



**A POSITIVE AND
TRANSPARENT
GOVERNANCE
MODEL FOR ALL THE
SHAREHOLDERS**



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

© CORPORATE GOVERNANCE REPORT '07

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STATEMENT OF COMPLIANCE

The main feature of Galp Energia's (the "company", the "group" or the "corporation") posture on corporate governance is a transparent and consistent relationship with both investors and markets, primarily based on a governance model that safeguards the interests and rights of all shareholders.

To this end, Galp Energia complies with most recommendations on corporate governance by CMVM, Portugal's securities markets regulator, namely:

Statement of compliance with CMVM's recommendations

CMVM RECOMMENDATION	CURRENT STATUS
<p>1 Contact with the market Quoted companies should ensure they are in permanent contact with the market and should, therefore, create an Investor Relations Department.</p>	<p>Galp Energia has a fully-fledged investor relations department whose primary role is to ensure clear and consistent communications with the equity market for a coherent and complete perception of Galp Energia to be formed, thereby facilitating investor decisions.</p>
<p>2 Voting rights Active exercise of voting rights should not be restrained, namely by the imposition of a period longer than five business days for depositing shares prior to participation in a general meeting.</p>	<p>Galp Energia promotes the active exercise of voting rights, namely by requiring a period no longer than five days for depositing shares prior to participation in a general meeting. In addition, Galp Energia allows voting by mail, on any scale and without restrictions; votes sent by mail must be received one business day before the general meeting.</p>
<p>3 Internal control Companies must set up internal control systems designed to effectively detect risks to the company's operations.</p>	<p>Galp Energia has set up an internal control system for the effective detection of risks to the company's operations, which is administered by the Internal Audit corporate unit and a number of specialist internal committees.</p>
<p>4 Takeover bids Steps taken to thwart the success of takeover bids should take account of the interests of the company and its shareholders.</p>	<p>Galp Energia's articles of association do not contain any clauses aimed at averting the success of takeover bids or limiting voting rights.</p>
<p>5 Effective control by the board of directors The board of directors shall exercise effective control over the management of the company.</p>	<p>The board of directors makes decisions on the most important business affairs of the company. Permanent access to information about the company's operations and frequent meetings enable the board of directors to exercise effective control over the management of the company.</p>

Statement of compliance with CMVM's recommendations (continue)

CMVM RECOMMENDATION	CURRENT STATUS
<p>5A Non-executive directors The board of directors shall include a sufficient number of non-executive directors whose role is to monitor and evaluate management.</p>	<p>Out of seventeen directors, ten are non-executive directors whose role is to monitor and continually evaluate executive directors' management of the company.</p>
<p>6 Independent directors Non-executive directors shall include a sufficient number of independent directors.</p>	<p>In order to enhance transparent decision-making and safeguard the interests of all shareholders in line with CMVM's recommendation, Galp Energia's board of directors has two independent, non-executive directors.</p>
<p>7 Committees for reviewing the company's corporate governance practices The board of directors shall set up internal control committees to evaluate corporate governance practice.</p>	<p>Galp Energia's board of directors aims to adopt this recommendation and create an effective system that will consistently review and refine the company's governance practices.</p>
<p>8 Alignment of interests Directors' remuneration shall be structured so as to align their interests with those of the company and shall be disclosed individually on a yearly basis.</p>	<p>Galp Energia considers that this disclosure does not add relevant information to the company's good practice, namely the one already adopted for disclosing the remuneration of governing bodies.</p>
<p>8A Governing bodies remuneration The policy for remunerating the members of governing bodies shall be approved by the annual general meeting.</p>	<p>To the extent that a remuneration committee where shareholders are represented has been formally set up to establish the remuneration of governing bodies for three-year periods at a time, this recommendation should not be deemed applicable to Galp Energia.</p>
<p>9 Independence of the remuneration committee The members of the remuneration committee shall be independent of the directors.</p>	<p>In accordance with the principle of transparency, the independence of governing bodies and the company's articles of association, the members of the committee setting the remuneration of the members of the governing bodies of Galp Energia are independent of the members of the management and supervisory bodies and no kinship relations exist between them.</p>
<p>10 Stock and stock option plans Stock and stock option plans for directors or employees shall be subject to approval by the general meeting.</p>	<p>Galp Energia currently has no stock and stock option plans for directors or employees.</p>
<p>10A Whistleblowing procedures Internal whistleblowing procedures should be set up.</p>	<p>The board of directors intends to adopt an internal system of whistleblowing procedures.</p>
<p>11 Diligent use of voting rights and information by institutional investors Institutional investors should be mindful of their responsibilities regarding the exercise of rights arising from their ownership or management of securities.</p>	<p>Because it is aware of its responsibilities towards its shareholders and the broad capital markets, Galp Energia has a policy for consistent and transparent disclosure of information and encourages the exercise of voting rights with a view to promoting a diligent, effective and critical exercise of the rights to which institutional investors are entitled.</p>



01 INTRODUCTION

Flotation of Galp Energia's shares in October 2006 led the company to refine its governance model and improve its organisational set-up in order to provide full transparency into its decision-making to all shareholders.

With three core shareholders – Amorim Energia, Caixa Geral de Depósitos and Eni – that control 67% of the shares and have entered into a Shareholder Agreement, it is of the utmost importance to safeguard an equitable treatment of all shareholders, whether institutional or private.

As a consequence of its shareholder structure and the large number of private investors, Galp Energia experiences added responsibilities towards its investors. Therefore, the company is greatly concerned with having a transparent governance structure designed to safeguard the interests of small shareholders.

In its capacity as issuer of securities listed for trading on a regulated market, Galp Energia implemented in 2007 a policy for consistent and transparent communications with the market and was one of the issuers releasing the largest amount of price-sensitive information.

For this reason and on the back of all mechanisms and rules it has implemented, Galp Energia has a degree of compliance with CMVM's recommendations on corporate governance which is higher than the Portuguese equity market average.

As the first company from the Oil & Gas sector to be listed in Portugal, Galp Energia set out to provide information to the market not only about the nature of its operations but also about its own and its peers' governance practices.

Galp Energia is aware of the importance of adopting the best organisational models and the best practices of conduct and governance and, therefore, monitors progress of international best practice closely with a view to improving and strengthening its own governance.

This report was prepared in accordance with CMVM's recommendations and the information requirements contained in CMVM's Regulation N° 7/2001 of 20 December, amended by CMVM's Regulations N°s 11/2003 of 2 December and 10/2005 of 18 November – and its purpose is to present the most relevant aspects of Galp Energia's governance practice.

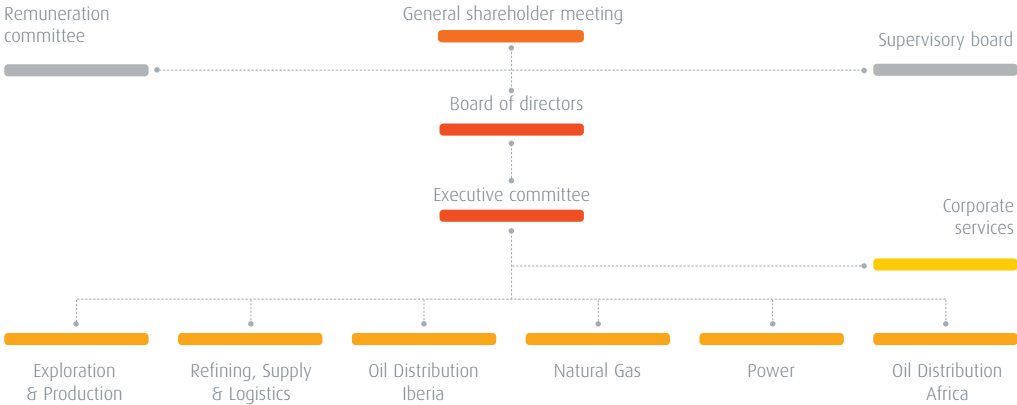


02 ORGANISATIONAL STRUCTURE

Galp Energia’s governance model aims at transparency and effectiveness and its primary goal is to separate clearly the board’s powers regarding supervision, control, strategy and relationships between shareholders and the company’s governing bodies

from those conferred to the executive committee whose powers, which are delegated by the board, are of an operating nature and consist of the day-to-day management of the business units and corporate services.

Galp Energia’s governance structure



The company's organisational structure consists of six Business Units and fifteen Corporate Services under the leadership and guidance of an executive director. The guiding principles of this structure are, flexibility, simplicity, efficiency and accountability and its purpose is to create shareholder value, namely by achieving synergies within the business units and between them.

With this purpose in mind, an organisational project was set up whose recommendations were approved by Galp Energia's board of directors on 23 July 2007. On 2 October 2007 a new corporate services' regulation was approved by the executive committee.

The main changes in the corporate services were the transfer of the Innovation unit from the Marketing

to the Development and Sustainability Department, the set-up of a new department combining the previously separated Property, Insurance and Premises units and the incorporation of the Human Resources Operations unit into the Human Resources Department.

The main change in the business units was in the Natural Gas unit as its role was redefined following the introduction of a new regulatory framework for the natural gas sector by a government decree of 15 February 2006 (*Decreto-Lei n° 30/2006*), completed by a second decree dated 26 July 2006 (*Decreto-Lei n° 140/2006*) - which ruled the separation of free and last-resort marketing from the distribution of natural gas.

Galp Energia's governance



Galp Energia discloses its financial information on a consolidated and segmental basis in accordance with best market practice. Therefore, the company reports its activities in three business segments: Exploration & Production (“E&P”), Refining & Marketing (“R&M”) and Gas & Power (“G&P”).

Galp Energia’s organisation in six business units is illustrated by the following table which shows the linkage between business units and segments.

Business Segments	Business Units					
	Exploration & Production	Refining, Supply & Logistics	Oil Distribution Iberia	Oil Distribution Africa	Natural Gas	Power
E&P	x					
R&M		x	x	x		
G&P					x	x



03 GOVERNING BODIES

Galp Energia’s management and supervisory structure is currently composed of a board of directors, a supervisory board and a firm of statutory auditors.

The board of directors has powers to set strategic guidelines, broadly supervise operations and monitor the day-to-day management of the company.

According to the company’s articles of association, management of Galp Energia’s business units is entrusted to the executive committee.

The governing bodies and the firm of statutory auditors are appointed for renewable periods of three calendar years. The year of appointment counts as a full year, the governing bodies are considered to take office as soon as they are elected and they stay in office until their successors are elected.

Governing body matters that are treated in the Shareholder Agreement, namely those dealing with the composition and resolutions of the various bodies, are covered in Chapter 11 of this report.

3.1 BOARD OF DIRECTORS

COMPOSITION

The board of directors shall have between 11 and 21 members who shall be elected by the general meeting, which also appoints the chairman. The composition of the board of directors obeys the rules laid down in the Shareholder Agreement, which are described in Chapter 11 of this report, namely regarding the number of directors to be appointed by each signatory to the agreement.

Galp Energia's board of directors is currently composed of 17 members⁽¹⁾, seven of which are also members of the executive committee.

Current composition of the board of directors

NAME	POSITION	YEAR OF APPOINTMENT
Francisco Luís Murteira Nabo	Chairman	2005
Manuel Ferreira De Oliveira	Vice-Chairman	2006
	Executive director	
Francesco Antonietti ⁽²⁾	Vice-Chairman	2007
	Executive director	
José António Marques Gonçalves	Executive director	2005
Fernando Manuel dos Santos Gomes	Executive director	2005
João Pedro Pinheiro de Figueiredo Brito	Executive director	2005
André Freire de Almeida Palmeiro Ribeiro	Executive director	2005
Enrico Griges ⁽³⁾	Executive director	2008
Camillo Gloria	Non-executive director	2000
Angelo Fanelli ⁽⁴⁾	Non-executive director	2007
Marco Alverà	Non-executive director	2006
Manuel Domingos Vicente	Non-executive director	2006
Carlos Nuno Gomes da Silva ⁽⁵⁾	Non-executive director	2007
Diogo Mendonça Rodrigues Tavares	Non-executive director	2006
Alberto Maria Alberti	Non-executive director	2006
Alberto Alves de Oliveira Pinto	Non-executive director	2006
Pedro António do Vadre Castelino e Alvim	Non-executive director	2006

(1) On 25 February 2008, Joaquim Augusto Nunes de Pina Moura tendered his resignation as director, effective from 31 March 2008.

(2) Appointed at the board meeting of 19 September 2007 in replacement for Giancarlo Rossi

(3) Appointed at the board meeting of 20 December 2007 in replacement for Massimo Giuseppe Rivara

(4) Appointed at the board meeting of 19 September 2007 in replacement for Angelo Taraborelli

(5) Appointed at the board meeting of 24 April 2007 in replacement for Manuel Carlos Costa da Silva

Pursuant to Article 447⁽⁶⁾ of the Companies Code, the current directors owned at 31 December 2007 the following number of shares in Galp Energia:

Number of shares held by members
of the board of directors

NAME	NUMBER OF SHARES
Francisco Luís Murteira Nabo	-
Manuel Ferreira De Oliveira	40,475
Francesco Antonietti	1,000
José António Marques Gonçalves	3,900
Fernando Manuel dos Santos Gomes	1,900
João Pedro Leitão Pinheiro de Figueiredo Brito	-
André Freire de Almeida Palmeiro Ribeiro	950
Enrico Grigesi	-
Camillo Gloria	-
Angelo Fanelli	-
Marco Alverà	-
Manuel Domingos Vicente	-
Carlos Nuno Gomes da Silva	2,410
Diogo Mendonça Rodrigues Tavares	940
Alberto Maria Alberti	-
Alberto Alves de Oliveira Pinto	15,000
Pedro António do Vadre Castelino Alvim	-

Directors are bound by strict conduct requirements whose purpose is to avert conflicts of interest in the exercise of their respective roles.

