On 30 June 30 2017, net debt amounted to €1,329 m, considering the loan to Sinopec as cash and equivalents, with a net debt to Ebitda ratio of 0.9x.

On 30 September 2017, Galp's Ebitda RCA was €1,379 m, a 36% increase year-on-year, supported by the performance of E&P and R&M.

E&P Ebitda RCA amounted to €606 m, up €345 m year on-year, benefiting from increased production and higher sale prices of oil and natural gas.

During the first nine months of 2017, R&M Ebitda RCA was €639 m, up €167 m year-on-year supported by higher refining margins in the international market and the operational availability of the refineries.

Ebitda RCA for the G&P segment was €113 m, down €146 m year-on-year, affected by lower results from the natural gas activity and also by the deconsolidation of GGND.

Net income RCA in the first nine months of 2017 reached €416 m, while net income IFRS was €397 m. The inventory effect was €30 m and non-recurring items stood at €48 m.

On 30 September 2017 net debt amounted to €1,455 m, considering the loan to Sinopec as cash and equivalents, with a net debt to Ebitda ratio of 0.9x.

Explanatory Note:

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 (including IFRS) and is consequently not adopted for valuing inventories. This method does not reflect the cost of replacing other assets.

Replacement Cost Adjusted (**RCA**): in addition to using the Replacement Cost method, adjusted profit excludes non-recurrent events such as capital gains or losses on the disposal of assets, impairment or reinstatement of fixed assets and environmental or restructuring charges which may affect the analysis of Galp's profit and do not reflect its operational performance.

Results set out in this Offering Circular which are classified as Replacement Cost Adjusted (**RCA**) or replacement cost (**RC**) have not been audited.

Key financial indicators

€m	2015	2016	1H17	9M17
Ebitda RCA	**1,538**	**1,411**	**892**	**1,379**
Ebitda IFRS	**1,174**	**1,389**	**908**	**1,407**
Ebit RCA	**969**	**772**	**473**	**775**
Ebit IFRS	**423**	**544**	**485**	**799**
Net income RCA	**639**	**483**	**250**	**416**
Net income IFRS	**123**	**179**	**234**	**397**

CAPITAL ALLOCATION

Capital expenditure in 2016 amounted to EUR1,218 m of which approximately 85 per cent. was allocated to the E&P business segment, in line with Galp's strategy. The combined investment in the downstream

businesses in 2016 amounted to EUR175 m. This was primarily channeled into maintenance activities, in the upgrade of the retail network and of the natural gas infrastructure, as well as in information technology systems.

Investment in the E&P business amounted to EUR1,039 m. Development activities, particularly in the Lula/Iracema fields in BM-S-11 block, represented 96 per cent. of the total invested in the E&P business segment, with the remaining 4 per cent. allocated to the exploration and appraisal campaign conducted during the year.

Capital expenditure during the first half of 2017 amounted to EUR411 m, of which EUR366 m were allocated to the E&P business. During the first nine months of 2017, capital expenditure was 638m. E&P activities accounted for 88% of the total, with development activities in Brazil accounting for around 70% of the investment in E&P.

Galp expects a total capital expenditure of between EUR1.0 bn and EUR1.1 bn in 2017 and has budgeted between EUR0.8 bn and EUR1.0 bn per year in the period 2017-2021. Investments will continue to be focused on the E&P business, which is expected to account for approximately 80 per cent. of total capex, and in particular in the development of its production projects. Regarding downstream activities, capital expenditure will be primarily allocated to maintenance activities.

Galp's long-term capital allocation will remain consistent with the Company's strategy, with Oil & Gas businesses to remain core activities. Galp will however start to diversify into new business models and lower carbon solutions whilst maintaining its main goal of sustainable value creation to shareholders.

Galp will also continue to aim to ensure it has the capital required to implement the planned investment programme, which is critical to the success of the strategic execution. Maintaining its financial discipline and capital structure continues to be a priority for the Company, taking into account the macroeconomic context, the investment opportunities and the generation of cash flow.

BALANCE SHEET

The figures below show certain additional performance metrics related to Galp at the dates then shown.

(€m, IFRS)	31 December 2015	31 December 2016	30 June 2017	30 September 2017
Net fixed assets	7,892	7,721	7,458	7,505
Work in progress	2,077	2,650	2,460	2,463
Working capital	557*	512*	583	565
Loan to Sinopec	723	610	527	512
Other assets (liabilities)	(562)*	(428)*	(595)	(648)
Capital employed	8,610	**8,414**	**7,974**	**7,934**
Net debt[1]	2,422	1,870	1,856	1,967
Equity	6,188	6,543	6,118	5,968
Net debt + Equity	8,610	**8,414**	**7,974**	**7,934**

[1] Not considering Loan to Sinopec as cash

* Amounts restated to ensure comparability of definitions with remaining periods presented.

On 31 December 2016, net fixed assets stood at €7,721m. Work-in-progress, mainly related to the E&P business, amounted to €2,650 m at the end of the period.

On 30 June 2017, net fixed assets stood at €7,458m. Work-in-progress, mainly related to the E&P business, was €2,460 m at the end of the period.

On 30 September 2017, net fixed assets stood at €7,505m. Work-in-progress, mainly related to the E&P business, totalled €2,463 m at the end of September.

CASH FLOW

The figures below show certain additional performance metrics related to Galp at the dates then shown.

Indirect method (€m, IFRS)	2015	2016	1H17	9M17
EBIT	423	544	485	799
Dividends from associates	73	70	86	99
Depreciation, Depletion and Amortisation (DD&A)	720	835	415	593
Change in Working Capital	458	45*	(71)	(53)
Net interest	(116)*	(97)*	(40)	(59)
Taxes	(127)	(172)	(197)	(304)
Net capex[1]	(1,190)	(1,054)	(390)	(618)
Dividend paid	(318)	(387)	(215)	(423)
FCF	**(77)**	**(216)**	**73**	**35**
GGND deconsolidation[2]	-	632	-	-
Others[3]	175	136	(59)	(132)
Change Net debt	**(98)**	**(552)**	**(14)**	**96**

[1] 2016 includes the proceeds of €141 m from the sale of 22.5% in GGND;
1H17 and 9M17 Includes the proceeds of €22 m from the sale of the 25% indirect stake in Âncora project.
[2] Deconsolidation of assets and liabilities from GGND.
[3] Includes mainly Sinopec loan partial reimbursement and CTAs (Cumulative Translation Adjustment).
* Amounts restated to ensure comparability of definitions with remaining periods presented.

Post-dividend free cash flow generated during the first nine months of 2017 was positive by €35 m, despite the €423 m payment in dividends.

ORGANISATIONAL STRUCTURE

Galp is the ultimate parent company of Galp Group (the **Group**), which includes Galp and its subsidiaries. Galp's subsidiaries include, among others: *(i)* Petróleos de Portugal – Petrogal, S.A. (**Petrogal**) and its subsidiaries, which carry out their activities in the refining of crude oil and distribution of its derivatives; *(ii)* Galp Energia E&P B.V. and its subsidiaries, integrating the oil and gas exploration and production activities

and biofuels *(iii)* Galp Energia Gas & Power, SGPS, S.A. and its subsidiaries, which operate in the natural gas sector, electricity and renewable energy sector, and *(iv)* Galp Energia, S.A. which integrates the corporate support services.

MANAGEMENT

Corporate governance model

Galp's corporate governance model aims to be transparent and effective and one of its main goals is the clear separation of powers between Galp's governing bodies. Whereas the Board of Directors has a supervising role, monitoring strategic issues and overseeing the relationship between shareholders and Galp's governing bodies, the Executive Committee's role – whose powers have been delegated by the Board of Directors – is operational and consists of the current management of Galp's business units and corporate services.

The supervisory role is assigned to an Audit Board and to a firm of statutory auditors.

Board of Directors

The Board of Directors makes decisions on key matters, such as strategy formulation, corporate and organisational set-up, business portfolio management, approval of capital expenditure items, determination of value-creating goals for each activity and supervision of the execution of critical activities. Galp's Board of Directors is currently composed of 19 members, of which 7 are executive and 12 are non-executive. Of the latter, five are considered independent by the Board of Directors, based on the criteria set out in the Portuguese Companies Code (*Código das Sociedades Comerciais*) (**CSC**) enacted by Decree-law 262/86, of 2 September 1986 and in the corporate governance recommendations from the Portuguese Securities Market Commission (**CMVM**).

Board resolutions are generally taken based on a simple majority of the votes cast, except for certain matters stated in Galp's articles of association, where a two-thirds majority is required. The current directors were elected for the period 2015-2018. However, on 14 October 2016, Américo Amorim resigned as chairman of the Board of Directors. On the same day, Paula Ramos Amorim was appointed chairman of the Board of Directors, Marta Amorim was co-opted a member of the Board of Directors and Miguel Athayde Marques was appointed vice-chairman of the Board of Directors.

