

QGEP PARTICIPAÇÕES S.A.

Brazilian Register of Corporate Taxpayers J(CNPJ/MF) No. 11.669.021/0001-10

Business Register Identification Number (NIRE): 33300292896

**BOARD OF DIRECTORS' MEETING
HELD ON DECEMBER 10th, 2010**

1. **DATE, TIME AND PLACE:** On December 10th, 2010, at 8:30 a.m., at the registered office of QGEP Participações S.A. ("QGEPP" or "Company"), located in the city and State of Rio de Janeiro, at Avenida Presidente Antonio Carlos, nº. 51, sala 601 (parte).
2. **ATTENDANCE:** The call of meeting was waived due to the attendance of all directors of the Company.
3. **BOARD:** Chairman - Antonio Augusto de Queiroz Gaivão; Secretary - José Augusto Fernandes Filho.
4. **AGENDA:** Declaration of interim dividends by QGEPP, based on the balance sheet of the Company prepared on October 31st, 2010.
5. **APPROVED RESOLUTIONS:** the meeting was opened and the directors reviewed the proposal presented by the Executive Board for payment of interim dividends based on the net income assessed in the balance sheet prepared on October 31st, 2010. After a long discussion, the directors resolved, by unanimous decision and without any restrictions, as provided in articles 19, "f" and 32 of the Articles of Incorporation of the Company, to submit to the shareholders the proposal for payment of interim dividends arising from the net income assessed on October 31st, 2010 presented by the Executive Board, to be charged from the minimum mandatory dividend of the period, in the amount of R\$33,708,573.35 (thirty-three million, seven hundred and eight thousand, five hundred and seventy-three reais and thirty-five cents), corresponding to the value of R\$0.60 (sixty cents) per share, whose payment shall be made to the shareholders on the date of the Special Meeting of Shareholders approving the referred payment.
5. **ADJOURNMENT:** There being no further business, the Meeting was adjourned, and these minutes were drawn up, being read, approved by unanimous decision and signed by the attending directors and the Secretary.

This instrument is a true copy of the original minutes drawn up in the relevant book.

José Augusto Fernandes Filho
Secretary

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Business Register Identification Number (NIRE): 33300292896

DIVIDEND DISTRIBUTION PROPOSAL

1. REASONS FOR THE DISTRIBUTION

On October 31st, 2010, QGEP Participações S.A. ("QGEPP" or "Company") accounted a net income of R\$ 35,482,708.79 (thirty-five million, four hundred and eighty-two thousand, seven hundred and eight reais and seventy-nine cents), concerning the result assessed from September 2nd to October 31st, 2010. On the same date, Queiroz Galvão Exploração e Produção S.A. ("QGEP"), a full subsidiary of QGEPP, accounted a net income of R\$70,174,477.62 (seventy million, one hundred and seventy-four thousand, four hundred and seventy-seven reais and sixty-two cents), concerning the result assessed from July 2nd to October 31st, 2010. On October 31st, 2010, Manati S.A., a full subsidiary of QGEP, accounted a net income of R\$156,793,041.25 (one hundred and fifty-six million, seven hundred and ninety-three thousand, forty-one reais and twenty-five cents), concerning the result assessed from January 1st to October 31st, 2010. On October 31st, 2010, Manati S.A. held retained earnings in the amount of R\$84,898,040.11 (eighty-four million, eight hundred and ninety-eight thousand, forty reais and eleven cents), and accumulated profit of R\$125,031,597.83 (one hundred and twenty-five million, thirty-one thousand, five hundred and ninety-seven reais and eighty-three cents).

Currently, the operating revenue of the company mainly arises from the assessment of the controlled company's assets, QGEP SA, using the equity method, whose operating revenue arises from the assessment of the controlled company's assets Manati S.A., using the equity method, and the latter's operating revenue arises from the sale of gas to Petrobras, according to a long-term agreement providing for the purchase of a monthly minimum volume contracted (*take or pay*). Due to the nature of such agreement between Manati S.A. and Petrobras and the current stage of the operation of the field of Manati (in which Manati S.A. holds 45% of the franchise rights), it is possible to estimate, with a certain degree of anticipation, the revenue to be generated and the net income to be obtained by Manati S.A. in the next months.

Due to the flow of further funds to be generated by Manati S.A. in the next months, it is the opinion of the management of QGEPP that the funds received from QGEP must not be maintained in cash; thus, it proposes a distribution of dividends in the total amount of R\$33,708,573.35 (thirty-three million, seven hundred and eight thousand, five hundred and seventy-three reais and thirty-five cents), as detailed in this proposal.