Accordingly, there is no kinship between directors, between supervisory board members, between supervisory board members and directors and between members of either body and the representative of the firm of statutory auditors.

Details about the positions held at 31 December 2007 by the present directors at Galp Energia group companies or elsewhere as well their professional qualifications and roles in the last five years – are appended to this report.

○ POWERS

The board's powers is to make decisions on matters deemed to be of great importance such as formulating corporate strategy, determining the company's organisational structure, defining the corporate business portfolio, promoting synergies between departments, approving investment projects carrying a high risk or a high cost, setting value-creation goals for each activity and monitoring execution of key activities.

The main tasks of the chairman of the board of directors, who is not a member of the executive committee, are to represent the company, to conduct the meetings of the board of directors and to supervise the relationship between the company and its shareholders. The chairman is elected by a two-thirds vote and the majority of votes attached to category A shares, whose rights are described in Chapter 9.

The chairman of the board of directors shall be given notice on any executive committee resolutions and, particularly, on interim resolutions about such matters on which a decision is exclusively reserved to the board which the executive committee intends to submit to board approval – in order for the chairman to include it on the agenda of board meetings. The chairman shall inform the board of directors about such resolutions by the executive committee that are of particular importance as well as submit to their approval those resolutions whose relevance may warrant board confirmation and those regarding matters on which a decision is exclusively reserved to the board.

The resolutions of the board of directors are generally adopted by a simple majority, except for certain matters requiring a two-thirds majority which are mentioned in the Articles of Association and the Shareholder Agreement, namely:

(6) Besides members of the management and supervisory bodies, Article 447, paragraph 5 of the Companies Code also requires information to be provided about shares owned by spouses, under-age successors, persons who have acquired shares on their own account or on the account of the mentioned persons, limited-liability companies where they are partners or members of the management or supervisory bodies or otherwise own at least half of the share capital or voting rights.

- Approval of strategic investments and related funding;
- Approval of annual budgets and business plans and any amendments to these documents as well as any resolutions not included in the budget or the plans that will result in a 20% increase in a given item or a 10% increase in the annual budget;
- Approval of transactions with parties related to shareholders which may exceed the amount of 20 million euros;
- Appointment of senior managers of Galp Energia or any company it controls directly;
- Issuance of bonds or other securities within the powers of the board of directors;
- Changes to the articles of association of companies controlled by Galp Energia;

There are other resolutions requiring a at least two-thirds majority including a favourable vote by the chairman and the favourable vote of at least one of the directors appointed by each party to the Shareholder Agreement individually – namely the following:

- Approval of strategic divestments by Galp Energia or any company it controls;
- Participation in activities outside Galp Energia's core business⁽⁷⁾, namely by acquisition of an equity stake in companies whose activities lie outside Galp Energia's core business;
- Choice of strategic partners for Galp Energia's main activities;
- Approval and review of Galp Energia's strategic guidelines, strategic plan and relevant business areas;
- Definition of the basic organisational and management structure including the delegation of powers by

the board of directors to the executive committee or one or more managing directors including the roles of each member of the executive committee;

- Limitation of the powers conferred to management of the companies controlled by Galp Energia;
- Break-up, merger or liquidation of any company controlled by Galp Energia;
- Signing of peer or subordinate group agreements by companies directly controlled by Galp Energia;
- Payment of dividends by companies controlled by Galp Energia;
- Matters related to the special rights of category A shares.

○ WORKINGS

The board of directors shall work in accordance with the procedural rules laid down in the company's organisational regulation approved at the start of each mandate. The approval or review of this regulation is subject to a simple majority of the directors' votes.

According to the provisions of the regulation approved by the board of directors on 31 May 2006 and currently in force, the board shall convene at least six times a year – although the company's articles of association only require quarterly meetings. Largely exceeding these minimum requirements, the board of directors met eighteen times in 2007. The meetings are convened by the chairman or two directors with at least five days' prior written notice to which the agenda is appended. For board meetings to be valid, the majority of directors must attend.

Galp Energia's articles of association expressly consider the possibility for directors to vote by correspondence. Accordingly, four resolutions were voted in 2007 by electronic mail.

(7) Core activities are considered to be exploration and production, refining, transportation, trading and distribution of oil and oil derivatives, gas and the production and marketing of electric power.

Main decisions made by the board of directors in 2007

DATE	DECISION
23 January	Approval of the project for optimisation of the refining operations at Matosinhos and Sines
7 March	Approval of the strategy for biofuels Approval of the change to the set-up of the Procurement and Refining area implying the separation of the areas for integrated margin management and logistics after it was deemed necessary to further specialise both
24 April	Approval of the Annual Report and Accounts for 2006 Appointment of Carlos Nuno Gomes da Silva as non-executive director of Galp Energia in replacement for Manuel Carlos Costa da Silva Approval of the executive committee's recommendation regarding the principles that should guide the payment of dividends Announcement that the annual general meeting will be held on 28 May at 11am
16 May	Announcement of unaudited results for the first quarter of 2007
21 May	Authorisation to the executive committee towards integration of the Spanish procurement and logistics operations of Galp Energia España, S.A.U. and AGIP España, S.A. Issuance of US dollar-denominated commercial paper for the countervalue of 275 million euros
28 May	Set-up of a company for the acquisition of research and production rights in East Timor
23 July	Participation in an international tender for concession of the right to operate the liquid bulk terminal and the management of waste at the port of Sines Set-up of companies initially controlled by LisboaGás, Lusitaniagás and Setgás for last-resort retailing in their respective concession areas in the framework for the process to unbundle the marketing and transportation of natural gas Transfer to natural gas distributors of regulated assets – mid-pressure gas pipelines and autonomous gas units (UAGs) – included in the concession to Galp Gás Natural, S.A. and located in the respective concession or licence geographical area in the framework for the process to unbundle the marketing and transportation of natural gas Liquidation of Driftal - Plásticos de Portugal, S.A. in the framework for Galp Energia's corporate restructuring Extension of Galp Energia España's object so as to include marketing of natural gas Acquisition of 10% in Probigalp - Ligantes Betuminosos, S.A. from Mota-Engil, with Petrogal now owning 60% of the company
27 July	Refining Master Plan – Award of FEED and EPC
8 August	Announcement of (unaudited) results for the first half and second quarter of 2007 Set-up of vehicle companies after a Galp Energia-led consortium provisionally won Phase B of a wind power tender for the award of reception points with an overall capacity of 400 MW (with a possible addition of 20%)
19 September	Approval of the audited accounts for the first half of 2007 Appointment of Francesco Antonietti as executive director of Galp Energia SGPS in replacement for Giancarlo Rossi Appointment of Angelo Fanelli as non-executive director of Galp Energia SGPS in replacement for Angelo Taraborrelli
4 October	Exercise of the option pursuant to the Shareholder Agreement for Galp Energia to buy the operations of AGIP España, S.A., AGIP Portugal – Combustíveis, S.A. and related assets except for the lubricants business
17 October	Advance dividend payment of 126,046,096.52 euros in respect of net income and equivalent to 0.152 euros per share

Main decisions made by the board of directors in 2007

DATE	DECISION
14 November	<p>Announcement of (unaudited) results for the first nine months of 2007 and third quarter of 2007</p> <p>Set-up of Gás Natural (GDP Serviços, S.A.), a provider of technical and commercial services, after the natural gas sector was restructured and marketing activities were unbundled</p> <p>Information on the ninth round of bidding for new exploration blocks in Brazil</p> <p>Set-up of a 5-year commercial paper programme for an amount of up to 400 million euros</p>
20 December	<p>Appointment of Enrico Grigesi as executive director of Galp Energia SGPS in replacement for Massimo Rivara, effective from 1 January 2008</p> <p>Merger – under the corporate restructuring project – of GDP, SGPS, S.A., a wholly-owned group company, into Galp Energia</p> <p>Approval of the 2008 Budget and the 2008-2012 Plan</p> <p>Release of a memorandum of understanding signed with LAP – Libya Africa Investment Portfolio for the joint development of projects regarding the exploration and production of oil and natural gas in Libya</p> <p>Set-up of a vehicle company for the Combined Cycle Gas Turbine (CCGT) plant at Sines</p>

○ REMUNERATION

The directors' remuneration may have a fixed and a variable component. Under the articles of association, this remuneration may include a percentage of the net income for the year up to a limit of 0.5%.

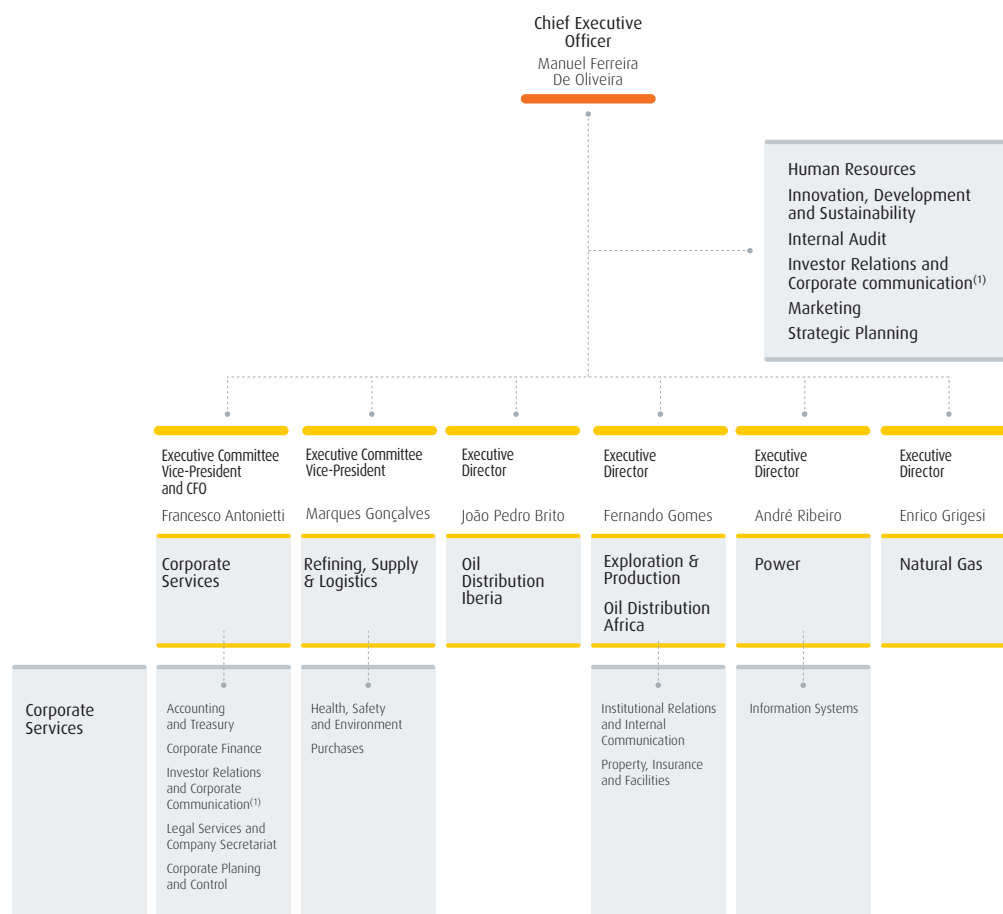
Remuneration of Galp Energia's non-executive directors in 2007 was set by the remuneration committee at 319,244.34 euros.

○ 3.2 EXECUTIVE COMMITTEE

○ COMPOSITION

The executive committee shall be composed of three to seven directors – including its chairman or chief executive officer ("CEO") – who are appointed by the board of directors for a three-year mandate coinciding with the board members' own mandate. Meetings are valid when the majority of executive committee members attend. According to the law and the company's articles of association, resolutions are passed by a simple majority of the attending directors. The composition of the executive committee is also governed by the Shareholder Agreement whose principles are described in Chapter 11 of this report. One clause in the agreement states that the CEO is jointly appointed by Amorim Energia and Eni, subject to CGD's favourable opinion.

Composition of the executive committee and respective roles of each committee member since January 2008



⁽¹⁾Double report: CEO for Corporate Communication and Investor Relations under the CFO.

The only change in the composition of the committee and the roles of its members since 1 January 2008 in comparison with 31 December 2007 is the replacement of Massimo Giuseppe Rivara by Enrico Grigesi as head of the Natural Gas unit and in all positions held by the former at group companies.

○ POWERS

The executive committee is responsible for the day-to-day management of Galp Energia in accordance with the strategic guidelines laid down by the board of directors.