The names of the current directors on the Board of Directors are set out below:

Members of the Board of Directors	
Name	**Position**
Paula Ramos Amorim	Chairman/Non-Executive
Miguel Athayde Marques	Vice-Chairman/ Independent Non-Executive
Carlos Gomes da Silva	Vice-Chairman/Executive
Filipe Crisóstomo Silva	Executive
Thore E. Kristiansen	Executive

Sérgio Gabrielli de Azevedo	Independent Non-Executive
Abdul Magid Osman	Independent Non-Executive
Marta Amorim	Non-Executive
Raquel Vunge	Non-Executive
Carlos Costa Pina	Executive
Rui Paulo Gonçalves	Non-Executive
Francisco Rêgo	Non-Executive
Jorge Manuel Seabra de Freitas	Non-Executive
José Carlos da Silva Costa	Executive
Pedro Carmona de Oliveira Ricardo	Executive
Tiago Câmara Pestana	Executive
Luís Manuel Todo Bom	Independent Non-Executive
Diogo Mendonça Tavares	Non-Executive
Joaquim José Borges Gouveia	Independent Non-Executive

Paula Ramos Amorim has been a member of Galp's Board of Directors since April 2012 and Chairman since October 2016. Paula Amorim also serves as Vice-Chairman of Amorim Holding II, SGPS, S.A., a company in the Américo Amorim Group. Paula Amorim joined the Américo Amorim Group in 1992, and since then she has occupied a range of Directorial roles. She has also been involved in Amorim Fashion since 2005, a company she is the sole shareholder of. In December 2010, Paula Amorim created Amorim Luxury – SGPS, S.A. to expand and diversify her business interests, particularly to be the representative of the Gucci brand in Portugal through the company Amorim Five, Lda.

Paula Ramos Amorim attended the Real Estate Management course at the Escola Superior de Atividades Imobiliárias.

Executive Committee

The Executive Committee consists of seven directors appointed by the Board of Directors for a period of four years. The current Executive Committee was appointed in 2015.

The Executive Committee is in charge of the day to day management of Galp in accordance with the strategy set by the Board of Directors. The duties of the Executive Committee include managing the business units,

allocating resources, achieving synergies and monitoring the application of approved policies in various areas.

The work of the Board of Directors and the Executive Committee complies with the regulations devised to formalise the workings of these two corporate bodies. These regulations are available at http://www.galp.com.

The names of the current directors on the Executive Committee, along with their principal functions and certain other biographical information, are set out below:

Executive Committee	
Members	**Responsibilities**
Carlos Gomes da Silva	Chairman of the Executive Committee / Chief Executive Officer
Filipe Crisóstomo Silva	Chief Financial Officer
Thore E. Kristiansen	Chief Operating Officer / Exploration & Production
José Carlos da Silva Costa	Chief Operating Officer/Sourcing, Refining & Planning
Pedro Ricardo	Chief Operating Officer/Gas & Power
Tiago Câmara Pestana	Chief Operating Officer/ Iberian and International Oil Marketing
Carlos Costa Pina	Chief Operating Officer / New Energies

Carlos Gomes da Silva has been a member of Galp's Board of Directors since 2007 and vice-Chairman and Chairman of the Executive Committee since April 2015.

Carlos Gomes da Silva has 27 years of experience in different industries, in particular oil & gas. Carlos Gomes da Silva joined Galp/Petrogal early in the 1990's, where he held several managerial roles leading the areas of refining operations, supply & trading, planning & control and strategy.

From 2001, and for six years, Carlos Gomes da Silva served in the beverages industry (at Unicer, a Carlsberg group company) as Head of M&A and Strategy and subsequently as Executive Director (for the supply chain, retail and human resources). Carlos Gomes da Silva returned to the oil & gas industry in 2007 to serve as a Board Member in Galp, having served in several executive roles since 2008 as Executive Director namely for marketing oil, gas & power, trading oil & gas and corporate divisions (procurement, marketing, human resources, legal, corporate governance and compliance).

Carlos Gomes da Silva holds a Degree in Electrical Engineering and Computer Science from the School of Engineering of the Porto University and an MBA from ESADE/IEP (Barcelona).

Filipe Crisóstomo Silva has been a member of the Board of Directors and Chief Financial Officer (CFO) of Galp since July 2012.

Before joining Galp, Filipe Crisóstomo Silva was head of the investment banking areas of Deutsche Bank in Portugal, since 1999, and since 2008 has also fulfilled the role of Chief Country Officer (CCO) of Deutsche Bank in Portugal.

Filipe Crisóstomo Silva has a Degree in Economics and Financial Management and Master's Degree in Financial Management, both from the Catholic University of America, Washington D.C.

Thore E. Kristiansen has been a member of Galp's Board of Directors and of the Executive Committee since October 2014 and is responsible for Galp's E&P business unit.

Thore E. Kristiansen was senior Vice-Chairman of Statoil for South America and Chairman of Statoil Brazil from January 2013 until he joined Galp. Thore E. Kristiansen was at Statoil for over 25 years, with responsibilities in the areas of distribution of oil products, trading and business negotiation in Norway, UK, Denmark and Germany, in the area of exploration and production, with a special focus on Norway, sub-Saharan Africa and South America, and also corporate functions, particularly in finance and M&A, such as Investor Relations Officer. He was also Chairman of Statoil Germany and Statoil Venezuela.

Thore E. Kristiansen holds a degree in Management from the Norwegian School of Management and a Masters in Petroleum Engineering from the University of Stavanger, Norway.

José Carlos da Silva Costa has been a member of Galp's Board of Directors since November 2012 and a member of the Executive Committee since December 2012, and is responsible for various corporate services and for the Sourcing, Refining and Planning Business.

With over two decades of experience in procurement, supply chain and project management, José Carlos da Silva Costa is Chief Operating Officer (COO) of Refining and Trading Oil, after several leadership roles in the Company, namely as CCO in the 2012-2014 period, whilst member of the Executive Committee. Currently, in the capacity of CCO, he is responsible for the Corporate Services of Engineering, Project Management and Procurement. His professional experience also includes the automotive and tourism industries.

José Carlos da Silva Costa holds a degree in Chemical Engineering from the Porto Instituto Superior de Engenharia (School of Engineering) and specialised training in Quality Management, Information Systems and Innovation.

Tiago Câmara Pestana has been a member of Galp's Board of Directors and of the Executive Committee since April 2015, and is responsible for the Iberian and International Oil Marketing.

Before joining Galp, Tiago Câmara Pestana had mainly occupied roles in the food distribution field. Between 1999 and 2014, he was the CEO of Dia Portugal Supermercados. Prior to that, he was executive director of Lojas de Conveniência Extra, executive director of the Jumbo Portugal and Spain hypermarkets network and executive director of the Pão de Açúcar group, Portugal, where he was responsible for the management of the Minipreço chain, between 1998 and 1999.

Tiago Câmara Pestana holds a degree in Aeronautical Engineering from the University of Salford (Manchester, UK) and a Masters in Administrative and Industrial Sciences from City University (London, UK).

Pedro Carmona de Oliveira Ricardo has been a member of Galp's Board of Directors and Executive Committee since April 2015, and is responsible for the Gas & Power business unit.

Pedro Carmona de Oliveira Ricardo joined Transgás, the company that introduced natural gas to Portugal, in 1994, where he was the head of natural gas procurement and sales. In 1998 he was appointed Executive

Director of Transgás, responsible for supplies, engineering and operation and maintenance. Between 2002 and 2005 he was executive director of GDP Distribuição, the Group's sub-holding company in the gas distribution sector, and executive director of some of the Group's natural gas distribution companies.

Pedro Carmona de Oliveira Ricardo holds a degree in Chemical Engineering from the Instituto Superior Técnico in Lisbon and holds an MBA from Universidade Nova de Lisboa.

Carlos Costa Pina has been a member of Galp's Board of Directors and Executive Committee since April 2012, he is responsible for corporate services and the New Energy business area.

Previously he worked in Technology, Media and Telecommunications, real estate and services companies in the Ongoing group (Portugal and Brazil). Carlos Costa Pina was Secretary of State for Treasury and Finance in the XVII and XVIII Portuguese Constitutional Governments (2005-2011) and therefore occupied roles in several international financial institutions. He has also been a director at CMVM (2000-2005), a member of the Advisory Board of the Insurance Institute of Portugal (2001-2005) and a lawyer with his own legal practice, particularly in oil exploration and production (1994-1998). Carlos Costa Pina was also a lecturer in the Lisbon Law School where he is preparing his doctorate.

Carlos Costa Pina is the author of numerous published works and holds a degree in Law and a Masters in Legal and Business Sciences from the School of Law, University of Lisbon.

The business address of each of the directors of Galp is Rua Tomás da Fonseca, Torre C, 1600-211 Lisbon, Portugal.

Supervisory Bodies

Supervision is carried out by an Audit Board and a firm of statutory auditors.

