



**PDVSA Announces Offers to Exchange Any and All of its
Outstanding 5.250% Senior Notes due 2017 and 8.50% Senior Notes due 2017 for
New 8.50% Senior Secured Notes due 2020**

Caracas, Venezuela, September 16, 2016 – Petróleos de Venezuela, S.A. (“PDVSA” or the “Company”), the fifth largest vertically integrated oil company in the world, today announced that it has commenced offers to exchange (the “Exchange Offers”) any and all of PDVSA’s outstanding 5.250% Senior Notes due 2017 (the “April 2017 Notes”) and 8.50% Senior Notes due 2017 (the “November 2017 Notes,” and together with the April 2017 Notes, the “Existing Notes”) for new 8.50% Senior Secured Notes due 2020 (the “New Notes”).

The following table sets forth the consideration for the Exchange Offers:

Title of Security (Existing Notes)	CUSIP / ISIN	Principal Amount Outstanding	Total Consideration (1)(2)	Tender Consideration⁽²⁾
5.250% Senior Notes due 2017 (“April 2017 Notes”)	N.A. (Rule 144A)/ XS0294364103 (Regulation S)	U.S.\$3,000 million	U.S.\$1,000	U.S.\$950
8.50% Senior Notes due 2017 (“Novem- ber 2017 Notes”)	716558AB7 (Rule 144A); P7807HAK1 (Regulation S)/ US716558AB79 (Rule 144A); USP7807HAK16 (Regulation S)	U.S.\$4,100 million	U.S.\$1,000	U.S.\$950

(1) Includes Early Tender Premium of U.S.\$50.00.

(2) Per U.S.\$1,000 Principal Amount of Existing Notes.

The aggregate principal amount at maturity of the Existing Notes outstanding as of the date hereof is U.S.\$7,100 million.

The New Notes will be secured by a first-priority security interest on 50.1% of the capital stock of CITGO Holding, Inc. (the “Collateral”) and will be unconditionally and irrevocably guaranteed by PDVSA Petróleo, S.A. The Existing Notes are not and will not be secured by the Collateral securing the New Notes. Principal payments on the New Notes will be payable annually, in four equal installments, on each anniversary of the settlement date of the New Notes.

The Exchange Offers are being made pursuant to the Offering Circular dated September 16, 2016 (the “Offering Circular”), which sets forth more fully the terms and conditions of the Exchange Offers. The Exchange Offers for the Existing Notes are scheduled to expire at 11:59

p.m., New York City time, on October 14, 2016 (the "Expiration Date"), unless extended by PDVSA. Holders who tender their Existing Notes on or prior to 5:00 p.m., New York City time, on September 29, 2016, unless extended by PDVSA (the "Early Tender Deadline"), will receive the Total Consideration, which includes the Early Tender Premium. Holders who tender their Existing Notes after the Early Tender Deadline, but on or prior to the Expiration Date, will receive the Tender Consideration, but not the Early Tender Premium. Holders may only withdraw their tenders on or prior to 5:00 p.m., New York City time, on September 29, 2016, unless extended by PDVSA (the "Withdrawal Deadline").

The consummation of the Exchange Offers are subject to the conditions set forth in the Offering Circular, including, among others, the valid tender, without subsequent withdrawal, of at least 50% aggregate principal amount of the Existing Notes. PDVSA may, at its option, waive such condition and other conditions that it may assert or waive.

The Exchange Offers are being made pursuant to an exemption from the registration requirements of the Securities Act contained in Section 3(a)(9) of the Securities Act of 1933, as amended (the "Securities Act"). The Company has not filed, and does not expect to file, a registration statement under the Securities Act or any state securities laws with respect to the New Notes. Accordingly, the New Notes will be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and other applicable securities laws, pursuant to registration or exemption therefrom. The Exchange Offers and the New Notes have not been, and will not be, registered with the Venezuelan Securities Superintendency (*Superintendencia Nacional de Valores*).

This press release is neither an offer to purchase nor a solicitation to buy any securities, nor is it a solicitation for acceptance of the Exchange Offers. The Company is making the Exchange Offers only by, and pursuant to the terms of, the Offering Circular to holders of the Existing Notes. The Exchange Offers are not being made in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction. This press release is neither an offer to sell nor a solicitation of an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful.

D.F. King & Co., Inc. has been appointed as the information agent and the exchange agent for the Exchange Offers. Holders of the Existing Notes may obtain copies of the Offering Circular from D.F. King & Co., Inc. by accessing the website <https://sites.dfkingltd.com/pdvsa>. Holders of the Existing Notes may contact the information agent in New York: (800) 431-9646 (toll free) or (212) 269-5550 (banks and brokerage firms), in London: +44 20 7920-9700 or e-mail at pdvsa@dfkingltd.com.

About PDVSA

PDVSA is a corporation (*sociedad anónima*) organized under the laws of Venezuela, formed in 1975 by the Venezuelan government to coordinate, monitor and control all operations relating to hydrocarbons. PDVSA is wholly owned by Venezuela and is the holding company for a group of oil and gas companies.

PDVSA is the fifth largest vertically integrated oil company in the world with daily crude oil production of 2,746 million barrels per day as of December 31, 2015, or mbpd, as measured by a combination of operational data, including volume of reserves, production, refining and sales. PDVSA carries out exploration, development and production (“upstream”) operations in Venezuela and sales, marketing, refining, transportation, infrastructure, storage and shipping (“downstream”) operations in Venezuela, the Caribbean, North America, South America, Europe and Asia. Through PDV Holding, a wholly-owned subsidiary, PDVSA indirectly owns 100% of CITGO Holding and CITGO Petroleum Corporation, the latter a refiner and marketer of transportation fuels, petrochemicals and other industrial oil-based products in the United States.

NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This press release contains statements that are forward-looking within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Forward-looking statements are only predictions and are not guarantees of future performance. Investors are cautioned that any such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the Company that may cause the actual results to be materially different from any future results expressed or implied in such forward-looking statements. Although the Company believes that the expectations and assumptions reflected in the forward-looking statements are reasonable based on information currently available to the Company's management, the Company cannot guarantee future results or events. The Company expressly disclaims a duty to update any of the forward-looking statements.