Using the powers delegated by the board of directors according to the company's articles of association, the executive committee drives the performance of the business units, promotes synergies between the units, allocates key resources, manages human capital, formulates the brand strategy and oversees implementation of objectives, laying down its policies across the company.

The chairman of the executive committee convenes and conducts the committee's meetings, ensures that its decisions are properly executed, coordinates its activities and makes sure information flows continually to the non-executive directors.

The board meeting of 12 April 2006 delegated day-to-day management to the executive committee, whereby the following powers were specifically assigned:

- To manage corporate affairs, enter into all transactions and take all actions required to conduct the company's core business operations except for those exclusively reserved to the board of directors or exceeding the powers it has been assigned;
- To represent the company;
- To approve the execution of investments that are within the limits defined by the board of directors as well as authorise associates to make investments within their management discretion;
- To develop the company's technical and administrative structure as well as its internal processes and procedures;
- To extend or contract the company's scope of operations in accordance with the plans and strategies previously approved by the board of directors;
- To change the company's set-up, open or close branches, delegations or other forms of representation, domestically or abroad, provided those actions do not involve any alterations of the articles of association or the break-up, merger and liquidation of associates or otherwise do not include matters that, according to the company's articles of association, are exclusively reserved to the board of directors;

- To issue binding instructions to the management of associates;
- To initiate and terminate enduring and significant cooperation with strategic partners that have been selected by the board of directors in the use of its exclusive powers pursuant to the company's articles of association as well as with other companies, in accordance with the plans and strategies previously approved by the board of directors;
- To appoint representatives of Galp Energia to shareholder meetings of companies where Galp Energia has an equity stake and give them the necessary instructions to act on Galp Energia's behalf;
- To appoint attorneys with the powers deemed appropriate and within the limits of its authority.

In accordance with Galp Energia's new governance model and with a view to enhancing effectiveness and transparency in decision-making, the boards of directors of Galp Energia group companies that are charged with managing the company's businesses and used to be chaired by the chairman of the executive committee of Galp Energia, have delegated the day-to-day management of the companies to executive committees composed of Galp Energia executive directors so as to reflect their roles at corporate level and bring the businesses and decision centres together, in a way that is illustrated by the following table:

Composition of the executive committees of Galp Energia group companies

BUSINESS UNITS	GALP EXPLORAÇÃO	PETROGAL	GDP	GALP POWER	GALP ENERGIA ⁽¹⁾
	EXPLORATION & PRODUCTION	REFINING, SUPPLY AND LOGISTICS, OIL DISTRIBUTION IBERIA AND OIL DISTRIBUTION AFRICA	NATURAL GAS	POWER	CORPORATE SERVICES
Manuel Ferreira De Oliveira	C	C	C	C	C
Francesco Antoniotti	ED	ED	ED	ED	ED
José António Marques Gonçalves	ED	ED			
Fernando Manuel dos Santos Gomes	ED	ED			ED
João Pedro Leitão Pinheiro de Figueiredo Brito		ED			
André Freire de Almeida Palmeiro Ribeiro	ED		ED	ED	ED
Enrico Grigesi			ED	ED	

(1) Corresponding to Galp Energia, S.A.
C - Chairman
ED - Executive director

○ WORKINGS

The powers delegated by the board of directors to the executive committee require that the latter body should meet regularly. In 2007 fifty executive committee meetings were held.

Each member of the executive committee is responsible for a business unit while the executive committee collectively supervises all units.

The following procedural rules were approved in the meeting of the board of directors that delegated powers to the executive committee:

- The executive committee shall meet at least twice a month and whenever it is convened by its chairman or two executive directors;
- The meetings are convened by the chairman of the executive committee or two executive directors with at least two days' prior notice, although they may be held at any moment with the presence or representation of all members;
- Validity of an executive committee meeting requires the presence of the majority of its members;
- The executive directors may be represented by other executive directors at the meetings of the executive committee by means of a letter addressed to the chairman of the executive committee;
- The executive committee's resolutions are passed with a majority of the votes of its present or represented members except for the resolutions regarding matters that will have to be submitted for approval to the board of directors, which must be approved by the votes of at least six members of the executive committee;
- All documentation pertaining to the items of the agenda of each meeting of the executive committee shall be sent to all members of the executive committee simultaneously, whenever possible, with the invitation to the meeting.

○ REMUNERATION

In 2007, total remuneration of the executive directors of Galp Energia was set by the remuneration committee at 3,361,848.50 euros, of which 2,219,330.10 euros was fixed remuneration and 1,142,518.40 euros was variable remuneration. In the same year, Galp Energia also paid 697,638.91 euros in other benefits to its executive directors.

The contributions to a complementary retirement plan in the form of a retirement savings plan are – in accordance with a decision of the remuneration committee – equal to 25% of the annual gross remuneration and are included in the amount of other benefits. The amount contributed is calculated annually for each executive director and adjusted proportionally for the actual time worked in the years when they have taken or left office.

The remuneration paid to executive directors appointed by Eni is expensed under current costs (*Fornecimentos e serviços externos*) and its amount for 2007 was 1,711 thousand euros. The remuneration to non-executive directors appointed by Amorim Energia, Eni and Iberdrola is also included in that remuneration.

Under current policy, the remuneration paid to Galp Energia directors includes all remuneration due for positions held at Galp Energia group companies.

3.3 SUPERVISORY BODY

Supervision of the company is currently entrusted to a supervisory board and a firm of statutory auditors.

COMPOSITION

The supervisory board is composed of three standing members and a deputy member who are elected by the general meeting of shareholders. The members may not be directors of the company and are subject to the rules for avoidance of conflicts of interest contained in article 414º-A of the Companies Code. According to the law, at least one member of the supervisory board shall have an academic degree which is suited to their role and have a good command of auditing or accounting. The majority of its members must be independent, i.e. they (i) may not be associated with any specific interest groups in the company or (ii) find themselves in a situation where their independent judgement would be affected, namely because they:

- Hold title to – or represent major shareholders with – 2% or more of the shares of Galp Energia; or
- Have been re-elected for more than two terms, either continually or intermittently.

The Shareholder Agreement also provides for a supervisory board at Galp Energia and the rules for its election are described in Chapter 11 of this report.

The supervisory board, which was unanimously elected by shareholders on 5 October 2006 for the current 2005-2007 term, has the following composition:

- Chairman: Daniel Bessa Fernandes Coelho
- Member: José Gomes Honorato Ferreira
- Member: José Maria Rego Ribeiro da Cunha
- Deputy: Amável Alberto Freixo Calhau.

All members of the supervisory board fulfil the independence requirements set out in the Companies Code.

POWERS

The supervisory board's duties include proposing to the general meeting the appointment of a statutory auditor or firm of statutory auditors, appointing or dismissing the external auditors, overseeing the preparation and disclosure of financial information and the certification of the company's accounts and verifying the independence of the statutory auditors, namely with regard to the provision of additional services.

The supervisory board shall make sure an independent external auditor is appointed among internationally renowned accountancy firms. The external auditor shall, without restricting the duties of either the supervisory board or the statutory auditors, verify Galp Energia's annual accounts and other accounting documents.

WORKINGS

The supervisory board shall convene at least once every quarter and report to both the board of directors and the general meeting on its findings.

In 2007, thirteen meetings of the supervisory board were held.

REMUNERATION

In 2007, remuneration of the members of the supervisory board amounted to 98,080.40 euros.

3.4 STATUTORY AUDITORS

COMPOSITION

According to Galp Energia's articles of association, the statutory auditor or firm of statutory auditors shall be proposed to the general meeting by the supervisory board and may not be part of this body.

Galp Energia's present firm of statutory auditors, which has been appointed by the shareholder meeting of 6 September 2006 since the supervisory board had not been formally set up, is Deloitte & Associados, SROC, S.A., member nº 43 of the Portuguese Institute of Statutory Auditors and member nº 231 of CMVM, represented by Jorge Carlos Batalha Duarte Catulo, member nº 992 of the Institute of Statutory Auditors.

POWERS

The statutory auditors' duties are to perform all checks and verifications towards auditing and certifying the company's accounts as well as exercise other powers and rights conferred by law.

REMUNERATION

In 2007, the statutory auditors' remuneration in respect of auditing services was 597,467.70 euros.

3.5 GENERAL MEETING

COMPOSITION

According to Galp Energia's articles of association, the general meeting committee is composed of a chairman, a vice-chairman and a secretary.

At 31 December 2007, the composition of the general meeting committee was the following:

- Chairman: Rui Manuel Parente Chancerelle de Machete
- Vice-chairman: Victor Manuel Pereira Dias
- Secretary: Carlos Manuel Baptista Lobo⁽⁸⁾

(8) Carlos Manuel Baptista Lobo tendered his resignation on 1 February 2008 as secretary of the general meeting committee

All members of the general meeting committee fulfil the independence requirements of the Companies Code.

POWERS

The duties of the general meeting committee are to conduct the general meetings and draft the minutes thereof.

According to paragraph 5 of Article 12 of the company's articles of association, the resolutions by the general meeting of shareholders relating to the matters listed below are considered to have been approved only if they attract a supermajority of two-thirds. Regarding the first matter on the list below, approval requires a favourable vote by a majority of the category A shares:

- Matters concerning the special rights inherent to category A shares;
- Approval of new strategic guidelines;
- Allocation of net income for the year or any distribution of assets to shareholders;
- Issuance of securities outside the scope of powers of the board of directors;
- Proposals of strategic partnerships submitted to the general meeting's approval by the board of directors;
- Approval of the company's separate and consolidated annual accounts; and
- Transactions involving the break-up, merger or liquidation of the company.

WORKINGS

The general meeting is open to shareholders with voting rights. Although one vote is attached to each 100 shares, shareholders owning less than 100 shares may unite in order to exercise their combined voting rights. Such group of shareholders shall be represented either by one of the grouped shareholders or by another shareholder.

For participation purposes, shareholder capacity is conferred to those share owners that have registered their shares at least five days prior to the relevant general meeting date.

The first general meeting of Galp Energia as a public company was held in 2007. This brought new challenges but also greater responsibilities: for the first time, small shareholders had the opportunity to ask questions about the management of the company, raise doubts and share views. The meeting was held on 28 May 2007 at the Lisbon Congress Centre and was broadly advertised on CMVM's and Galp Energia's own investor website. Fifty shareholders accounting for 82.136% of the shares attended, either personally or duly represented. The four items put to the vote were unanimously approved, namely the approval of the Annual Report and Accounts of 2006, the recommended allocation of net income and a vote of confidence in the board of directors and the supervisory body, for their performance.

○ REMUNERATION

In 2007, 2,380 euros were paid as presence fees to the members of the general meeting committee.

○ 3.6 COMPANY SECRETARY

The standing and the deputy company secretaries are appointed by the board of directors for the same term as the directors themselves.

The duties of the company secretary are those set out by law, including the role of secretary of the board of directors and the executive committee.

Rui Maria Diniz Mayer is the current standing company secretary and Maria Helena Claro Goldschmidt is the deputy company secretary.



04 MANAGEMENT UNITS

○ 4.1 BUSINESS UNITS

Galp Energia has the following business units:

○ EXPLORATION & PRODUCTION

The Exploration & Production business unit includes all Galp Energia upstream assets in Portugal, Brazil and Angola, East Timor and Mozambique and is responsible for all activities relating to the exploration, appraisal, development and production of oil and natural gas.

○ REFINING, SUPPLY & LOGISTICS

This business unit includes all procurement, refining and logistics operations. Galp Energia's refining operation consists of the Sines and Porto refineries, which have a combined distillation capacity of 15.2 million tonnes a year. In order to support its supply of oil products to the markets where it operates, Galp Energia stores crude oil and other raw materials at several parks and has equity stakes in logistics companies in Portugal and Spain. Galp Energia sells refined products to other operators in the Iberian zone and exports to several countries, namely the United States.

○ OIL DISTRIBUTION IBERIA

The primary activity of this business unit is the retail and wholesale marketing of refined products in the Iberian Peninsula, where sixty percent of the raw materials processed in the company's refineries are marketed under the Galp Energia brand. The retail network in the Iberian Peninsula has 1,038 service stations and 210 convenience stores.

○ OIL DISTRIBUTION AFRICA

This business unit is responsible for the marketing and distribution of oil products including LPG and lubricants in markets outside the Iberian Peninsula.

○ NATURAL GAS

This business unit resulted from the unbundling of natural gas activities that followed the inception of a new regulatory framework in 2006. The unit encompasses procurement, trading and shipping activities, the underground storage of natural gas under concession and the free and last-resort marketing on a wholesale and retail basis. Galp Energia also has a role in natural gas distribution by means of its equity stakes in five regional distributors and four autonomous units for the distribution of natural gas which operate on exclusivity terms in the areas under concession and supply close to 835,000 clients through a distribution network of 9,758 km.

○ POWER

This business unit consists of two areas, one for development of the electricity market and the other for power production under special regime. The latter includes a wind power project to install a capacity of 400 MW, three cogeneration plants powered by natural gas turbines with an overall

potential of 80 MW – where Galp Energia has equity stakes through Galp Power – already in operation, and two cogeneration plants to be developed at the Sines and Porto refineries with a capacity of 82 MW each. In the former area, a licence was obtained in 2007 for the production of electricity at a combined-cycle plant to be built at Sines with an installed capacity of 800 MW.