Audit Board

The Audit Board is comprised of three standing members and one substitute member, all of whom are elected by the shareholders at a general shareholders meeting which will also elect its chairman. The members of the Audit Board cannot be members of the Board of Directors of Galp and are subject to the rules on independence and avoidance of conflicts of interest contained in Articles 414 and 414-A of the CSC.

According to the law, at least one member of the Audit Board shall have an academic degree suitable to the role of member of the Audit Board and have a good command of auditing or accounting. The majority of its members must be independent, i.e. they:

(a) cannot be associated with any specific interest groups within Galp;

(b) must not find themselves in a situation where their independent judgment would be affected, namely because they:

  (i) hold title to, or represent major shareholders with, 2 per cent. or more of the share capital of Galp; or

  (ii) have been re-elected for more than two terms, either consecutive or intermittent.

At the general shareholders meeting held on 16 April 2015, the members of the Audit Board were elected. The Audit Board monitors the preparation and publication of Galp's financial information. This Board appoints, appraises and dismisses, if and when necessary, the external independent auditor, supervises the

audit of financial statements and proposes the appointment of a firm of chartered accountants or a chartered accountant to the general shareholders meeting, whose independence is verified regarding the provision of additional services. The regulations that guide the Audit Board's actions are available on Galp's website at http://www.galp.com.

Audit Board		
Name	**Position**	**Last Election**
Daniel Bessa	Chairman	2015
Gracinda Raposo	Member	2015
Pedro Antunes de Almeida	Member	2015
Amável Calhau	Alternate	2015

Daniel Bessa has been Chairman of Galp's Audit Board since 5 October 2006.

He was Chairman of the Board of Porto Business School between 2000 and 2009. He has held posts in teaching (Faculty of Economics and Faculty of Engineering of the Universidade do Porto and at Porto Business School), in the management of education units (Faculty of Economics and Vice-Chancellor's office, Universidade do Porto, and School of Technology and Management of the Instituto Politécnico de Viana do Castelo). He was director of Finibanco and Finibanco Holding, non-executive director of CELBI – Celulose Beira Industrial, of Efacec Capital and INPARSA – Indústrias e Participações, a member of the General and Supervisory Board of BCP – Banco Comercial Português, S.A., Chairman of the Audit Board of SPGM, and external employee of the Sonae group. He was general manager of COTEC Portugal – Business Association for Innovation from 2009 to 2015. He was also a director of AICEP and Chairman of the Advisory Board of IGFCSS – Institute for the Management of Social Security Capitalisation Funds.

Daniel Bessa holds a degree in Economics, from Universidade do Porto, and a doctorate in Economics, from Universidade Técnica de Lisboa.

Gracinda Raposo has been a member of Galp's Audit Board since 30 May 2011.

She is a Director of ECS Capital – a private equity and distress funds management firm. Between 2007 and 2009 she was advisor to the Board of Directors of the Santander Group. Between 2004 and 2006, she was also a Director of Caixa Geral de Depósitos and non- executive Director of Caixa BI, among other functions. Gracinda Raposo was also a member of the Audit Board of Banco BIC Portugal until 2013.

She has a degree in management from ISCTE and a Master's degree in operational management from the University of Georgetown, Minneapolis, USA.

Pedro Antunes de Almeida has been a member of Galp's Audit Board since 23 November 2012.

From 2006 to 2015, Pedro Antunes de Almeida was Consultant for Economic and Business Affairs to the President of the Portuguese Republic.

As an independent business consultant in the tourism industry, he was Chairman of the Board of Directors of ICEP - Portugal Investimento Comércio e Turismo (ICEP), Chairman of the Executive Committee of

ENATUR – Pousadas de Portugal, Secretary of State for Tourism (XV Government) and Ambassador of Portugal to the World Tourism Organisation. Between 2011 and 2012 he was Secretary of the Board of Galp's General Shareholders Meeting.

Pedro Antunes de Almeida has a degree in Economics and Sociology from the Universidade Nova de Lisboa, with a post-graduate qualification in European Economic Studies, from the Universidade Católica Portuguesa, a course on Public Relations, Marketing and Publicity, from the Graduate School of Media, Lisbon, and the Course for National Defence Auditors from the National Defence Institute.

Amável Calhau has been an alternate member of Galp's Audit Board since 5 October 2006.

He is a Statutory Auditor and has been a Managing Partner of Amável Calhau, Ribeiro da Cunha e Associados – Sociedade de Revisores Oficiais de Contas since 1981. He was an Accountant and Auditor for an auditing company between 1970 and 1979 and has been an individual Statutory Auditor since 1980.

Amável Calhau is an accounting expert from the Army Pupils' Military Institute and an individual Statutory Auditor.

The business address of the member of the Supervisory Board of Galp is Rua Tomás da Fonseca, Torre C, 1600-211 Lisbon, Portugal.

Statutory Auditors Firm

The statutory auditors firm's duties are to perform all checks and verifications regarding auditing and certifying Galp's accounts as well as to exercise other powers and rights provided for by law.

According to Article 446 of the CSC, the statutory auditor or firm of statutory auditors shall be proposed to the general shareholders meeting by the Audit Board and may not be part of this body.

The general shareholders meeting held in April 2015 elected the current statutory auditors firm, as follows:

Permanent member

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., TIN 506628752, with its headquarters at Palácio Sottomayor, Rua Sousa Martins, 1 – 3º, 1069-316 Lisbon, registered at the OROC under the no. 183 and registered at CMVM under the no. 20161485, represented by Dr. António Joaquim Brochado Correia, Statutory Accountant no. 1076, or by Dra. Ana Maria Ávila de Oliveira Lopes Bertão, Statutory Accountant no. 902.

Alternate member

Dr. José Manuel Henriques Bernardo, TIN 192184113, Statutory Accountant no. 903, living at Rua Ilha dos Amores, n.º 52, Bloco A, 1º Dto., 1990-375 Moscavide.

External Auditor

Currently, Galp's external auditor is PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. (**PricewaterhouseCoopers & Associados**), member no. 183 of the Portuguese Institute of Statutory Auditors and registered under no. 20161485 with the CMVM, and represented by António Joaquim Brochado Correia.

At the proposal of the Audit Board and in the Company's interest in ensuring continuity in the provision of audit services, Galp extended the external audit contract with PricewaterhouseCoopers & Associados for the 2015 to 2018 term.

Remuneration Committee

A Remuneration Committee composed of three shareholders' representatives elected by the general shareholders meeting sets the remuneration of the members of Galp's corporate bodies.

Pursuant to Galp's articles of association no member of the Remuneration Committee can at the same time be a member of the Board of Directors or of the Audit Board.

In 2012, in order to align the executive performance with Galp's long-term goals, a policy of setting three-year goals was introduced, in line with best market practices. Accordingly, the Executive Directors receive a fixed monthly salary plus a variable remuneration component consisting of a yearly and a three-year component, each worth 50 per cent. of the total variable remuneration. The three-yearly component, although calculated annually, will effectively only be paid at the end of three years if the proposed objectives are achieved.

Remuneration Committee 2015-2018 term	
Position	**Name**
Chairman	Amorim Energia B.V.
Member	Joaquim Alberto Hierro Lopes
Member	Jorge Armindo Carvalho Teixeira

CONFLICTS OF INTERESTS

The members of Galp's Board of Directors, Executive Committee, Audit Board and Remuneration Committee described above do not have, as of the date hereof, any conflicts, or any potential conflicts, between their duties to Galp in such capacities and their private interests or other duties.

MAJOR SHAREHOLDERS

Shareholder structure

On 30 September 2017 the shareholder structure was as follows:

Shareholders	N.º of shares	% of voting rights
Amorim Energia, B.V.		
Holding	276,472,161	33.34%
Other attributable situations	0	0.00%
Total attributed	276,472,161	33.34%
Parpública - Participações Públicas (SGPS), S.A.		
Holding	62,021,340	7.48%
Other attributable situations	0	0.00%
Total attributed	62,021,340	7.48%
Free float	490,757,134	59.18%
of which:		
BlackRock, Inc.		
Holding	20,307,726	2.45%
Other attributable situations	0	0.00%
Total attributed	20,307,726	2.45%
Henderson Group plc		
Holding	19,465,726	2.34%
Other attributable situations	0	0.00%
Total attributed	19,465,726	2.34%
Standard Life Aberdeen Plc[1]		
Holding		
Other attributable situations	20,174,168	2.43%
Total attributed	20,174,168	2.43%
Standard Life Investments Limited[1]		
Holding	n.a.	2.15%
Other attributable situations		
Total attributed	n.a.	2.15%
Templeton Global Advisors Limited		
Holding	16,870,865	2.03%
Other attributable situations	0	0.00%
Total attributed	16,870,865	2.03%

1) On 18 August 2017, Standard Life Aberdeen plc notified Galp that, as a result of the completion of the court-sanctioned scheme of arrangement and all-share merger under Part 26 of the Companies Act 2006 of Aberdeen Asset Management PLC and Standard Life plc, which became effective on 14 August 2017, the new combined group's holding in Galp's share capital and voting rights is of 2.43%, of which 2.39% held indirectly through shares and 0.04% held through financial instruments. Standard Life Investments Limited, one of the underlying investment management entities, manages 2.15% of voting rights, above the 2% threshold.

