

Americas DC Meeting Statement November 21, 2017

Petróleos de Venezuela, S.A.¹

Summary

On November 16, 2017, the Americas DC Resolved that a Failure to Pay Credit Event occurred on November 11, 2017 with respect to Updated 2003 Transactions² and 2014 Transactions that specify Petróleos de Venezuela, S.A. (**PDVSA**) as the Reference Entity (such transactions, **PDVSA Transactions**).

Each capitalized term used but not defined in this Meeting Statement has the meaning given to such term in the Credit Derivatives Determinations Committees Rules (January 20, 2016 version) (including the Updated 2003 Definitions, as defined therein) (the **DC Rules**).

Publicly Available Information

Based on the Publicly Available Information submitted in connection with the PDVSA Questions, the Americas DC Resolved that PDVSA failed to make a payment that was due under the terms of the USD 3 billion 5.375% Notes due 2027 (the **2027 Notes**).³

Failure to Pay

The definition of Failure to Pay for purposes of the 2014 Definitions and Updated 2003 Definitions states as follows:

"Failure to Pay" means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by [the] Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure.

In Resolving that a Failure to Pay occurred for purposes of PDVSA Transactions, the Americas DC reached the following conclusions:

(a) "*expiration of any applicable Grace Period...*"

The terms of the 2027 Notes contain a 30 calendar days grace period for payments of interest.⁴ Therefore, the Americas DC determined that for the interest payment originally due on October 12, 2017, the grace period expired on November 11, 2017. The Americas DC determined based on Publicly Available Information submitted to the Americas DC that no payment had been made to the registered holder of the 2027 Notes by such date.⁵

¹ This statement relates to the following Credit Event Questions (the **PDVSA Questions**): DC Issue Number 2017110801; DC Issue Number 2017111301; and DC Issue Number 2017111402.

² In accordance with the DC Rules, "Updated 2003 Transaction" means a March 2009 Supplement Transaction or a July 2009 Supplement Transaction (and not a Credit Derivatives Transaction incorporating the 2014 Definitions as a result of the ISDA 2014 Credit Derivatives Definitions Protocol).

³ See the Prospectus for the 2027 Notes dated December 4, 2007 (available online [here](#)) (the **2027 Prospectus**).

⁴ See p 92 of the 2027 Prospectus.

⁵ See, e.g., the Borsa Italiana notice dated November 15, 2017 available [here](#); S&P Global Ratings article dated November 14, 2017 available [here](#).

(b) *"payments in an aggregate amount of not less than the Payment Requirement..."*

Based on submitted Publicly Available Information, the Americas DC determined that the relevant payment failure exceeded the Payment Requirement of USD 1,000,000.

(c) *"under one or more Obligations"*

The Americas DC determined that the 2027 Notes constituted a "Bond", and therefore an "Obligation", of the Reference Entity under the Updated 2003 Definitions and Updated 2014 Definitions.

Combining the PDVSA Questions

In connection with DC Issue 2017110801, the Americas DC noted that pursuant to Section 2.8(b) of the Indenture (the **2017 Indenture**) for the PDVSA USD 6.15 billion 8.5% Senior Notes due 2017 (the **2017 Notes**), the principal due on the 2017 Notes would be "considered paid" if the Principal Paying Agent held, as of 10:00 am New York City time on the due date, money deposited by the issuer in immediately available funds sufficient to pay the principal of the 2017 Notes then due. A principal payment on the 2017 Notes was due on November 2, 2017.

The 2017 Notes do not include a contractual grace period for payment of principal, and therefore a Grace Period of three Grace Period Business Days⁶ would apply to this payment obligation pursuant to the Updated 2003 Definitions and the 2014 Definitions.⁷ Given the banking holiday on November 6, 2017 in Venezuela, this deemed grace period expired on November 8, 2017.

At the time the PDVSA Question relating to the 2027 Notes was submitted, the Americas DC was in the process of ascertaining facts and collecting information relating to the timing of payments on the 2017 Notes, in order to determine exactly when the Reference Entity had deposited sufficient funds with the paying agent to pay principal due on the 2017 Notes. Given the information submitted with respect to the 2027 Notes, as discussed above, the Americas DC determined that it was more efficient to combine the PDVSA Questions.

⁶ Under Section 1.47 of the 2014 Definitions and Section 1.12(b) of the Updated 2003 Definitions, a "Grace Period Business Day" is defined to include "the days specified [for payment] in the relevant Obligation". The 2017 Indenture defines a "Business Day" by reference to the days on which financial institutions are authorized or required by law to close in both New York and Venezuela.

⁷ See Section 1.12(a)(iii) of the Updated 2003 Definitions and Section 1.46(c) of the 2014 Definitions.