○ 4.2 CORPORATE SERVICES

The Corporate Services unit consists of fifteen areas reporting to Galp Energia executive directors. The unit was set up for the purpose of providing services to the business units in a wide range of fields such as accounting, legal advice and human resources – which resulted in the achievement of considerable synergies.

○ HEALTH, SECURITY AND ENVIRONMENT

This area's responsibility is to formulate and implement policies, strategies, objectives and methods for environment, quality and safety issues. The area coordinates the use throughout the company of the relevant best known practices with a view to preventing personal, property and environmental accidents and pursuing the highest quality standards.

○ INTERNAL AUDIT

This area assesses the company's operations in an independent and systematic way by reviewing periodically its risk management systems and optimising both management processes and internal control and governance systems.

○ PURCHASES

This area is in charge of the acquisition of goods and services for the Galp Energia group companies, ensuring the highest value for money, laying out procedures for transparent and ethical buying processes and promoting innovation towards an optimised supply chain.

○ ACCOUNTING AND TREASURY

This area prepares the accounts of Galp Energia and all group companies in accordance with domestic and international standards. The area is also responsible for integrated group treasury management with a view to optimising financial resources and complying with tax obligations at home and abroad.

○ CORPORATE FINANCE

This area is responsible for optimising Galp Energia's corporate capital structure, managing financial risk and attracting incentives available to the business.

○ INNOVATION, DEVELOPMENT AND SUSTAINABILITY

This area's brief is to formulate and implement integrated policies and projects for innovation, development and sustainability in line with the company's strategy and the principle of shareholder value creation. The area is also responsible for supporting technological development within the group and promoting relationships with the scientific community.

○ MARKETING

This area leads, formulates and implements the corporate marketing strategy with a view to maximising the value of the firm. By building a strong brand that is consistent with the vision and values of the company, the unit strives to enhance customer loyalty and satisfaction.

○ PROPERTY, INSURANCE AND FACILITIES

This unit manages the company's property assets, recommends insurance strategies, negotiates and manages insurance contracts across the group and manages documentation, premises, processes, the security and technology of working environments, health plans, workplace and other medical services as well as risk prevention from an analysis and control perspective.

○ CORPORATE PLANNING AND CONTROL

This area's obligation is to challenge the performance of the business units and corporate services and make sure it is aligned with corporate strategic objectives.

○ STRATEGIC PLANNING

This area is responsible for strategic planning and business portfolio design. In performing its role, the area looks for new growth and value creation opportunities while striving for business enhancements and the optimal allocation of resources. The area also assists the executive committee in making regulation-driven decisions and, particularly, conducting the company's relationship with the energy sector's supervisory and regulatory authorities.

○ HUMAN RESOURCES

This area's brief is to formulate and implement an integrated human resources policy that is capable of responding, subject to corporate values, to the strategic and operational needs of the business units while contributing to the personal and professional development of the staff. This area now includes the administration of human resources, formerly part of the discontinued Human Resources' Operations and Risk Management.

○ INVESTOR RELATIONS AND CORPORATE COMMUNICATION

This area plans, manages and coordinates all actions towards attainment of Galp Energia's objectives for its relationship with shareholders, institutional investors and analysts, among others, in such a way that a coherent and complete view of Galp Energia emerges that will facilitate investor decisions. This area has also the brief to build, develop and consolidate with the public an image of leadership for Galp Energia by ensuring professional communications based on credibility, truth, accuracy and promptness. This area is described in further detail in Chapter 9 below.

○ INSTITUTIONAL RELATIONS AND INTERNAL COMMUNICATION

This area's powers are to establish, manage and build relationships with government bodies, national and local decision-makers and all relevant public and private institutions. The area also has the brief to recommend, manage and consolidate the strategy for Galp Energia's internal communications across business units and corporate services in order to make them consistent and unifying, thereby contributing decisively to the desired corporate culture.

○ LEGAL SERVICES AND COMPANY SECRETARIAT

This area provides support to Galp Energia's governing bodies and group companies in legal and organisational matters. The area's goals are to ensure the appropriate disclosure and keeping of internal and contractual records and to provide the business units with the legal advice they may need in order to safeguard Galp Energia's interests and rights.

○ INFORMATION SYSTEMS

This area is responsible for making available to group companies such systems that will meet the information requirements of the business in an effective, reliable and innovative way.



05 RISK MANAGEMENT AND CONTROL SYSTEM

Galp Energia has a Risk Management Committee that reports directly to the Executive Committee whose powers is to propose and support implementation of Galp Energia's risk management policy.

As an oil operator, Galp Energia is exposed to several kinds of market risk which are inherent to the oil and natural gas industry, namely the price of raw materials, the refining margin, exchange and interest rates.

Galp Energia has implemented policies and procedures to measure, control and manage its multiple risk exposure. The purpose of the risk management programme is to help business units to reach their objectives by monitoring the impact of risk variables on earnings. Risk management strategies seek to optimise natural hedges within and between business units. In this manner, Galp Energia identifies residual market risk likely to affect earnings and reviews it in an integrated fashion, taking into account correlations between exogenous variables with an impact on net operating income.

Galp Energia's risk management policy, which is formulated by the board of directors, sets objectives and procedures and assigns responsibilities for the management of risk in the company.

The Risk Management Committee devises the mechanisms for implementation of the risk management policy and submits them for approval to the board of directors. Product risk management is implemented at business unit level, whereas exposure to interest rate risk, exchange risk and other financial risks is managed at corporate level.



06 EXTERNAL AUDITOR

Galp Energia's external auditors are independent from the company and responsible for expressing their opinion on the separate financial statements prepared in accordance with Portuguese GAAP and the consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The external auditors guarantee quality, consistency and transparency in the financial information disclosed to the market.

Galp Energia's external auditors in the 2007 financial year were Deloitte & Associados, SROC, S.A., members nº 43 of the Portuguese Institute of Statutory Auditors and members nº 231 of CMVM, represented by Jorge Carlos Batalha Duarte Catulo.

The auditors' total remuneration in the year for Galp Energia's group companies was 299,752 euros for auditing services only. The auditors do not certify the accounts. The auditing services to Galp Energia's individual accounts are included in statutory auditors mentioned above.



07 REMUNERATION POLICY

Galp Energia's articles of association provide for the remunerations of governing body members to be set by a remuneration committee composed of representatives of three shareholders elected by the general meeting for a three-year mandate expiring on 31 December of the third year.

The articles also determine that directors as well as members of the supervisory board may not be members of the remuneration committee.

Like the directors or the members of the supervisory board, the members of the remuneration committee remain in office with all attendant responsibilities after the end of their mandate until new members are elected by the general meeting.

The current members of the remuneration committee, who were appointed by the general meeting of 6 September 2006 for a mandate ending on 31 December 2007, are Caixa Geral de Depósitos, S.A., represented by Mr. Maldonado Gonelha, Amorim Energia B.V., represented by Mr. Américo Amorim and Eni S.p.A., represented by Mr. Giancarlo Cepollaro.

None of the members of the remuneration committee nor their spouses or relatives are members of the board of directors.

In 2007, the remuneration committee held one meeting.



08 CODES OF CONDUCT AND INTERNAL REGULATIONS

The recent listing of the company, coupled with growing attention to ethics, prompted a reappraisal of established rules and codes. Changed procedures will ensure, in a clear and efficient way, full independence between governing bodies and between these and the company, and will guarantee the professional and personal integrity of their members. To this end, codes of conduct and ethics, in particular for the governing bodies, as well as other internal regulations designed to resolve conflicts of interest, secrecy matters and role incompatibilities are currently under preparation.

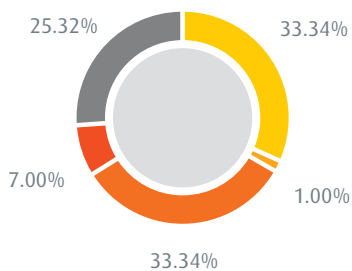


09 GALP ENERGIA IN THE EQUITY MARKET

In 2007, the market recognised the value of the recently-listed Galp Energia share. With a 165% gain, Galp Energia was the share that advanced most in the Dow Jones Europe STOXX Oil & Gas index.

9.1 SHAREHOLDER STRUCTURE

Galp Energia's shareholder structure at 31 December 2007



- Amorim Energia
- Caixa Geral de Depósitos
- Eni
- Free-Float
- Parpública

Source: Galp Energia

The stability of the company's shareholder base extended into 2007 with Banco BPI, S.A. strengthening its position from 2.07% at the end of 2006 to 5.09% at the end of 2007 and Caixa Galicia reducing its stake below 2%.

In early 2008, Banco BPI cut its stake to 3.995% and Iberdrola sold its entire holding of 3.83%.

At the end of 2007, Galp Energia had approximately 43 thousand private and institutional shareholders, 67% down from 23 October 2006 when the company offered its shares to the public for the first time. This decline was influenced by the end on 22 January 2007 of the ban on the sale of shares acquired by small shareholders in the IPO.

THE LARGEST SHAREHOLDERS

Amorim Energia is based in the Netherlands and its main shareholders are *Esperanza Holding B.V.* (45%), *Power, Oil & Gas Investments B.V.* (30%), *Amorim Investimentos Energéticos, SGPS, S.A.* (20%) and *Oil Investments B.V.* (5%). Portuguese investor Américo Amorim owns, directly or indirectly, 55% in Amorim Energia and the other 45% are owned by Sonangol, through its control of *Esperanza Holding B.V.*. Sonangol is Angola's state oil company.



Caixa Geral de Depósitos, S.A. (CGD) is a financial institution which is wholly-owned by the Portuguese state. At the end of 2007, CGD had net assets of 105 billion euros.



Eni is the leading Italian-based energy company, listed on the Milan and New York (NYSE) stock exchanges, and its operations in Exploration & Production, Gas & Power, Refining & Marketing of oil products, Petrochemicals and Engineering, Construction and Drilling services span over 70 countries. Eni produces 1.7 million bopd of oil and achieved in 2007 a net income of 10 billion euros.



Eni's ticker on Bloomberg is Eni IM and its equity market value at 31 December 2007 was 100.3 billion euros.

Parpública is the holding vehicle for the Portuguese state's equity stakes in several companies.

9.2 DIVIDEND POLICY

Dividend policy

Annual dividend of year N

Net income @ replacement cost x 50% payout ratio = Annual dividend

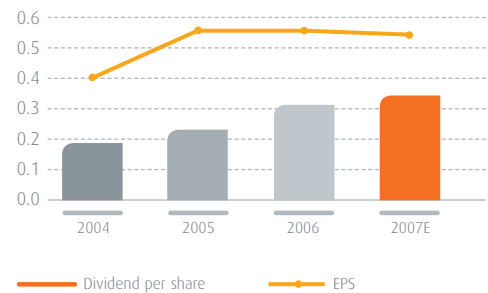
Annual dividend of year N+1

50% x Annual dividend of year N = Interim dividend

In 2007 Galp Energia articulated its dividend policy unequivocally. The payout ratio was set at 50% of net income calculated according to the replacement cost method and Galp Energia became one of the first Portuguese companies to opt for half-yearly dividend payments. The half-yearly interim payment will thus be equal to 50% of the previous annual dividend.

Accordingly, the board of directors will recommend to the annual general meeting scheduled for 6 May 2008 that a dividend of 0.32€ per share be paid in respect of 2007. On the basis of the share price at 31 December 2007 the recommended dividend payment will equate to a dividend yield of 2%.

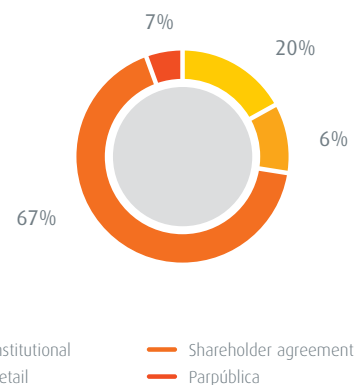
Dividend and earnings per share (€/share)



Source: Galp Energia
Note: Earnings per share at replacement cost except for 2006 where net income adjusted for the unbundling effect was considered

9.3 SHAREHOLDER PROFILE

Type of investor



Source: Thomson Financial

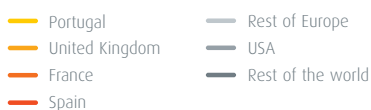
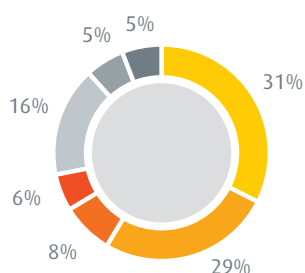
Galp Energia's shareholder base is divided into four different groups. The signatories to the shareholder agreement – Amorim Energia, Caixa Geral de Depósitos and Eni – are the largest group with 67% of the shares. Institutional investors, whose weight increased by almost six percentage points between 2006 and 2007, now account for 20%. The rise in the combined holdings

of this group came on the back of the sales by small shareholders and employees when they were allowed to sell, from 22 January 2007 onwards, the shares acquired in the IPO. The weight of the retail segment went down by six percentage points in 2007 to 6% at the end of the year.