Description of the main shareholders and arrangements in place which may result in a change of the shareholder structure

Amorim Energia B.V. (**Amorim Energia**) has its head office in the Netherlands and its shareholders are Power, Oil & Gas Investments, B.V. (35 per cent.), Amorim Investimentos Energéticos, SGPS, S.A. (20 per cent.) and Esperaza Holding, B.V. (45 per cent.). It should be noted that, in May 2013, Amorim Energia issued bonds convertible into Galp shares, representing approximately 3 per cent. of Galp's share capital. The bonds are due in 2018 and were placed with an exchange price of EUR15.8919.

Parpública is a limited liability company held by the Portuguese State that manages equity holdings held by the Portuguese state in a number of companies.

BlackRock, Inc. is a global investment management firm founded in 1988. It is based in New York and listed on the New York Stock Exchange (**NYSE**).

Henderson Group plc is an investment management firm founded in 1934, based in London and listed on the London Stock Exchange.

Standard Life Aberdeen plc is an investment company with headquarters in Edinburgh and operations around the globe. In March 2017, the merger of Aberdeen Asset Management PLC and Standard Life plc was completed to form Standard Life Aberdeen plc, one of the world's largest investment companies.

Templeton Global Advisors Limited is a financial investment firm based in San Mateo, California, listed on the NYSE.

Galp's shareholding structure has been evolving over time. As at the end of September 2017, the number of Galp shares freely traded in the market amounted to 490,757,134, corresponding to 59.18% of the Company share capital. It is worth noting the sale, during 2016, of 41,462,532 shares by Amorim Energia, which now holds a 33.34 per cent. stake in Galp's share capital.

TAXATION

Portugal

The following description summarises the material anticipated tax consequences relating to an investment in the Notes according to Portuguese law. The description does not deal with all possible consequences of an investment in the Notes and is not intended as tax advice. Accordingly, each prospective investor should consult its own professional advisor regarding the tax consequences to it of an investment in the Notes under local or foreign laws to which it may be subject. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

Republic of Portugal Taxation

Portuguese taxation relating to all payments by the Issuer in respect of Notes issued within the scope of Decree-law no. 193/2005

Further to the amendments introduced by Law 83/2013, of 9 December 2013, the description of Decree-law no. 193/2005, of 7 November 2005, as amended from time to time (**Decree-law no. 193/2005**) in the below paragraphs applies *(i)* to Notes issued on or after 1 January 2014 or, if the Notes were issued before, to the income obtained after the first interest payment date falling after 31 December 2013 and also *(ii)* to Notes issued with a maturity of 397 days or less.

This section summarises the tax consequences of holding Notes issued by the Issuer when such Notes are integrated *(i)* and held through Interbolsa, as management entity of the **CVM** (*Central de Valores Mobiliários*), the Portuguese centralised system of registration of securities or *(ii)* in an international clearing system operated by a managing entity established in a member state of the EU other than Portugal or *(iii)* in a EEA Member State provided, in this case, that such State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States or *(iv)* integrated in other centralised systems not covered above provided that, in this last case, the Portuguese Government authorises the application of the Decree-law no. 193/2005 and have been issued within the scope of the Decree-law no. 193/2005. References in this section are construed accordingly.

Investment income (i.e. economic benefits derived from interest, amortisation or reimbursement premiums as well as other forms of remuneration which may be paid under the Notes) on the Notes, paid to a corporate holder of Notes (who is the effective beneficiary thereof (the **Beneficiary**)) resident for tax purposes in Portuguese territory or to a non-Portuguese resident having a permanent establishment therein to which income is attributable, is subject to withholding tax currently at a rate of 25 per cent., except where the Beneficiary is either a Portuguese resident financial institution (or a non-resident financial institution having a permanent establishment in the Portuguese territory to which income is imputable) or benefits from a reduction or a withholding tax exemption as specified by current Portuguese tax law (such as pension funds, retirement and/or education savings funds, share savings funds, venture capital funds and collective investment undertakings constituted under the laws of Portugal). In relation to Beneficiaries that are corporate entities resident in Portuguese territory (or non-residents having a permanent establishment therein to which income is imputable), withholding tax is treated as a payment in advance and, therefore, such Beneficiaries are entitled to claim appropriate credit against their final corporate income tax liability. If the payment of interest or other investment income on Notes is made available to Portuguese resident individuals, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects to aggregate such income to his taxable income, subject to tax at progressive income tax rates of up to 48 per cent. In the latter circumstance an additional surcharge will be due on the part of the taxable income exceeding EUR80,000 as follows: (i) 2.5 per cent. on the part of the taxable income

exceeding EUR80,000 up to EUR250,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding EUR250,000. Additionally, in case the income aggregation is chosen, an additional surtax is due for the tax year of 2017 according to the taxpayer's taxable income, as follows: (i) 0.88 per cent. for taxable income exceeding EUR20,261 up to €40,522; (ii) 2.75 per cent. for taxable income exceeding EUR40,522 up to EUR80,640 and (iii) 3.21 per cent. for taxable income above €80,640.

Investment income paid or made available on accounts held by one or more parties on account of unidentified third parties is subject to a withholding tax rate of 35 per cent., except where the beneficial owner of the income is identified, in which case the general rules will apply.

Pursuant to Decree-law no. 193/2005, investment income paid on, as well as capital gains derived from a sale or other disposition of the Notes, to non-Portuguese resident Noteholders will be exempt from Portuguese income tax provided the debt securities are integrated in *(i)* a centralised system for securities managed by an entity resident for tax purposes in Portugal (such as the CVM managed by Interbolsa), or *(ii)* an international clearing system operated by a managing entity established in a member state of the EU other than Portugal or in an EEA Member State provided, in this case, that such State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States or *(iii)* integrated in other centralised systems not covered above provided that, in this last case, the Portuguese Government authorises the application of the Decree-law no. 193/2005, and the beneficiaries are:

(a) central banks or governmental agencies; or

(b) international bodies recognised by the Portuguese State; or

(c) entities resident in countries or jurisdictions with which Portugal has a double tax treaty in force or a tax information exchange agreement; or

(d) other entities without headquarters, effective management or a permanent establishment in the Portuguese territory to which the relevant income is attributable and which are not domiciled in a blacklisted jurisdiction as set out in the Ministerial Order no. 150/2004, as amended.

For the purposes of application at source of this tax exemption regime, Decree-law no. 193/2005 requires completion of certain procedures and the provision of certain information. Under these procedures (which are aimed at verifying the non-resident status of the Noteholder), the Noteholder is required to hold the Notes through an account with one of the following entities:

(a) a direct registered entity, which is the entity with which the debt securities accounts that are integrated in the centralised system are opened;

(b) an indirect registered entity, which, although not assuming the role of the "direct registered entities", is a client of the latter; or

(c) an international clearing system, which is an entity that proceeds, in the international market, to clear, settle or transfer securities which are integrated in centralised systems or in their own registration systems.

Capital gains obtained by non-resident individuals that are not entitled to said exemption will be subject to taxation at a 28 per cent. flat rate. Accrued interest does not qualify as capital gains for tax purposes. If the exemption does not apply in case of non-resident legal entities, the gains will be subject to corporate income tax at a rate of 25 per cent. Under the tax treaties entered into by Portugal, such gains obtained either by

individuals or legal persons are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

Capital gains obtained on the disposal of Notes issued by the Issuer, by corporate entities resident for tax purposes in the Republic of Portugal and by non-residents corporate entities with a permanent establishment therein to which the income or gain are attributable are included in their taxable income and are subject to corporate income tax at a 21 per cent. tax rate or at a 17 per cent. tax rate on the first EUR15,000 in the case of small or small and medium-sized enterprises, to which a municipal surcharge ("*derrama municipal*") of up to 1.5 per cent. of its taxable income may be added. A state surcharge ("*derrama estadual*") also applies at 3 per cent. on taxable profits in excess of EUR1,500,000 and up to EUR7,500,000, 5 per cent. on taxable profits in excess of EUR7,500,000 and up to EUR35,000,000 and 7 per cent. on taxable profits in excess of EUR35,000,000.