2. Net Income on October 31st, 2010:

As indicated in the balance sheet of the above-mentioned period, the Company accounted, in September and October 2010, a net income of R\$ 35,482,708.79 (thirty-five million, four hundred and eighty-two thousand, seven hundred and eight reais and seventy-nine cents).

As provided in article 191 of Act No. 6.404/76, The Executive Board proposed the allocation of the net income assessed in the last fiscal year of the Company, in the amount of R\$ 35,482,708.79 (thirty-five million, four hundred and eighty-two thousand, seven hundred and eight reais and seventy-nine cents), as follows: (i) allocation of 5% to the legal reserve, corresponding to R\$1,774,135.44 (one million, seven hundred and seventy-four thousand, one hundred and thirty-five reais and forty-four cents) and (ii) R\$33,708,573.35 (thirty-three million, seven hundred and eight thousand, five hundred and seventy-three reais and thirty-five cents).

thousand five hundred and seventy-three reais and thirty-five cents) for distribution of dividends to the shareholders.

3. Inform the global amount and the value of the dividends per share, including anticipated dividends and interest on the stockholders' equity already declared:

The total amount concerning the distribution of dividends shall be R\$33,708,573.35 (thirty-three million, seven hundred and eight thousand, five hundred and seventy-three reais and thirty-five cents), and each shareholder shall receive R\$0.60 (sixty cents) per share. Anticipated dividends or interest on the stockholders' equity were not distributed.

4. Inform the percentage of net income of the period distributed.

The management of the Company proposed to distribute dividends comprising 95% (ninety-five percent) of the net income of the period ended on October 31st, 2010.

5. Inform the global amount and the value per share of the dividends distributed according to the profit of previous periods:

The Company was incorporated on March 9th, 2010 and up to this date it did not distribute dividends to the shareholders.

6. Inform, after deduction of anticipated dividends and interest on the stockholders' equity:

a. The gross amount of dividends and interest on the stockholders equity, in segregated form, per share of each type and class

Dividends of R\$33,708,573.35 (thirty-three million, seven hundred and eight thousand five hundred and seventy-three reais and thirty-five cents), and each shareholder shall receive R\$0.60 (sixty cents) per share. Interest on the stockholders' equity shall not be distributed.

b. The form and term of payment of dividends and interest on the stockholders equity.

The dividends shall be paid on the date of the Meeting of Shareholders approving this proposal.

c. Adjustment of inflation and interest on the stockholders' equity

None.

d. Date of declaration of the payment of dividends interest on the stockholders equity, taken into account for identification of the shareholders who shall have the right to receive them

On the date of the Meeting of Shareholders approving this proposal.

7. Mandatory dividends

a. Describe the form of calculation provided in the articles of incorporation

As provided in Article 29 of the Articles of Organization of the Company, the shareholders shall be entitled to receive mandatory dividends of 0.001% (zero point zero zero one) of the net income of the period.

b. Inform if such dividend will be fully paid

Such information may be only confirmed after the assessment of the net income of the Company, in the fiscal year ended on December 31st, 2010 .

a. c. Inform the any withheld amounts.

None.

8. Mandatory dividends withheld due to the financial situation of the company

None.

Rio de Janeiro, December 10th, 2010

José Augusto Fernandes Filho

Chief Executive Officer

Paula Costa

Chief Financial Officer and Investors Relations Officer

Lincoln Guardado
Chief Exploration Officer

Danilo Oliveira
Chief Production Officer

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5. **ADJOURNMENT:** There being no further business, the Meeting was adjourned, and these minutes were drawn up, being read, approved by unanimous decision and signed by the attending directors and the Secretary.

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2. Net Income on October 31st, 2010:

As indicated in the balance sheet of the above-mentioned period, the Company accounted, in September and October 2010, a net income of R\$ 35,482,708.79 (thirty-five million, four hundred and eighty-two thousand, seven hundred and eight reais and seventy-nine cents).

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R\$33,708,573.35 (thirty-three million, seven hundred and eight thousand five hundred and seventy-three reais and thirty-five cents) for distribution of dividends to the shareholders.

3. Inform the global amount and the value of the dividends per share, including anticipated dividends and interest on the stockholders' equity already declared:

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a. The gross amount of dividends and interest on the stockholders' equity, in segregated form, per share of each type and class

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b. The form and term of payment of dividends and interest on the stockholders' equity.

The dividends shall be paid on the date of the Meeting of Shareholders approving this proposal.

c. Adjustment of inflation and interest on the stockholders' equity

None.

d. Date of declaration of the payment of dividends interest on the stockholders' equity, taken into account for identification of the shareholders who shall have the right to receive them

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Rio de Janeiro, December 10th, 2010

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Chief Executive Officer

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