Portugal is still the country with the largest number of institutional investors in Galp Energia. Notwithstanding, the number of investors from countries such as France, Spain, the United Kingdom and the United States has been gradually increasing compared with 2006. Overall, these countries represent about 50% of the institutional investor base after the weight of Iberian investors went down from 89% to 36% in 2007. The relative shift of investors abroad reflects the heightened visibility of Galp Energia on international markets.

The shares sold by Iberdrola at the end of January 2008, accounting for approximately 3.83% of Galp Energia's share capital, were placed with institutional investors, primarily in the UK, a development that changed the investor base considerably as the United Kingdom became the largest international holder of institutional shares.

Geographic spread of institutional investors



Source: Thomson Financial

9.4 FACT SHEET FOR THE GALP ENERGIA SHARE

STOCK EXCHANGE

Euronext Lisbon.

INDICES

The Galp Energia share is part of leading stock indices: Eurolist by Euronext Lisbon's PSI-20, Dow Jones STOXX 600, Dow Jones Europe STOXX Oil & Gas, Euronext 100, FTSE World Oil & Gas.

NUMBER OF SHARES

Galp Energia's share capital is composed of 829,250,635 shares.

MARKET CAPITALISATION

At 31 December 2007, Galp Energia had a market value of €15.2 billion that compared with €5.8 billion at 31 December 2006.

TICKERS

Reuters – GALPLS

Bloomberg – GALP PL

SECURITIES CODES

ISIN	Symbol: Galp (type B)	PTGAL0AM0009
	Symbol: GalpK (type B)	PTGAL2AM0015
	State's share (type A)	PTGALSAM0003
	State's share (type B)	PTGALXAM0006
Sedol		B1FW751
WKN		AOLB24

Only ISIN-coded PTGAL0AM0009 and PTGAL2AM0015 shares are listed for trading on Eurolist by Euronext Lisbon. On 4 February 2008, these shares were merged for trading under one single code – ISIN PTGAL0AM0009. Consequently, the GALPK security was retired from trading. The shares that are indirectly owned by the Portuguese state through Parpública are not listed for trading but simply registered with Eurolist by Euronext Lisbon.

○ SHARE CATEGORIES

There are two categories of Galp Energia shares: 40,000,000 shares of category A and 789,250,635 shares of category B. Category A shares carry the following special rights:

- The election of the chairman of the board of directors must be approved by a majority of the vote cast by category A shareholders;
- Any resolutions that authorise the signing of peer or subordinate group agreements or may jeopardise the safe supply of oil, gas, electricity or their derivatives to the country may not, under any circumstance, be approved against the majority of votes cast by A shares.

Until waived by law, title to category A shares is reserved to state-owned entities as defined in article 1, 2.e) of Lei nº 71/88 of 24 May 1988.

The shares are ordinary, book-entry and registered securities and may not, according to the company's articles of association, be converted into bearer shares. The shares are registered in a centralised system (*Central de Valores Mobiliários*) that is managed by Interbolsa.

○ ANALYSTS

At the end of 2007 Galp Energia was followed by eleven financial institutions which issued over eighty research notes on the company during that year. Out of these eleven institutions, seven started to cover the stock in 2007.

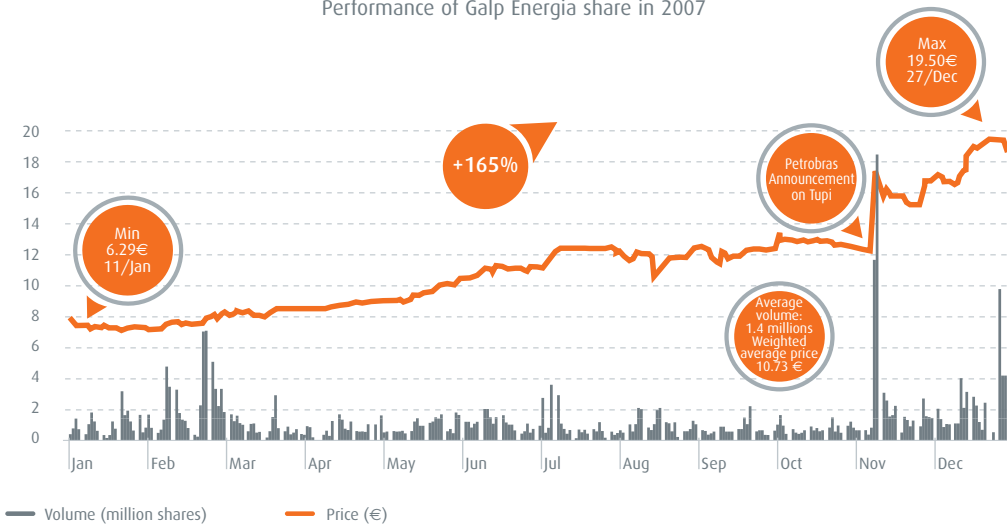
Analysts

COMPANY	ANALYST	PRICE TARGET ^(*)	DATE	RECOMMENDATION ^(*)
Banif Investment Bank	Gabriela Ramos	€ 15.70	09-11-2007	Buy
BPI	Enrique Soldevilla	€ 14.20	15-11-2007	Hold
Caixa BI	Carlos Jesus	€ 14.60	14-11-2007	Accumulate
Credit Suisse	Will Forbes	€ 18.00	14-12-2007	Outperform
Espírito Santo Research	Pedro Morais	€ 15.00	12-11-2007	Neutral
Lisbon Brokers	Sara Amaral	€ 17.00	18-12-2007	Hold
Merrill Lynch	Hootan Yazhari	€ 17.50	18-12-2007	Buy
Millennium BCP Investimento	Pedro Mendes	€ 14.50	14-11-2007	Neutral
Morgan Stanley	Andrew Bowman	€ 18.00	03-12-2007	Overweight
Santander	Pedro Balcão Reis	€ 14.20	09-11-2007	Buy
UBS	Anish Kapadia	€ 18.00	21-12-2007	Neutral

^(*)Target prices and recommendations until 31 December 2007.

9.5 PERFORMANCE OF THE STOCK

Performance of Galp Energia share in 2007



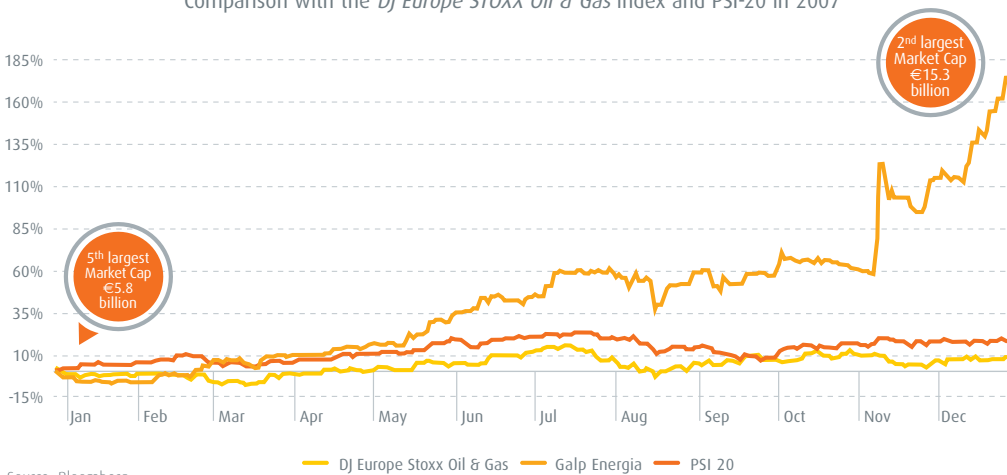
Source: Bloomberg

Total shareholder return including paid dividends from the date of the IPO up to 31 December 2007 was 243%.

In 2007 over 365 million shares were traded – i.e. the equivalent of 44% of Galp Energia’s share capital or 2.1 times its free float – which confirmed the high liquidity of the Galp Energia share on Euronext Lisbon.

Relative to the Dow Jones Europe STOXX Oil & Gas index – which itself gained 7% – Galp Energia had a superior performance.

Comparison with the DJ Europe STOXX Oil & Gas index and PSI-20 in 2007



Source: Bloomberg

In comparison with the PSI-20, the Portuguese equity market’s benchmark index, which gained 16% in 2007, Galp Energia had a distinctly favourable performance. In terms of market capitalisation, Galp Energia was the fifth-ranking company at the start of 2007, with €5.8 billion, while it was the PSI-20’s second-largest company at the end of the year.

9.6 FINANCIAL CALENDAR 2008

Following best practice and with a view to maintaining a transparent relationship with capital markets, Galp Energia published at the end of 2007 a financial

calendar containing the dates for the scheduled quarterly earnings announcements and the 2008 annual general meeting.

FINANCIAL CALENDAR 2008

Following best practice and with a view to maintaining a transparent relationship with capital markets, Galp Energia published at the end of 2007 a financial calendar containing the dates for the planned quarterly earnings announcements and the annual general meeting 2008.

Forth quarter and full year 2007 results release	5 March 2008
Annual Report 2007 approval	1 April 2008
General Shareholder Meeting	6 May 2008
First quarter 2008 results release	14 May 2008
Second quarter and first half 2008 results release	6 August 2008
Annual Report first half 2008 approval	28 August 2008
Third quarter and nine months 2008 results release	12 November 2008
Forth quarter and full year 2008 results release	4 March 2009

— Already completed

9.7 CAPITAL MARKETS COMMUNICATIONS

COMMUNICATIONS POLICY

Galp Energia's communications policy aims to provide all relevant information to the market so that a well-founded judgement is formed about the company's operations and earnings as well as its growth prospects, profitability and risks.

To this end, Galp Energia promotes transparent and consistent communications, supported by the principles followed in the disclosure of information and the explanation of the reasons for changes to those, if any, so as to ensure comparability of information between reporting periods.

All relevant information is preferably disclosed either before Euronext Lisbon opens or after it closes, in both Portuguese and English, by means of CMVM's information disclosure system, the company's Investor Relations website or an email notice to any private or institutional shareholder having previously requested it.

○ INVESTOR RELATIONS AND CORPORATE COMMUNICATION DEPARTMENT

In early 2007 the Investor Relations Department, which was set up to accompany the initial public offering (IPO) of the company's shares, was merged with the corporate communication department, which resulted in communications with the markets and the press being unified. The main benefit of this integration was to ensure that the information conveyed to the public was consistent, with the company speaking with one single voice.

The Investor Relations and Corporate Communication Department, or *DRICE* in the Portuguese acronym, in particular its investor relations arm, reports directly to the chief executive and chief financial officers and its powers is to plan, manage and coordinate all activities towards attainment of Galp Energia's objectives for its relations with shareholders, institutional investors and financial analysts, among others, resulting in a coherent and complete perception of Galp Energia that will facilitate investor decisions. This mission equates to providing the market with rigorous, regular and timely information about Galp Energia.

The *DRICE* brief also includes taking the necessary steps to comply with legal information requirements including the responsibility for preparing earnings and activity reports, for disclosing price sensitive information, for replying to requests for information by investors, financial analysts and other market participants and for assisting the executive committee in addressing issues relating to Galp Energia's status as a public company.

Since the third quarter of 2006, Galp Energia has disclosed quarterly information about its activities and consolidated results. Galp Energia plans to increase in 2008 the number of releases to the market and will disclose, one month after the end of each calendar quarter, a summary of operating data for that period in order to make available financial information in an increasingly timely way in order to facilitate the estimation of company results by both analysts and investors.

In its advisory role to the executive committee, the *DRICE* has structured the process for monitoring the performance on the market of the Galp Energia share as well as those of its peers. The department also provided assistance to both the CEO and CFO in their direct and regular contacts with financial analysts and institutional investors, both domestic and international, at conferences, investor presentations and one-on-one meetings.

I. ACTIVITY IN 2007

In 2007 the *DRICE* held 170 meetings with institutional investors in Europe and in United States, thus keeping a high frequency of contacts with investors who are increasingly interested in knowing the company better.

For earnings announcements, similarly to 2006, Galp Energia held quarterly meetings with analysts and investors in order to discuss results. The CEO and the CFO participate in the conference call with webcast where results are disclosed and sometimes also in meetings in which investors and analysts have the opportunity to meet the management. On the day following the earnings announcement a telephone number is made available that gives access to the conference call held the day before.

On 22 October 2007, one year after Galp Energia's IPO and debut on Euronext Lisbon, the company's first Investor Day was held. The event brought together over sixty domestic and international investors and

analysts and provided a good opportunity for the company's management to strengthen its contacts with the equity markets.

The event featured management presentations of up-to-date information about the different business areas and the main objectives for each of them.

The presentations made on Investor Day are available on Galp Energia's investor website <http://investor.relations.galpennergia.com/galpir>.

II. THE WEBSITE

Galp Energia makes available a website for disclosing corporate information about the company. The website address is <http://investor.relations.galpennergia.com>.

Information made available on the Investor Relations website includes:

- A detailed description of Galp Energia's operations;
- Reports and presentations of earnings announcements;
- Annual Report and Accounts available in PDF format;
- Real-time publication of releases and appended presentations, if any, through CMVM's information disclosure system;
- Details about each member of the executive committee and board of directors, with their profiles (CV, picture and previous roles);
- Galp Energia share prices, tracked against the PSI-20 and with the possibility to download historical prices and traded volumes;
- List of equity analysts covering the Galp Energia share;
- Financial calendar with key dates for earnings announcements and dividend declarations;
- Area dedicated to the general meeting where all procedures are described and documents can be downloaded.