Capital gains obtained on the disposal of Notes issued by the Issuer, by individuals resident for tax purposes in the Republic of Portugal are subject to tax at a rate of 28 per cent. levied on the positive difference between the capital gains and capital losses realised on the transfer of securities and derivatives of each year, unless the individual elects to include such income in his taxable income, subject to tax at progressive income tax rates of up to 48 per cent. In the latter circumstance an additional surcharge will be due on the part of the taxable income exceeding EUR80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding EUR80,000 up to EUR250,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding EUR250,000. Additionally, in case the income aggregation is chosen, an additional surtax is due for the tax year of 2017 according to the taxpayer's taxable income, as follows: (i) 0.88 per cent. for taxable income exceeding EUR20,261 up to EUR40,522; (ii) 2.75 per cent. for taxable income exceeding EUR40,522 up to €80,640 and (iii) 3.21 per cent. for taxable income above €80,640.

Domestic Cleared Notes – held through a direct registered entity

Direct registered entities are required to register the Noteholders in one of two accounts: (i) an exempt account or (ii) a non-exempt account. Registration in the exempt account is crucial for the tax exemption to apply upfront and requires evidence of the non-resident status of the Beneficiary, to be provided by the Noteholder to the direct registered entity (this will have to be made by no later than the second ICSD Business Day prior to the Relevant Date, as defined in Condition 7 of the Terms and Conditions of the Notes (*Taxation*)), as follows:

(a) if the Noteholder is a central bank, an international body recognised as such by the Portuguese State, or a public law entity and respective agencies, a declaration issued by the beneficial owner of the Notes itself duly signed and authenticated, or proof of non residence pursuant to (d) below. The respective proof of non-residence in Portugal is provided once, its periodical renewal not being necessary and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;

(b) if the Noteholder is a credit institution, a financial company, a pension fund or an insurance company domiciled in any OECD country or in a country with which Portugal has entered into a double taxation treaty, certification shall be made by means of the following: (A) its tax identification official document; or (B) a certificate issued by the entity responsible for such supervision or registration, or by the tax authorities, confirming the legal existence of the beneficial owner of the Notes and its domicile; or (C) proof of non residence pursuant to (d) below. The respective proof of non-residence in Portugal is provided once, its periodical renewal not being necessary and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;

(c) if the Noteholder is an investment fund or other collective investment scheme domiciled in any OECD country or in a country with which Portugal has entered into a double tax treaty in force or has a tax information exchange agreement in force, it shall make proof of its non-resident status by providing any of the following documents: *(a)* a declaration issued by the entity responsible for its supervision or registration or by the relevant tax authority, confirming its legal existence, domicile and law of incorporation; or *(b)* proof of non-residence pursuant to the terms of paragraph (d) below. The respective proof of non-residence in Portugal is provided once, its periodical renewal not being necessary and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;

(d) other investors will be required to make proof of their non-resident status by way of: *(a)* a certificate of residence or equivalent document issued by the relevant tax authorities; *(b)* a document issued by the relevant Portuguese Consulate certifying residence abroad; or *(c)* a document specifically issued by an official entity which forms part of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country. The Noteholder must provide an original or a certified copy of such documents and, as a rule, if such documents do not refer to a specific year and do not expire, they must have been issued within the three years prior to the relevant payment or maturity dates or, if issued after the relevant payment or maturity dates, within the following three months. The Noteholder must inform the registering entity immediately of any change in the requirement conditions that may eliminate the tax exemption.

Internationally Cleared Notes – held through an entity managing an international clearing system

Pursuant to the requirements set forth in the tax regime, if the Notes are registered in an account held by an international clearing system operated by a managing entity, the latter shall transmit, on each interest payment date and each relevant redemption date, to the direct register entity or to its representative, and with respect to all accounts under its management, the identification and quantity of securities, as well as the amount of income, and, when applicable, the amount of tax withheld, segregated by the following categories of beneficiaries:

(a) entities with residence, headquarters, effective management or permanent establishment to which the income would be imputable in Portugal and which are non-exempt and subject to withholding;

(b) entities which have residence in a country, territory or region with a more favourable tax regime, included in the Portuguese "blacklist" (countries and territories listed in Ministerial Order no. 150/2004) and which are non-exempt and subject to withholding;

(c) entities with residence, headquarters, effective management or permanent establishment to which the income would be imputable in Portugal, and which are exempt or not subject to withholding;

(d) other entities which do not have residence, headquarters, effective management or permanent establishment to which the income generated by the securities would be imputable in Portugal.

On each interest payment date and each relevant redemption date, the following information with respect to the beneficiaries that fall within the categories mentioned in paragraphs (a), (b) and (c) above, should also be transmitted:

(a) name and address;

(b) tax identification number (if applicable);

(c) identification and quantity of the securities held; and

(d) amount of income generated by the securities.

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax was withheld, a special refund procedure is available under the special regime approved by Decree-law no. 193/2005, as amended from time to time. The refund claim is to be submitted to the direct register entity of the Notes within 6 months from the date the withholding took place. A special tax form for these purposes was approved by Order (*despacho*) 2937/2014, published in the Portuguese Official Gazette, second series, no. 37, of 21 February 2014, issued by the Portuguese Secretary of State of Tax Affairs (currently *Secretário de Estado e Assuntos Fiscais*) and may be available at www.portaldasfinancas.gov.pt.

The refund of withholding tax after the above six-month period is to be claimed from the Portuguese tax authorities within two years, starting from the term of the year in which the withholding took place.

The absence of evidence of non-residence in respect to any non-resident entity which benefits from the above mentioned tax exemption regime shall result in the loss of the tax exemption and consequent submission to the applicable Portuguese general tax provisions.

Portuguese taxation relating to all payments by the Issuer in respect of Notes issued out of the scope of Decree-law no. 193/2005

The tax considerations made above in relation to corporate holders of Notes resident for tax purposes in Portuguese territory, non-Portuguese resident having a permanent establishment therein to which income is attributable, investment income paid or made available on accounts held by one or more parties on account of unidentified third parties, as well as to individuals resident for tax purposes in the Republic of Portugal also apply in case of Notes issued out of the scope of Decree-law no. 193/2005.

Investment income paid to non-Portuguese resident corporate entities or individuals in respect of Notes are subject to withholding tax at a rate of 25 per cent. (in case of corporate entities), at a rate of 28 per cent. (in case of individuals) or at a rate of 35 per cent. (in case of investment income payments *(i)* to individuals or corporate entities domiciled in a "low tax jurisdiction" list approved by Ministerial Order no. 150/2004, or *(ii)* to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties, in which the relevant beneficial owner(s) of the income is/are not identified), as the case may be; or if applicable, at reduced withholding tax rates pursuant to tax treaties signed by the Republic of Portugal, provided that the procedures and certification requirements established by the relevant tax law are complied with.

Capital gains obtained from a sale or other disposition of Notes by individuals non-resident in Portugal for tax purposes are exempt from Portuguese capital gains taxation, unless the individual is domiciled in a "low tax jurisdiction" list approved by Ministerial Order no.150/2004. If the exemption does not apply, the positive difference between such gains and gains on other securities and losses in securities is subject to tax at 28 per cent., which is the final tax on that income. Accrued interest does not qualify as capital gains for tax purposes.

Capital gains obtained on the disposal of Notes by a legal person non-resident in Portugal for tax purposes and without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation, unless the share capital of the holder is more than 25 per cent. directly or indirectly held by Portuguese resident entities or if the holder is domiciled in a "low tax jurisdiction" list approved by Ministerial Order no.150/2004. If the exemption does not apply, the gains will be subject to tax at 25 per cent.

Under the tax treaties entered into by Portugal, the above gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

2 Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as **FATCA**, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions.

The United States has reached a Model 1 intergovernmental agreement with Portugal, signed on 6 August 2015 and ratified by Portugal on 5 August 2016 and which has entered into force on 10 August 2016. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under Condition 13 (Further Issues)) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Portugal has implemented, through Law 82-B/2014, of 31 December, the legal framework based on reciprocal exchange of information on financial accounts subject to disclosure in order to comply with FATCA.

Through Decree-Law no. 64/2016, of 11 October, amended by Law no. 98/2017, of 24 August, the Portuguese government approved the complementary regulation required to comply with FATCA. Under the referred legislation the Issuer is required to obtain information regarding certain accountholders and report such information to the Portuguese Tax Authorities, which, in turn, will report such information to the United States Internal Revenue Service.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

3. Administrative cooperation in the field of taxation

The EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the **Savings Directive**), as amended by Council Directive 2014/48/EU, of 24 March 2014, was repealed by Council Directive 2015/2060, of 10 November 2015. The aim was the adoption of a single and more comprehensive cooperation system in the field of taxation in the European Union under Council Directive 2011/16/EU, of 15 February 2011. The new regime under Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU, of 9 December 2014, introduced the automatic exchange of information in the field of taxation concerning bank accounts and is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. This regime is generally broader in scope than the Savings Directive. Notwithstanding the repeal of the Savings Directive as of 1 January 2016, certain provisions will continue to apply for a transitional period.