The Investor Relations website is available in both Portuguese and English.

All corporate information that is public and substantive is, as a rule, available on the site.

In its efforts to create a close relationship with the financial community, Galp Energia offers on its IR website the possibility to register on a mailing list for news and other new content posted on the site.

The Investor Relations website complies entirely with CMVM's recommendations on the use of the Internet as a way of disclosing corporate information.

III. EMAIL

Besides being posted on CMVM's information disclosure system and Galp Energia's own IR website, releases of price sensitive information and other disclosures are emailed to those analysts, institutional investors or private individuals who have made an express request for it.

Electronic mail is also a key tool for the company's communications with the market as it is one of the financial community's preferred means to express doubts or request information.

The DRICE's email is investor.relations@galpennergia.com.

○ INVESTOR RELATIONS

Galp Energia's representative for market relations is Tiago Maria Ramires da Providência Villas-Boas, Head of the Investor Relations and Corporate Communication Department.



10 THE GALP ENERGIA SHARE

10.1 SHARE TRANSFERABILITY

Shares in Galp Energia are freely transferable according to the law. In addition, the company's articles of association do not place any restrictions on their free transferability.

Under the Shareholder Agreement between Amorim Energia, CGD, and Eni, the parties have committed to holding their equity stakes in Galp Energia until 31 December 2010, barring the extraordinary cases referred to in Chapter 11.

The parties to the Shareholder Agreement also undertook not to increase, in the so-called *lock-in period*, their holdings in Galp Energia beyond 33.34%, except for the situations referred to in Chapter 11.

In these cases, if Amorim Energia is the selling party, CGD has the right, before the other parties, either to buy the holding offered for sale or to appoint a third party meeting the requirements set out in the Shareholder Agreement.

10.2 EXERCISE OF VOTING RIGHTS AND SHAREHOLDER PROXY

ENCOURAGING THE EXERCISE OF VOTING RIGHTS

Galp Energia actively promotes the exercise of voting rights, either directly – through participation in shareholder meetings and by post – or by proxy. Under this policy, Galp Energia has taken a number of steps aimed to encourage shareholder participation in general meetings, namely:

- The possibility to vote by post and make the voting forms available to shareholders;
- The wide disclosure by email and the Internet of upcoming general meetings, their respective agendas and the various ways of exercising voting rights;
- A clear and detailed description, in the invitation and preparatory documentation sent to shareholders prior to the general meeting, of the procedures to be followed in order to exercise the right to vote by correspondence or proxy;
- The creation of a dedicated email, disclosed on the invitation to the general meeting, so as to make it easier to address doubts.

The proposals to be submitted to the general meeting for discussion and resolution as well as all the other preparatory information are made available to shareholders until 15 days prior to the date of the meeting on both Galp Energia's address at Rua Tomás da Fonseca, Torre C, 1600-209 Lisboa and the company's Investor Relations website.

Delivery by post of any of the aforementioned pieces of documentation, including forms for voting by correspondence, may be requested to the publicly advertised email address.

○ VOTING RIGHTS

All shareholders entitled to vote may participate in the general meeting. Each 100 shares represent one vote but shareholders owning less than 100 shares may join other shareholders in order to vote. In this case, the group of shareholders is represented by one of them or by another shareholder.

Participation in the meeting as a shareholder requires registration of the owned shares until five days prior to the date of the meeting. Evidence of this registration must be produced to Galp Energia until five days prior to the date of the meeting.

○ PROXY PROCEDURES

Shareholders that are legal persons may be represented at general meetings by any person. Appointment of such representative must be made in writing.

Shareholders that are physical persons may only be represented by a member of the board of directors, their spouse, direct-line relatives or other shareholders, and the appointment must be made in writing.

Except for the Portuguese state, shareholders planning to be represented at the general meeting shall make the proxy instruments available to Galp Energia until five days prior to the date of the meeting and in accordance with the law. Legal persons shall also indicate the name of their representative. The chairman of the general meeting committee may, however, allow the participation of representatives who have not been appointed in the prescribed time, if he judges that this will not impair execution of the meeting's agenda.

○ PROCEDURES FOR VOTING BY POST

Shareholders that are entitled to vote may do so by correspondence with regard to each item on the agenda of the general meeting. To this end, they must send to the head office of the company, by registered mail with acknowledgement of receipt, a letter addressed to the chairman of the general meeting committee and signed in such a manner that it may be verified against the signature on their identity card. The letter must be received on the day prior to the date of the general meeting.

The letter containing the ballot must be accompanied by a readable photocopy of the shareholder's identity card, in case the shareholder is a physical person. If the shareholder is a legal person, the ballot shall be signed by a legally appointed attorney whose signature shall be authenticated in that capacity. Voting by correspondence also requires the shareholder to produce evidence until five days prior to the general meeting of its registered ownership of the shares that entitle them to vote.

The letters containing the ballots shall be opened by the chairman of the general meeting committee at the start of the session after a quorum is present. Votes cast by correspondence shall be disclosed upon discussion of the relevant item.

The votes issued by correspondence shall be counted as disapproving votes with regard to proposed resolutions presented after the votes have been issued.

○ 10.3 TRANSACTIONS BETWEEN THE COMPANY AND MEMBERS OF THE GOVERNING BODIES, SHAREHOLDERS OR ASSOCIATES

In Galp Energia's course of business, transactions are entered into with several entities including companies where the shareholders of Galp Energia own equity stakes. These transactions are conducted according to the best market practice for similar transactions.

A summarised description of selected transactions and contracts with related parties is presented below.

○ AMORIM ENERGIA

Sonangol owns 100% of Esperanza Holding B.V., a company that owns 45% of Amorim Energia, one of Galp Energia's present shareholders.

Sonangol is, by law, the exclusive holder of concession rights for research and production of hydrocarbons in Angola. As it exercises the rights arising from the concessions it has been awarded by the Angolan government, Sonangol signs with other companies several production-sharing agreements whose purpose is the execution of research and production operations. In these agreements, Sonangol sets out the scheme for sharing future production between itself, in its capacity of concession holder, and the companies with which it forms a consortium. Within the scope of its Exploration & Production business unit, Galp Energia has entered into several such agreements.

On the other hand, Galp Energia and Sonangol are shareholders of *Sonangalp - Sociedade de Distribuição e Comercialização de Combustíveis, Lda.* ("Sonangalp") and *SOPOR - Sociedade Distribuidora de Combustíveis, S.A.* ("Sopor"), which are fuel and lubricant distributors in Angola and Portugal, respectively. The products marketed by Sopor are supplied by Galp Energia and the products marketed by Sonangalp are supplied by Sonangol according to supply contracts that follow industry standards. Galp Energia also supplies Sonangol with base oils for lubricants and some finished lubricants under an agreement whose terms also are in line with usual industry practice. In addition, Sonangol and Galp Energia are shareholders of *Enacol - Empresa Nacional de Combustíveis, S.A.* ("Enacol"), a distributor of oil products in Cape Verde.

○ CGD

CGD provides banking services to Galp Energia and is a party to funding agreements with Galp Energia group companies.

○ ENI - AGIP

Galp Energia has signed several agreements with AGIP, which is controlled by its shareholder Eni. Under these agreements, Galp Energia sells to and buys from AGIP oil products in both Portugal and Spain.

The Shareholder Agreement sets out, inter alia, that Galp Energia and Eni shall promote cooperation in marketing oil products in the Portuguese and Spanish markets. To this end, Galp Energia has agreed to buy from Eni the latter's marketing operations for oil products in Portugal and Spain through AGIP Portugal and AGIP España, respectively. The sales price shall be determined by three investment banks to be appointed by the parties. The purpose of this valuation method is to ensure transparency throughout the process as well as execution at fair market value, according to international best practice. Completion of this transaction is subject to approval by the relevant authorities.

In addition, Eni agreed to make available specialist staff against payment by Galp Energia of the attendant cost including the costs incurred by Galp Energia board members who have been elected to those companies.

○ BANCO BPI

Banco BPI provides banking services to Galp Energia and is a party to funding agreements with Galp Energia group companies.



11 SHAREHOLDER AGREEMENT

Amorim Energia, Eni Portugal Investment, S.p.A. and REN signed a Shareholder Agreement on 29 December 2005. Several addenda to the agreement have since been signed between the parties. Under one of them, CGD became a party to the agreement.

Currently, the parties to the shareholder agreement are Amorim Energia, CGD and Eni. REN, an initial party, exited the agreement following the sale on 18 September 2006 of its entire equity stake of 151,752,865 shares to Amorim Energia.

After Eni Portugal Investment S.p.A. was merged into Eni on 1 January 2007 – following a contract signed on 13 December 2006 – Eni became a party to the agreement.

The Shareholder Agreement governs the following matters:

1. TEMPORARY RESTRICTION ON THE TRANSFER OF SHARES

The parties have committed to maintaining their equity stake in Galp Energia until 31 December 2010 (the “lock-in period”), although they may sell their holdings in the following instances:

- Deadlock situations as detailed below;
- Change of control as detailed below; and

- Default on the Shareholder Agreement as detailed below.

Each party undertakes, except in the above instances, not to increase beyond 33.34% its stake in Galp Energia in the lock-in period.

In these instances, if Amorim Energia is the seller, CGD has the right, before the other parties, to buy the shareholding offered for sale or to appoint a third party meeting the requirements outside in CGD’s preference rights below.

2. SALE OF SHARES

After 1 January 2011 – when the lock-in period has elapsed – the parties may only sell their holdings in one single block. The other parties will have either a pre-emptive right to buy or a *tag-along* right to join, on the same terms, a sale to a third party.

If Amorim Energia is the seller, CGD will have the preferential right to acquire, wholly or partly, before any other party, the shares offered for sale by Amorim Energia or, alternatively, to appoint a third party (that shall meet the requirements outlined in “CGD’s preference right” below) to buy the shares.

In all other selling instances, if CGD should not exercise the aforementioned right, the selling party’s shares shall be equally distributed to the parties exercising their preference right, irrespective of the size of their equity holding in Galp Energia.

3. CGD’S PREFERENCE RIGHT

In the instances when Amorim Energia should intend or be forced to sell shares in Galp Energia while the Shareholder Agreement is in force, CGD shall have the preference right to acquire these shares or to appoint a third party for that purpose. The other parties may only exercise their preference or acquisition right if, and to the extent, CGD will not exercise its preferential acquisition right nor appoint a third party to that end.

Any third party appointed by CGD shall cumulatively fulfil the following requirements:

- It shall not be a controlling shareholder or be part of the same group of companies as: (i) CGD, (ii) any public-sector entities, (iii) any companies whose share capital is exclusively owned by the state or (iv) any state-owned enterprises;
- It shall not be a company operating in the energy sector; and
- It shall enter into the existing Shareholder Agreement, taking over the rights and obligations of the selling party.

Except for a sale by Eni, CGD's exercise of the preference rights arising from the Shareholder Agreement may not result in the Portuguese state or any other related parties holding shares that account for more than 33.34% of the share capital of Galp Energia.

4. COMPOSITION OF GOVERNING BODIES

General Meeting Committee and Company Secretary

The members of the general meeting committee and the company secretary shall be elected or appointed, as the case may be, upon agreement between the parties, among independent professionals with the required qualifications and experience.

Composition of the Board of Directors and the Executive Committee

i. Current mandate, between 1 January 2005 and 31 December 2007:

The parties have reiterated their willingness to keep the present members of the board of directors of Galp Energia in office until the end of the current mandate, barring the following situations:

- Replacement of one or more directors by the party that has appointed them;
- Termination by one party of its shareholder status, whereupon the directors it has appointed should resign;

- Fair dismissal; or
- Resignation by a director.

ii. Subsequent mandates

The board of directors shall have fifteen members, five of which shall also be members of the executive committee. CGD has the right to appoint a director who will always be the chairman of the board of directors and the director appointed by the state, in its capacity as category A shareholder. Both Amorim Energia and Eni shall have the right to appoint six directors. Amorim Energia, CGD and Eni will together appoint a director. In case of failure to reach agreement, this director shall be appointed by a majority vote among the three entities, provided CGD's favourable vote can be obtained. Amorim Energia and Eni shall – subject to CGD's approval, which shall not be withheld on unreasonable grounds – jointly appoint the chief executive officer (CEO). The executive committee shall have the following composition: the chairman shall be the CEO and Amorim Energia and Eni shall separately appoint two directors each.

In case a director is appointed pursuant to article 392 of the Companies Code, they shall replace the director who has been jointly appointed by Amorim Energia, CGD and Eni. Notwithstanding, the parties shall be bound to cast their votes in a concerted manner. The parties may agree to increase the number of directors to nineteen, in which case both Amorim Energia and Eni shall have the right to appoint an additional director each. The other two directors shall be independent and appointed by Amorim Energia and Eni.

Auditing and supervision

The Shareholder Agreement provides for Galp Energia to have a supervisory board composed of three members and a statutory auditor or firm of statutory auditors. Amorim Energia, CGD and Eni shall jointly propose a member and its deputy for

the supervisory board and both shall be statutory auditors and independent. Both Amorim Energia and Eni shall have the right to propose an independent member. CGD shall have the right to decide which one of the directors separately appointed by Amorim Energia and Eni will be the chairman of the supervisory board.

The statutory auditor or firm of statutory auditors shall be recommended to the general meeting by the supervisory board.

The supervisory board shall hire the services of an independent external auditor, who shall be selected among internationally renowned accountancy firms. In parallel with the supervisory board's and the statutory auditors' roles, the external auditors shall verify Galp Energia's accounts and other annual accounting documents.

Dismissal

The parties have agreed that a member of a governing body who has been appointed by one of the parties may be dismissed by that party, which will be responsible for any costs arising from that action. In the cases where a member of a governing body has been jointly appointed by the parties, the parties may agree their dismissal and shall be responsible for any costs following from that dismissal.

5. BOARD RESOLUTIONS

According to the Shareholder Agreement, approval of the following matters requires a at least two-thirds majority by the members of the board of directors:

- Strategic investments and related funding;
- Annual budgets and business plans and any changes thereto as well as any resolutions that are not contained in the mentioned documents or exceed by more than 20% the amount of a given item or by more than 10% the amount of the annual budget;

- Transactions in excess of 20 million euros with parties related to shareholders;
- Appointment of senior managers of Galp Energia or any other company it controls directly;
- Issuance of bonds or other securities within the powers of the board of directors;
- Alteration of the articles of association of any company controlled by Galp Energia.

Under the Shareholder Agreement, approval of the matters listed below shall require a two-thirds majority vote by the members of the board of directors, which shall include the favourable vote of at least one member of the board of directors separately appointed by each party to the agreement:

- Strategic divestments by Galp Energia or any company it controls;
- Involvement in activities outside Galp Energia's core business⁽⁹⁾, namely through the acquisition of equity stakes in companies pursuing those activities;
- Selection of strategic partners for Galp Energia's core business;
- Changes to Galp Energia's strategic guidelines, strategic plan or business areas;
- Definition of Galp Energia's organisational structure and delegation of powers by the board of directors to the executive committee or one or more managing directors (including the roles of executive committee members);
- Scope of management autonomy by any company controlled by Galp Energia;
- Break-up, merger or liquidation of any company controlled by Galp Energia;
- Signing of peer or subordinate group agreements by any company controlled by Galp Energia;
- Dividend payments by any company controlled by Galp Energia;
- Matters related to the special rights of category A shares.

⁽⁹⁾ Core business is here defined as exploration and production, refining, transportation, trading and marketing of oil and gas and power production.

6. COMPOSITION OF THE BOARDS OF DIRECTORS OF COMPANIES CONTROLLED BY GALP ENERGIA

The parties have agreed that the board members of Petrogal, GDP and Galp Power shall be the same as the members of Galp Energia's executive committee. Similarly, the chairman of Galp Energia's executive committee shall be the chairman of these companies' boards of directors.

7. GENERAL MEETING RESOLUTIONS

The parties undertake to present proposals and vote in a concerted and unanimous manner with regard to the following matters which require, under Article 12, paragraph 5 of Galp Energia's articles of association, a two-thirds majority vote:

- Matters regarding the special rights of category A shares;
- Approval of and changes to Galp Energia's strategic guidelines, strategic plan or business areas;
- Resolution on the allocation of net income for the year or the delivery of assets to shareholders;
- Issuance of securities outside the powers of the board of directors;
- Proposed strategic partnerships submitted for approval by the board of directors to Galp Energia's general meeting;
- Approval of Galp Energia's separate and consolidated annual accounts;
- Break-up, merger or liquidation of Galp Energia.

8. DEADLOCK SITUATIONS

In case a quorum is not obtainable for the board of directors or the general meeting of shareholders to make resolutions on the aforementioned matters, or in case the parties cannot reach an agreement in thirty days, a deadlock situation is considered to

arise under the Shareholder Agreement, whereby the matter giving rise to that situation shall be submitted to the judgement of experts appointed by the parties.

In case the party that has argued an understanding subsequently overturned by the experts' decision wishes to dispose of its shareholding in Galp Energia, it shall initially offer the shares to the other parties to the Shareholder Agreement. Only if the other parties have no intention to acquire its shareholding, will the selling party be entitled to dispose of its shares on a regulated market.

9. PAYOUT OF DIVIDENDS

The parties shall propose the annual payout of at least 50% of Galp Energia's net income, subject to the net debt to EBITDA ratio not exceeding 3.5 for the current and following year, as budgeted.

10. CHANGE OF CONTROL

In case one party (the "affected party") is affected by change of control when the Shareholder Agreement is in force, the other parties shall have the right to acquire the affected party's holding in equal proportions, while respecting CGD's preference right as described above in "CGD's preference right".

Under the Shareholder Agreement, change of control is said to occur when, following one or more actions or agreements, irrespective of their legal form or title:

- One or more entities, individually or jointly, come to own, directly or indirectly, (i) over half of the affected party's shares or voting rights or (ii) the right to appoint or dismiss the majority of the members of the affected party's board of directors;

- One or more entities acquire the possibility to impose or veto the affected party's strategic decisions;
- A merger, the signing of a peer or subordinate group agreement or any other similar event occurs in relation to the affected party; or
- The whole or at least two-thirds of the affected party's assets are transferred (by any means) to one or more entities.

11. ASSIGNMENT OF RIGHTS AND OBLIGATIONS AND TAG-ALONG RIGHTS

No party may assign the rights or obligations arising from the Shareholder Agreement without the other parties' prior written consent or the assignee's prior acceptance of the assignment and its terms, without any reservations.

In case a party transfers its shares, wholly or partly, to a third party, the transferor undertakes to obtain the transferee's full and unconditional acceptance of the provisions of the Shareholder Agreement.

12. DEFAULT

In case a default on the shareholder agreement by any party (the "defaulting party") has not been remedied, each party that is not in default shall have the right (i) to acquire the equity owned in Galp Energia by the defaulting party or, alternatively, (ii) to receive a sum as damages. In either case, the party shall in thirty days notify the other parties of its choice.

13. GENERAL STRATEGIC OBJECTIVES AND GUIDELINES

The parties have agreed the general strategic objectives and guidelines for Galp Energia and shall take the necessary steps towards their implementation.

14. VALIDITY

The Shareholder Agreement was signed on 29 December 2005 between Amorim Energia, Eni and REN, with CGD joining the agreement on 28 March 2006. The agreement entered into force on 29 March 2006 and shall remain valid for a period of eight years.

Under article 20, first paragraph c) of the Portuguese Securities Code, voting rights arising from the shares owned in Galp Energia by each party to the agreement are reciprocally assigned to the other parties. Consequently, according to the law, Galp Energia is considered to be jointly controlled by the shareholders that are parties to the agreement.



APPENDICES

APPENDIX 1. DIRECTORS' PROFESSIONAL QUALIFICATIONS, EXPERIENCE AND POSITIONS HELD IN GROUP AND OTHER COMPANIES

FRANCISCO LUÍS MURTEIRA NABO – CHAIRMAN OF THE BOARD OF DIRECTORS OF GALP ENERGIA, SGPS, S.A.

Age:	68
Academic degrees:	Degree in Economics from Instituto Superior de Ciências Económicas e Financeiras, Lisbon. Master's degree in Business Administration from AESE – Escola de Direcção de Negócios.
Positions held in group companies at 31 Dec 2007:	
Other positions held at 31 Dec 2007:	<ul style="list-style-type: none"> • Curator at Fundação Oriente and, in that capacity, a non-executive director of several companies controlled by the foundation such as BPG – Banco Português de Gestão, S.A. and Companhia de Seguros Sagres, S.A. • Non-executive director of Holdomnis – Gestão e Investimentos, S.A., Templo – Gestão e Investimentos, S.A. and Seng Heng Bank, Macao. • Chairman of the Portuguese Economic Society.
Main professional activities in the last five years:	Chairman of the board of directors and executive committee of Portugal Telecom, SGPS, SA, non-executive director of BES – Banco Espírito Santo, S.A. and chairman of COTEC Portugal.

○ **MANUEL FERREIRA DE OLIVEIRA - VICE-CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER OF GALP ENERGIA, SGPS, S.A.:**

Age:	59
Academic degrees:	<p>Degree in Electric Engineering from the Engineering Faculty at the University of Porto.</p> <p>Master of Science (MSc) in Energy from the University of Manchester.</p> <p>PhD in Energy at the University of Manchester.</p> <p>Associated Professor at University of Porto where he became a Professor in 1979</p> <p>Management studies at IMD, Switzerland, Harvard Business School and Wharton Business School in USA.</p>
Positions held in group companies at 31 Dec 2007:	<ul style="list-style-type: none"> • Chairman of the board of directors and the executive committee of Petróleos de Portugal – Petrogal, S.A. • Chairman of the board of directors and the executive committee of GDP – Gás de Portugal, SGPS, S.A. • Chairman of the board of directors and the executive committee of Galp Power, SGPS, S.A. • Chairman of the board of directors and the executive committee of Galp Energia, S.A. • Chairman of the board of directors of Galp Energia España, S.A. • Chairman of the board of directors and the executive committee of Galp Exploração e Produção Petrolífera, S.A. • Chairman of the board of directors and the executive committee of Galp Exploração e Produção (Timor Leste), S.A.
Other positions held at 31 Dec 2007:	Chairman of the Advisory Board of EGP – Escola de Gestão da Universidade do Porto.
Main professional activities in the last five years:	Chairman of the board of directors and chief executive officer of Unicer – Bebidas de Portugal, SGPS, S.A. between 2000 and 2006.

○ FRANCESCO ANTONIETTI - VICE-CHAIRMAN OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE OF GALP ENERGIA, SGPS, S.A.:

Age:	59
Academic degrees:	Degree in Chemical Engineering from the University of Milan
Positions held in group companies at 31 Dec 2007:	<ul style="list-style-type: none"> • Member of the board of directors and the executive committee of Petróleos de Portugal – Petrogal, S.A. • Member of the board of directors and the executive committee of GDP – Gás de Portugal, SGPS, S.A. • Member of the board of directors and the executive committee of Galp Power, SGPS, S.A. • Member of the board of directors and the executive committee of Galp Energia, S.A. • Member of the board of directors of Galp Energia España, S.A. • Member of the board of directors and the executive committee of Galp Exploração e Produção Petrolífera, S.A. • Member of the board of directors of Galp Exploração e Produção (Timor Leste), S.A.
Positions held in other companies at 31 Dec 2007:	Responsible for Trading and Foreign Activities at Eni Refining & Marketing including industrial, commercial and M&A operations.
Main professional activities in the last five years:	<ul style="list-style-type: none"> • Chief Executive Officer of AGIP Deutschland, in Munich, and AGIP Slovenja, in Ljubljana, from 2001 to 2003. • Chairman of American AGIP, AGIP Czech Republic, AGIP Romania e AGIP Ecuador.

○ JOSÉ ANTÓNIO MARQUES GONÇALVES – MEMBER OF THE BOARD OF DIRECTORS AND VICE-CHAIRMAN OF THE EXECUTIVE COMMITTEE OF GALP ENERGIA, SGPS, S.A.:

Age:	56
Academic degrees:	Degree in Mechanical Engineering from Instituto Superior Técnico, Lisbon Degree from Harvard Business School, United States Degree from the General Motors Institute, United States Several management courses in England, United States and Japan.
Positions held in group companies at 31 Dec 2007:	<ul style="list-style-type: none"> • Member of the board of directors and the executive committee of Petróleos de Portugal – Petrolgal, S.A. • Member of the board of directors of GDP – Gás de Portugal, SGPS, S.A. • Member of the board of directors of Galp Power, SGPS, S.A. • Member of the board of directors of Galp Energia, S.A. • Member of the board of directors of Galp Energia España, S.A. • Member of the board of directors and the executive committee of Galp Exploração e Produção Petrolífera, S.A. • Member of the board of directors of Galp Exploração e Produção (Timor Leste), S.A. • Member of the board of directors of Sacor Marítima, S.A.
Positions held in other companies at 31 Dec 2007:	
Main professional activities in the last five years:	Executive Vice President of General Motors in Mexico (2001 e 2002), Chairman and Chief Executive Officer of General Motors Portugal (from 2002 to 2004). Returned to England at the end of 2004 to become an Executive Director of Vauxhall Motors.

○ ANDRÉ FREIRE DE ALMEIDA PALMEIRO RIBEIRO – MEMBER OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE OF GALP ENERGIA, SGPS, S.A.:

Age:	33
Academic degrees:	Degree in Business Administration from Universidade Católica of Lisbon.
Positions held in group companies at 31 Dec 2007:	<ul style="list-style-type: none"> • Member of the board of directors of Petróleos de Portugal – Petrogal, S.A. • Member of the board of directors and the executive committee of GDP – Gás de Portugal, SGPS, S.A. • Member of the board of directors and the executive committee of Galp Power, SGPS, S.A. • Member of the board of directors and the executive committee of Galp Energia, S.A. • Member of the board of directors of Galp Energia España, S.A. • Member of the board of directors and the executive committee of Galp Exploração e Produção Petrolífera, S.A. • Member of the board of directors of Galp Exploração e Produção (Timor Leste), S.A.
Positions held in other companies at 31 Dec 2007:	
Main professional activities in the last five years:	Held various management positions at Credit Suisse First Boston, London, including Director (2003-2005) and Vice-President (2000-2002) at the Fixed Income Division.