Portugal has implemented the Savings Directive into the Portuguese law through Decree-law no. 62/2005, of 11 March 2005, as amended from time to time. The forms currently applicable to comply with the reporting obligations arising from the implementation of the Savings Directive were approved by Ministerial Order (*Portaria*) no. 563-A/2005, of 28 June 2005, and may be available for consultation at www.portaldasfinancas.gov.pt.

Accordingly, as a consequence of repealing of the Savings Directive by the recent Council Directive (EU) 2015/2060 of 10 November 2015, it is expected that Decree-law no. 62/2005, of 11 March 2005, as amended from time to time, as well as the forms approved by Ministerial Order (*Portaria*) no. 563-A/2005, of 28 June 2005, will be revoked.

Under Council Directive 2014/107/EU, of 9 December 2014, financial institutions are required to report to the tax authorities of their respective Member State (for the exchange of information with the state of residence) information regarding bank accounts, including custodial accounts, held by individual persons residing in a different Member State or entities which are controlled by one or more individual persons residing in a different Member State, after having applied the due diligence rules foreseen in the Directive. The information refers to the account balance at the end of the calendar year, income paid or credited in the account and the proceeds from the sale or redemption of the financial assets paid or credited in the account during the calendar year to which the financial institution acted as custodian, broker, nominee, or otherwise as an agent for the account holder, among others.

The Council Directive 2014/107/EU, of 9 December 2014 regarding the mandatory automatic exchange of information in the field of taxation was implemented into Portuguese law through the Decree-law no. 64/2016, of 11 October 2016. In addition, the information regarding the registration of the financial institutions, and the procedures to comply with the reporting obligations arising from Decree-law no. 64/2016, of 11 October 2016, and the applicable forms were approved by Ministerial Order (*Portaria*) no. 302-A/2016, of 2 December 2016, Ministerial Order (*Portaria*) no. 302-B/2016, of 2 December 2016, Ministerial Order (*Portaria*) no. 302-C/2016, of 2 December 2016, Ministerial Order (*Portaria*) no. 302-D/2016, of 2 December 2016, amended by Ministerial Order (*Portaria*) no. 255/2017, of 14 August 2017, and Ministerial Order (*Portaria*) no. 302-E/2016, of 2 December 2016.

In any case investors should consult their own tax advisers to obtain a more detailed explanation of this regime and how it may individually affect them.

4. The proposed financial transaction tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia, Slovakia (the **participating Member States**) and Estonia. However, Estonia has since stated that it will not participate.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 6 November 2017, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to EEA Retail Investors

From 1 January 2018, unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**); and

(b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prior to 1 January 2018, and from that date if the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and

- the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and, where the context so requires, includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons: (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act of 2000, as amended (**FSMA**) by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Portugal

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code unless the requirements and provisions applicable to the public offering in Portugal are met and registration, filing, approval or recognition procedure with the CMVM is made. In addition, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as an offer to the public (*oferta pública*) of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be; (ii) it has not distributed, made available or cause to be distributed and will not distribute, make available or cause to be distributed the Offering Circular or any other offering material relating to the Notes to the public in Portugal; other than in compliance with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation implementing the Prospectus Directive and any applicable

CMVM Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, including compliance with the rules and regulations that require the publication of a prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular or any Final Terms and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers has represented that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

ALTERNATIVE PERFORMANCE MEASURES

In accordance with the ESMA Guidelines that came into force on 3 July 2016, the APMs used in this Offering Circular are disclosed below.

The APMs derive from the financial statements prepared in accordance with the financial reporting framework applicable to the Issuer and are understood as a financial measure of historical or future financial performance, financial position, or cash flows. They should not be considered in isolation as they are not measures of financial performance and their comparison with APMs used by other companies should be carried out with caution as the definition and calculation methods considered by the Issuer may differ from others.

Galp discloses these APMs to assist investors in understanding its financial performance, as they constitute additional financial information and Galp believes they represent useful indicators of the financial performance when read in addition to the financial statements. The Company also discloses its results on a Replacement Cost Adjusted (**RCA**) basis, excluding non-recurring items and the inventory effect, the latter because the cost of goods sold and raw materials consumed has been calculated with the Replacement Cost (**RC**) valuation method. Such measures shall not, under any circumstance, replace the financial information produced under the applicable reporting framework.

Following the recommendations of ESMA Guidelines, the Company has defined and explained the purpose of the following APMs used in the Offering Circular:

1. EBITDA

EBITDA IFRS, when used by the Issuer, means revenue from sales and services rendered, cost of sales, external supplies and services, employee costs and other operating income and other operating costs. EBITDA IFRS may not be comparable to other similarly titled measures from other companies. The Company has included EBITDA IFRS as a supplemental disclosure because management believes it provides useful information regarding the Company's ability to service debt and to fund capital expenditures and provides a helpful measure for comparing its operating performance with that of other companies.

The reconciliation between EBITDA IFRS and the 2016 Annual Report (including the financials for the years ended 31 December 2016 and 31 December 2015 therein), 1H2017 Report and Q32017 Report is as follows:

Consolidated (€m)	**2015**	**2016**	**1H17**	**9M17**
Sales	14,869	12,488	7,314	11,059
Services rendered	634	631	309	456
Other operating income	101	121	56	84
Cost of sales	(12,793)	(10,136)	(5,822)	(8,775)
External supplies and services	(1,228)	(1,285)	(762)	(1,129)
Employee Costs	(343)	(334)	(150)	(233)
Other operating costs	(66)	(98)	(37)	(54)
EBITDA IFRS	**1,174**	**1,389**	**908**	**1,407**

EBITDA RCA, when used by the Issuer, means the EBITDA IFRS as defined above, adjusted by Replacement Cost method and excluding any non-current events, as stated in chapter 4.3 – pages 62 and 63 – of the 2016 Annual Report. The reconciliation between EBITDA RCA and Galp's 2016 Annual Report (including the financials for the years ended 31 December 2016 and 31 December 2015 therein) , 1H2017 Report and Q32017 Report is as follows:

Consolidated (€m)	EBITDA IFRS	Inventory Effect	Non-recurring items	EBITDA RCA
2015	1,174	357	7	1,538
2016	1,389	(20)	42	1,411
1H17	908	(18)	3	892
9M17	1,407	(31)	3	1,379

The Company has included EBITDA RCA as a supplemental disclosure because Galp believes it provides useful information regarding the Company's ability to service debt and to fund capital expenditures and provides a helpful measure for comparing its operating performance with that of other companies.

2. EBIT

EBIT IFRS, when used by the Issuer, means the EBITDA IFRS including amortisation, depreciation and impairment losses on fixed assets and provisions and impairment losses on receivables. EBIT IFRS may not be comparable to other similarly titled measures from other companies. Galp considers EBIT IFRS to be a good measure of the profit the company generates from its operations, as it ignores tax and interest expenses and it focuses solely on its ability to generate earnings from operations.

The EBIT IFRS corresponds to "Operating result" of Galp's Consolidated Income Statement (page 172 of the 2016 Annual Report).

EBIT RCA, when used by the Issuer, means the EBITDA RCA as defined above, including the adjusted depreciation & amortisation and provisions, as stated in chapter 4.3 – pages 62 and 63 – of the 2016 Annual Report. The reconciliation between EBIT RCA and the 2016 Annual Report (including the financials for the years ended 31 December 2016 and 31 December 2015 therein), 1H2017 Report and Q32017 Report is as follows:

Consolidated (€m)	EBIT IFRS	Inventory Effect	Non-recurring items	EBIT RCA
2015	423	357	189	969
2016	544	(20)	249	772
1H17	485	(18)	6	473
9M17	799	(31)	7	775

3. Net Income

Net Income IFRS, when used by the Issuer, means the EBIT IFRS as defined above and including financial income and costs, exchange losses and gains, income from financial investments and impairment losses on Goodwill, income from financial instruments, income tax, Energy sector extraordinary contribution and non-controlling interests. Galp includes this measure as it is considered to be an important measure of how

profitable the Company is over a period of time. However, Net Income may not be comparable to other similarly titled measures from other companies.

The Net Income IFRS corresponds to "Income attributable to: Galp Energia SGPS, S.A. Shareholders" of Galp's Consolidated Income Statement (page 172 of the 2016 Annual Report).

Net Income RCA, when used by the Issuer, means the EBIT RCA as defined above, including the adjusted net income from associated companies, financial results, taxes and non-controlling interests, as stated in chapter 4.3 – pages 62 and 63 – of the 2016 Annual Report. The reconciliation between Net Income RCA and the 2016 Annual Report (including the financials for the years ended 31 December 2016 and 31 December 2015 therein), 1H2017 Report and Q32017 Report is as follows:

Consolidated (€m)	Net Income RCA	Inventory Effect	Non-recurring items	Net Income IFRS
2015	639	(272)	(244)	123
2016	483	20	(324)	179
1H17	250	18	(35)	234
9M17	416	30	(48)	397

4. Net Debt

Net Debt, when used by the Issuer, means the long-term and short-term liabilities liquid of cash and cash equivalents and the loan to Sinopec. Net Debt may not be comparable to other similarly titled measures from other companies. The Company has included Net Debt as a supplemental disclosure as Galp believes that this measure provides useful information regarding the Company's ability to pay off its debts if they became due simultaneously on the day of calculation, using only its available cash and highly liquid assets.

The reconciliation between Net Debt and the 2016 Annual Report (including the financials for the years ended 31 December 2016 and 31 December 2015 therein), 1H2017 Report and Q32017 Report is as follows:

Financial statements line item - consolidated (€m)	Offering Circular item	2015	2016	1H17	9M17
Bank Loans (Non-current liabilities)	Long Term Debt	1,151	912	971	940
Bonds (Non-current liabilities)	Long term Debt Loans	1,908	1,666	1,097	1,098
Bank loans and overdrafts (Current liabilities)	Short Term Bank Loans and Overdrafts	247	308	242	142
Bonds (Current liabilities)	Short Term Debt Loans	246	17	566	567
Cash and Cash Equivalents	Cash and Cash Equivalents	(1,130)	(1,033)	(1,020)	(780)
Loans to Sinopec	Loans to Sinopec	(723)	(610)	(527)	(512)
	Net Debt	**1,699**	**1,260**	**1,329**	**1,455**

5. Balance Sheet

On page 83 of this Offering Circular, a balance sheet has been included. This balance sheet may not be comparable to other companies' balance sheets. The Company has included a balance sheet as a supplemental disclosure because management believes that provides an overview using relevant key metrics to assess its financial position.

The reconciliation between the balance sheet and the 2016 Annual Report (including the financials for the years ended 31 December 2016 and 31 December 2015 therein), 1H2017 Report and Q32017 Report is as follows:

IFRS Balance Sheet	Balance sheet presented on this Offering Circular	2015	2016	1H17	9M17
Tangible Assets, Goodwill, Intangible Assets, Investments in Associates and Joint Ventures, Other Financial Investments (non-current)	Net fixed assets	7,892	7,721	7,458	7,505
Defined below	Work in progress	2,077	2,650	2,460	2,463
Defined in this OC in this Alternative Performance Measures Annex	Working capital	557*	512*	583	565
Loan to Sinopec	Loan to Sinopec	723	610	527	512
Defined below	Other assets (liabilities)	(562)*	(470)*	(628)	(694)
Defined below	Carry of Public Participation Interest - reclassification	0	42	33	46
	Capital employed	**8,610**	**8,414**	**7,974**	**7,934**
Defined in this OC in this Alternative Performance Measures Annex adding back the Loan to Sinopec	Net debt	2,422	1,870	1,856	1,967
Total Equity	Equity	6,188	6,543	6,118	5,968
	Net debt + Equity	**8,610**	**8,414**	**7,974**	**7,934**

* Amount restated to ensure comparability of definitions with remaining periods presented.

"Work in Progress" refers to the tangible and intangible assets that are still in progress. The figures reconcile to the information of the table in page 269 and 271, note "12.1 Detail of Tangible and Intangible Assets" and note "12.2 Movement in Tangible and Intangible Assets" of the 2016 Annual Report, page 59 and 60, note "12.1 Detail of Tangible and Intangible Assets" and note "12.2 Movement in Tangible and Intangible Assets" of the 1H2017 Report and page 49 and 50, note "12.1 Detail of Tangible and Intangible Assets" and note "12.2 Movement in Tangible and Intangible Assets" of the Q32017 Report:

Consolidated (€m)	2015	2016	1H17	9M17
Tangible Assets - work in progress	2,048	2,611	2,419	2,418
Intangible Assets – work in progress	29	39	41	45
Total Work in progress	**2,077**	**2,650**	**2,460**	**2,463**

"Other Assets (liabilities)" refers to non-current trade receivables, non-current receivables and payables (note "14. Other Receivables", note "24. Other Payables") except for Tangible and Intangible Assets Suppliers and State and Other Public Entities; Post-employment and other employee benefits liabilities; Current Income Tax Payable; Income Tax Receivable; Deferred Tax Assets; Deferred Tax Liabilities; Provisions for abandonment of blocks (note "25. Provisions"); Energy Sector Extraordinary Contribution included in Provisions for other risks and charges (note "25. Provisions"); Deferred Charges – Energy Sector Extraordinary Contribution (current) accrued of State and Other Public Entities – Energy Sector Extraordinary Contribution payable (for 1H2017 and Q32017); Other financial investments (current assets), Other financial instruments (current and non-current liabilities).

Carry of public participation interest reflects the amount, which in accordance with management estimates will be recovered in the short term.

6. Working Capital

Working Capital, when used by the Issuer, means the operating current assets in excess of the current liabilities. Working Capital may not be comparable to other similarly titled measures from other companies. The Company has included Working Capital as a supplemental disclosure because management believes it provides useful information regarding the amount invested in order to conduct and support the current operations and provides a helpful measure for comparing its operating performance with that of other companies.

The reconciliation between Working Capital and the 2016 Annual Report (including the financials for the years ended 31 December 2016 and 31 December 2015 therein), 1H2017 Report and Q32017 Report is as follows:

Consolidated (€m)	2015	2016	1H17	9M17
Stocks (net from advances)	843	834	880	903
Trade Receivables (current)	805	1,041	959	1,014
Trade Payables (net from advances)	(654)	(843)	(721)	(792)
Tangible and intangible suppliers (net from advances)	(135)	(34)	(70)	(31)
State and other Public Entities	(283)	(272)	(314)	(480)
Provisions	(85)	(72)	(72)	(71)
Other operational assets and liabilities	66	(101)	(48)	67
Carry of Public Participation Interest - reclassification	0	(42)	(33)	(46)
Working Capital	**557***	**512**	**583**	**565**

* Amount restated to ensure comparability of definitions with remaining periods presented.

"Stocks (net from advances)" refers to Inventories in the financial statements deducted by the line item "Advances on Sales", note "24. Other Payables", in page 328 of the 2016 Annual Report; in page 80 of the 1H2017 Report and in page 70 of the Q32017 Report.

"Trade Payables (net from advances)" refers to Trade Payables in the financial statements deducted by the line item "Advances to Suppliers", note "14. Other Receivables", in page 280 of the 2016 Annual Report; in page 63 of the 1H2017 Report and in page 53 of the Q32017 Report

"Tangible and Intangible Suppliers (net from advances)" refers to the figures presented in page 328 of the 2016 Annual Report, in note "24. Other Payables", current and non-current, deducted by Advances to Tangible and Intangible Assets Suppliers and Operated Blocks and Non-operated Blocks on notes "24. Other Payables" and "14. Other Receivables", page 280. The same information can be found on notes 14 and 24 of the 1H2017 Report and Q32017 Report.

"State and Other Public Entities" refers to the amounts payable and due to/by the State and Other Public Entities, as defined "24. Other Payables" and "14. Other Receivables", in pages 280 and 328 of the 2016 Annual Report, note "24. Other Payables" and note "14. Other Receivables"; pages 80 and 63 of the 1H2017 Report, notes "24. Other Payables" and note "14. Other receivables"; pages 70 and 53 of the Q32017 Report. Figures for 1H2015 and Q32017 are deducted by the payable Energy Sector Extraordinary Contribution, included "State and Other Public Entities".

"Provision" considered for the table above are as follows and are defined in note "25. Provisions page 330 of the 2016 Annual Report, page 82 of the 1H2017 Report; page 72 of the Q32017 Report:

Consolidated (€m)	**2015**	**2016**	**1H17**	**9M17**
Lawsuits	(29)	(20)	(19)	(19)
Taxes	(33)	(31)	(34)	(33)
Other Risks and Charges	(20)	(17)	(15)	(16)
Environmental matters	(2)	(3)	(3)	(3)
Provisions	**(85)**	**(72)**	**(72)**	**(71)**

Provisions for Other Risks and Charges is deducted from the provision for the Energy Sector Extraordinary Contribution, as detailed in note "25. Provisions".

"Other Operational Assets and Liabilities" refers to the notes "14. Other Receivables" and "24. Other Payables" of the 2016 Annual Report, 1H2017 Report and Q32017 Report, current figures, except for Advances on Sales, Advances to Suppliers, Tangible and Intangible Assets Suppliers, Operated Blocks, Non-operated Blocks, State and Other Public Entities, Sinopec and Deferred Charges – Energy Sector Extraordinary Contribution.

7. Net Capex

Net Capex, when used by the Company, represents the increases in the line items Tangible Assets and Intangible Assets resulting from new investments of the period deducted from capitalised interest and provisions for abandonment of blocks. Net Capex may not be comparable to other similarly titled measures from other companies. The Company has included Net Capex as a supplemental disclosure as it believes that this measure provides useful information regarding its investments.