○ **FERNANDO MANUEL DOS SANTOS GOMES - MEMBER OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE OF GALP ENERGIA, SGPS, S.A.:**

Age:	61
Academic degrees:	Degree in Economics and Visiting Professor at Universidade Lusíada.
Positions held in group companies at 31 Dec 2007:	<ul style="list-style-type: none"> • Member of the board of directors and the executive committee of Petróleos de Portugal – Petrogal, S.A. • Member of the board of directors of GDP – Gás de Portugal, SGPS, S.A. • Member of the board of directors of Galp Power, SGPS, S.A. • Member of the board of directors and the executive committee of Galp Energia, S.A. • Member of the board of directors of Galp Energia España, S.A. • Member of the board of directors and the executive committee of Galp Exploração e Produção Petrolífera, S.A. • Member of the board of directors of Galp Exploração e Produção (Timor Leste), S.A. • Member of the board of directors of Sopor – Sociedade Distribuidora de Combustíveis, S.A. • Chairman of the managing board of Petrogal Angola, Lda. • Chairman of the managing board of Petrogal Cabo Verde, Lda. • Chairman of the managing board of Petrogal Moçambique, Lda. • Chairman of the managing board of Petrogal Guiné-Bissau, Lda. • Member of the advisory board of Petrogal Brasil, Lda. • Member of the advisory board of Galp Exploração Serviços do Brasil, Lda. • Member of the board of directors of Sopor – Sociedade Distribuidora de Combustíveis, S.A.
Positions held in other companies at 31 Dec 2007:	
Main professional activities in the last five years:	<ul style="list-style-type: none"> Member of the Portuguese Parliament Chairman of the UIP Delegation Visiting Professor at Universidade Lusíada of Porto.

○ JOÃO PEDRO LEITÃO PINHEIRO DE FIGUEIREDO BRITO - MEMBER OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE OF GALP ENERGIA, SGPS, S.A.:

Age:	42
Academic degrees:	Degree in Economics from Instituto Superior de Economia at Universidade Técnica of Lisbon, with a specialisation in International and Financial Economics.
Positions held in group companies at 31 Dec 2007:	<ul style="list-style-type: none"> • Member of the board of directors and the executive committee of Petróleos de Portugal – Petrogal, S.A. • Member of the board of directors of GDP – Gás de Portugal, SGPS, S.A. • Member of the board of directors of Galp Power, SGPS, S.A. • Member of the board of directors of Galp Energia, S.A. • Member of the board of directors of Galp Energia España, S.A. • Member of the board of directors of Galp Exploração e Produção (Timor Leste), S.A. • Chairman of the board of directors of Sopor – Sociedade Distribuidora de Combustíveis, S.A. • Member of the board of directors of Companhia Logística de Hidrocarburos CLH, S.A.
Positions held in other companies at 31 Dec 2007:	
Main professional activities in the last five years:	Held several senior positions in Galp Energia's Refining & Marketing business segment, namely Head of Direct Clients and Head of the GPL sub-unit.

○ ENRICO GRIGESI – MEMBER OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE OF GALP ENERGIA, SGPS, S.A.:

Age:	56
Academic degrees:	Degree in Political Science from the University of Milan.
Positions held in group companies at 31 Dec 2007:	Appointed at the board meeting of 20 December 2007, effective from 1 January 2008, as executive director in replacement of Massimo Giuseppe Rivara from whom he also took over all positions held at group companies.
Positions held in other companies at 31 Dec 2007:	Chief Executive Officer of Eni Power S.p.A., from March 2006.
Main professional activities in the last five years:	Senior Vice-President of Eni S.p.A. in charge of Gas & Power (formerly Snam S.p.A.) and responsible for the procurement, transportation and storage of natural gas from 1999 to 2006.

○ **MANUEL DOMINGOS VICENTE – MEMBER OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE OF GALP ENERGIA, SGPS, S.A.:**

Age:	51
Academic degrees:	Degree in Electrical Engineering from the University of Angola. His training in management and the oil industry was pursued mainly at London-based OGCI – Oil & Gas Consultants International.
Positions held in group companies at 31 Dec 2007:	
Positions held in other companies at 31 Dec 2007:	Chairman of the board of directors of Sonangol, since 1999. Chairman of the board of directors UNITEL, S.A.R.L. (Angola's mobile telecommunications company). Chairman of the board of directors of Sonils – Sonangol Integrated Logistic Services, Lda. Member of the board of directors of BAI – Banco Africano de Investimentos and the Carlyle Group, among other roles.
Main professional activities in the last five years:	

○ **CAMILLO GLORIA – MEMBER OF THE BOARD OF DIRECTORS OF GALP ENERGIA, SGPS, S.A.:**

Age:	54
Academic degrees:	Degree in Mechanical Engineering from Politecnico di Torino. INSEAD's Executive Programme.
Positions held in group companies at 31 Dec 2007:	
Positions held in other companies at 31 Dec 2007:	Member of the board of directors of Eni UK, chairman of Eni Gas & Power Trading, member of the executive committee of Unión Fenosa Gas.
Main professional activities in the last five years:	Several management roles at Fiorentina Gas and at Italgas.

○ **DIOGO MENDONÇA RODRIGUES TAVARES - MEMBER OF THE BOARD OF DIRECTORS OF GALP ENERGIA, SGPS, S.A.:**

Age:	62
Academic degrees:	Degree in Mechanical Engineering
Positions held in group companies at 31 Dec 2007:	
Positions held in other companies at 31 Dec 2007:	Advisor to the chairman of Amorim Holding.
Main professional activities in the last five years:	Several management roles in shipping companies, IPE, the former state holding company. Executive Vice-President of ICEP - Instituto das empresas para o Mercado Externo and ITP – Instituto do Turismo de Portugal.

○ ANGELO FANELLI – MEMBER OF THE BOARD OF DIRECTORS OF GALP ENERGIA, SGPS, S.A.:

Age:	56
Academic degrees:	Degree in Mechanical Engineering
Positions held in group companies at 31 Dec 2007:	
Positions held in other companies at 31 Dec 2007:	Commercial Director of Eni's Refining & Marketing Division since 2006.
Main professional activities in the last five years:	Responsible for Eni's Refining & Marketing retail business unit and chairman and chief executive officer of AGIP RETE S.p.A. between 2003 and 2004, Commercial Director of Eni's Refining & Marketing division between 2004 and 2005 and Logistics Director of Eni's Refining and Marketing division from 2005 to 2006.

○ CARLOS NUNO GOMES DA SILVA - MEMBER OF THE BOARD OF DIRECTORS OF GALP ENERGIA, SGPS, S.A.:

Age:	41
Academic degrees:	Degree in Electrical Engineering and Computer Science from the University of Oporto's Engineering Faculty. Master in Business Administration from Escuela Superior de Administración y Dirección de Empresas de Barcelona and Instituto Empresarial Portuense.
Positions held in group companies at 31 Dec 2007:	
Positions held in other companies at 31 Dec 2007:	Member of the board of directors of Amorim Investimentos Energéticos, SGPS, S.A. and Amorim Energia, B.V.
Main professional activities in the last five years:	Several executive roles including member of the board of directors of Unicer Bebidas de Portugal, SGPS, SA between 2006 and 2007, member of the board of directors of affiliate companies between 2003 and 2006, managing director and member of the board of directors of Vidago, Melgaço & Pedras Salgadas, S.A. between 2002 and 2003 and Head of Strategic Planning. Chairman of Associação Portuguesa dos Industriais de Águas Minerais Naturais e de Nascente between 2003 and 2006 and vice-chairman of Associação Nacional de Industrias de Refrigerantes e Sumos de Fruta between 2005 and 2007.

○ **MARCO ALVERÀ - MEMBER OF THE BOARD OF DIRECTORS OF GALP ENERGIA, SGPS, S.A.:**

Age:	32
Academic degrees:	Bachelor's degree in Mathematics, Economics and Latin from Sevenoaks School, Kent. Bachelor of Science in Philosophy and Economics from the London School of Economics and Political Science.
Positions held in group companies at 31 Dec 2007:	
Positions held in other companies at 31 Dec 2007:	Vice President of the Procurement and Portfolio Development Division at Eni S.p.A.'s Gas & Power business segment.
Main professional activities in the last five years:	Assistant in charge of special projects to the CEO of Eni S.p.A., from 2005 to 2006, CFO of Wind Telecomunicazioni S.p.A., from 2004 to 2005, Director of Corporate Strategy at ENEL, S.p.A., from 2002 to 2004.

○ **ALBERTO ALVES DE OLIVEIRA PINTO – MEMBER OF THE BOARD OF DIRECTORS OF GALP ENERGIA, SGPS, S.A.:**

Age:	75
Academic degrees:	Degree in Economics and Finance
Positions held in group companies at 31 Dec 2007:	
Positions held in other companies at 31 Dec 2007:	Non-executive director of Banco Espírito Santo.
Main professional activities in the last five years:	Chairman of the board of directors of Banco Nacional de Crédito Imobiliário.

○ **PEDRO ANTÓNIO DO VADRE CASTELINO E ALVIM – MEMBER OF THE BOARD OF DIRECTORS OF GALP ENERGIA, SGPS, S.A.:**

Age:	72
Academic degrees:	Law degree from Universidade Clássica de Lisboa's Law Faculty
Positions held in group companies at 31 Dec 2007:	Vice-chairman of the general meeting committee of Setgás, S.A.
Positions held in other companies at 31 Dec 2007:	Member of the board of directors of Sacimop, S.A.
Main professional activities in the last five years:	Manager of a family agribusiness Consultant

○ **ALBERTO MARIA ALBERTI - MEMBER OF THE BOARD OF DIRECTORS OF GALP ENERGIA, SGPS, S.A.:**

Age:	52
Academic degrees:	Degree in Chemical Engineering.
Positions held in group companies at 31 Dec 2007:	
Positions held in other companies at 31 Dec 2007:	Eni S.p.A. – Refining & Marketing - Deputy Chief Operating Officer for industrial operations.
Main professional activities in the last five years:	Senior manager of Eni S.p.A., with several executive roles at Refining & Marketing.

APPENDIX 2. SUPERVISORY BOARD MEMBERS' PROFESSIONAL QUALIFICATIONS, EXPERIENCE AND POSITIONS HELD IN OTHER COMPANIES

DANIEL BESSA FERNANDES COELHO

Age:	59
Academic degrees:	Degree in Economics from the University of Porto and PhD in Economics from the University of Lisbon.
Experience and positions held in the last five years:	<ul style="list-style-type: none"> • Dean of University of Oporto's Business School since June 2000. • Executive director of Finibanco, SGPS, S.A. since November 1997. • Non-executive director of Finibanco, SGPS, S.A. since May 2001. • Non-executive director of Efacec Capital, SGPS, S.A. since May 2004. • Non-executive director of Agência para o Investimento e Comércio Externo de Portugal, E.P.E. – AICEP, since June 2007. • Chairman of the Supervisory Board of SPGM - Sociedade de Investimentos, S.A. from March 1997 and April 2007. • Chairman of the General Meeting of APDL – Administração dos Portos do Douro e Leixões from January 1999 and March 2002. • Member of the board of directors of Fundação Bial since January 2003.

JOSÉ GOMES HONORATO FERREIRA

Age:	64
Academic degrees:	Degree in Economics from the University of Lisbon's Instituto Superior de Ciências Económicas e Financeiras.
Experience and positions held in the last five years:	Director of Fundação Luso-Espanhola.

JOSÉ MARIA REGO RIBEIRO DA CUNHA

Age:	60
Academic degrees:	Degree in Finance from the University of Lisbon's Instituto Superior de Ciências Económicas e Financeiras.
Experience and positions held in the last five years:	Managing partner of statutory auditors <i>Amável Calhau, Ribeiro da Cunha e Associados – Sociedade de Revisores Oficiais de Contas</i> .

○ AMÁVEL ALBERTO FREIXO CALHAU

Age:	61
Academic degrees:	Statutory Auditor (ITMPE)
Experience and positions held in the last five years:	<ul style="list-style-type: none">• Statutory auditor and a managing partner of <i>Amável Calhau, Ribeiro da Cunha e Associados – Sociedade de Revisores Oficiais de Contas</i>.• Independent statutory auditor.

EDITION



TRANSLATION

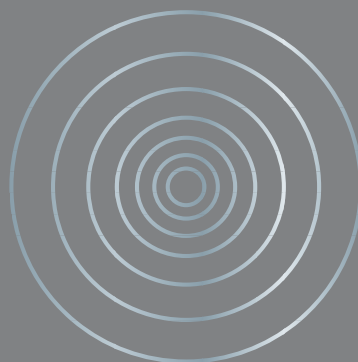


DESIGN AND CONCEPTION



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Manuel Aguiar and Image Bank.



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