The reconciliation between Net Capex and the 2016 Annual Report (including the financials for the years ended 31 December 2016 and 31 December 2015 therein), 1H2017 Report and Q32017 Report is as follows:

Consolidated (€m)	2015	2016	1H17	9M17
Additions – Tangible assets and Additions by financial costs capitalization – Tangible assets (as presented in note 12.1 of the 2016 Annual Report and note 12.2 of the 1H2017 Report and Q32017 Report)	1,041	1,106	466	639
Additions – Intangible assets (as presented in note 12.2 of the 2016 Annual Report, 1H2017 Report and Q32017 Report)	39	40	7	13
Financial costs capitalization (as presented in note 12.1 of the 2016 Annual Report and note 12.2 of the 1H2017 Report and Q32017 Report)	(89)	(81)	(51)	(72)
Additions by financial costs capitalization – exchange rate differences	5	(9)	4	4
Provisions for abandonment of blocks	(13)	(35)	(82)	(105)
Tangible Assets Disposals	(72)	0	0	0
Financial Investments (increases)	279	32	68	159
Receipts on Financial Investments disposal	0	0	(22)	(22)
Net Capex	**(1,190)**	**(1,054)**	**(390)**	**(618)**

8. Free Cashflow after interest and dividends paid

Free Cashflow after interest and dividends paid, when used by the Issuer, means the cash flow generated through the operating activities and through entities that the Group has significant influence deducted from capex, tax, interest and dividends paid. Free Cashflow after interest and dividends paid may not be comparable to other similarly titled measures from other companies. The Company has included Free Cashflow after interest and dividends paid, as a supplemental disclosure because management believes it provides useful information regarding the Company's ability to generate operating and investment cash flow in the period and main sources of used, apart from debt repayment and provides a helpful measure for comparing its operating performance with that of other companies.

The reconciliation between Free Cashflow after interest and dividends paid and the 2016 Annual Report, 1H2017 Report and Q32017 Report is as follows:

Consolidated (€m)	2015	2016	1H17	9M17
EBIT	423	544	485	799
Dividends from associates	73	70	86	99
Depreciation, Depletion and Amortisation (DD&A)	720	835	415	593

Change in Working Capital	458	45*	(71)	(53)
Net interest	(116)*	(97)*	(40)	(59)
Taxes	(127)	(172)	(197)	(304)
Net capex	(1,190)	(1,054)	(390)	(618)
Dividend paid	(318)	(387)	(215)	(423)
Free Cashflow	**(77)**	**(216)**	**73**	**35**

* Amount restated to ensure comparability of definitions with remaining periods presented

"Dividends from Associates" as defined in page 241 of the 2016 Annual Report, note "4.5 Dividends from Financial Investments"; and in page 46, note "4.5 Dividends from Financial Investments" of the 1H2017 Report; and in page 37, note "4.5 Dividends from financial investments" of the Q32017 Report.

"Depreciation, Depletion and Amortisation (DD&A)" refers to the line item "Amortisation, Depreciation and Impairment Losses on Fixed Assets" as reported in the 2016 Annual Report, 1H2017 Report and Q32017 Report.

"Change in Working Capital" represents the change in "Working Capital", as defined above calculated by the variation between periods.

"Net interest" refers to the following line items:

Consolidated (€m)	**2015**	**2016**	**1H17**	**9M17**
Interest on bank deposits (note 8 to the financial statements)	23	27	11	16
Interest and other income with related companies (note 8 to the financial statements)	5	6	4	6
Interest on bank loans, bonds, overdrafts and other (note 8 to the financial statements)	(122)	(113)	(49)	(72)
Interest with related parties (note 8 to the financial statements)	(8)	(9)	(5)	(7)
Charges relating to loans and bonds (note 8 to the financial statements)	(17)	(13)	(6)	(9)
Financial costs – Abandonment of blocks (note 25 of the 1H2017 Report and Q32017 Report)	3	4	5	6
Net interest	**(116)**	**(97)**	**(40)**	**(59)**

"Taxes" refers to the line item "(payments)/ receipts of corporate income taxes (corporate income tax CIT, oil income tax IRP, special participation tax)" as reported in the 2016 Annual Report, 1H2017 Report and Q32017 Report.

"Net capex" is defined above in this Annex.

“Dividend Paid” as defined in page 350 of the 2016 Annual Report, note “30. Dividends”; and in page 91, note “30 .Dividends” of the 1H2017 Report; and in page 79, note “30 .Dividends” of the Q32017 Report.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes thereunder have been duly authorised by a resolution of the Board of Directors of the Issuer dated 25 October 2013. The update of the Programme and the issue of Notes thereunder have been duly authorised by a resolution of the Board of Directors of the Issuer dated 27 October 2017.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Notes is expected to be granted on or before 9 November 2017.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Lisbon:

(a) the constitutional documents (with a direct and accurate English translation thereof) of the Issuer;

(b) the 2015 Annual Report and the 2016 Annual Report;

(c) the 1H2017 Report;

(d) the Q32017 Report;

(e) the most recently published audited annual financial statements of the Issuer and the most recently published interim financial statements (if any) of the Issuer (with a direct and accurate English translation thereof), in each case together with any audit or review reports prepared in connection therewith;

(f) the Programme Agreement, the Interbolsa Instrument and the Agency Agreement;

(g) a copy of this Offering Circular;

(h) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms and any other documents incorporated herein or therein by reference;

(i) in the case of each issue of Notes admitted to trading on the London Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document); and

(j) in the event of a substitution pursuant to Condition 14 taking place, the deed poll and other documents as described in Condition 14.1(b).

Clearing Systems

The Notes have been accepted for registration and clearance through CVM managed by Interbolsa. The address of Interbolsa is Avenida da Boavista 3433, 4100-138 Porto, Portugal.

The Notes will also be eligible for clearing and settlement through Euroclear and Clearstream, Luxembourg holding Notes through a custodian that is an Affiliate Member of Interbolsa. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

If the Notes are to be cleared through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Significant or Material Change

There has been no significant change in the financial or trading position of the Group since 30 September 2017 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2016.

Litigation

There are no, and there have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued

under the Programme. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Third party information

The information set out in the table under the heading "Activities Description – Exploration & Production – Overview" on page 73 is sourced from a third party named DeGolyer and MacNaughton (**DeMac**). DeMac is a company incorporated in the United States with registered office at 5001 Spring Valley Road, Suite 800 East, Dallas, Texas 75244 USA, and, as an independent auditor, it has no material interest in Galp. According to the terms of the contract in force between Galp Exploração e Produção Petrolífera, S.A. and DeMac, no consent by DeMac is need in order to disclose the information disclosed in this Offering Circular**.**

The Issuer confirms that the information referred to above has been accurately reproduced and that, so far as it is aware and is able to ascertain from information provided by DeMac, no facts have been omitted which would render the reproduced information inaccurate or misleading.

ISSUER

Galp Energia, SGPS, S.A.
Rua Tomás da Fonseca
1600-209 Lisboa
Portugal

AGENT

Caixa - Banco de Investimento, S.A.
Av. João XXI, 63
1000-300 Lisboa
Portugal

LEGAL ADVISERS

To the Issuer as to Portuguese law
Vieira de Almeida & Associados, Sociedade de Advogados, S.P. R.L.
Av. Eng. Duarte Pacheco, n.º 26
1070-110 Lisboa
Portugal

To the Issuer as to English law
Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

To the Dealers as to Portuguese law
Morais Leitão, Galvão Teles, Soares da Silva & Associados, Sociedade de Advogados, S.P. R.L.
Rua Castilho, 165
1070-050 Lisbon
Portugal

To the Dealers as to English law
Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

AUDITORS

To the Issuer
PricewaterhouseCoopers & Associados – SROC, Lda.
Palácio Sottomayor,
Rua Sousa Martins, 1-3º
1069-316 Lisboa
Portugal

DEALERS

Banco Bilbao Vizcaya Argentaria, S.A.
Ciudad BBVA
Calle Sauceda 28, Edificio Asia
Madrid 28050
Spain

Banco BPI, S.A.
Largo Jean Monnet, 1-4th Floor
1269-067 Lisboa
Portugal

Banco Comercial Português, S.A.
Avenida Prof. Cavaco Silva (Tagus Park)
Edifício 2, Piso 2A
2744-002 Porto Salvo
Portugal

Banco Santander Totta, S.A.
Rua da Mesquita, 6, Torre B, 2º - A
1070-238 Lisboa
Portugal

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Caixa-Banco de Investimento, S.A.
Av. João XXI, 63
1000-300 Lisboa
Portugal

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Haitong Bank, S.A.
Rua Alexandre Herculano, 38
1269-180 Lisbon
Portugal

ING Bank N.V.
Foppingadreef 7
1102 BD Amsterdam
The Netherlands

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

Société Générale
29, Boulevard Haussmann
75009 Paris
France

UniCredit Bank AG
Arabellastrasse 12
81925 Munich
Germany