

**BANCO DE DESARROLLO ECONÓMICO Y SOCIAL DE VENEZUELA (BANDES),  
PETRÓLEOS DE VENEZUELA S.A., CHINA NATIONAL UNITED OIL CORPORATION  
AND CHINA DEVELOPMENT BANK CORPORATION CONFIRM THAT THIS  
VERSION OF THE FOUR PARTY AGREEMENT IS THE FORM AGREED IN THEIR  
MEETINGS IN BEIJING AND SINGAPORE FROM 2 MARCH TO 18 MARCH 2011 AND  
IS IN SUBSTANTIALLY AGREED FORM SUBJECT TO REVIEW BY LOCAL  
COUNSEL, INTERNAL APPROVALS OF EACH PARTY, AND ANY AMENDMENTS OF  
A MINOR OR TYPOGRAPHICAL NATURE.**

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Ms Edmee Betancourt  
President  
For and on behalf of  
**BANCO DE DESARROLLO  
ECONÓMICO Y SOCIAL DE  
VENEZUELA (BANDES)**

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Mr Tian Yunhai  
Deputy Director-General  
For and on behalf of  
**CHINA DEVELOPMENT BANK  
CORPORATION**

---

Mr Asdrubal Chavez  
Vice President  
For and on behalf of  
**PETRÓLEOS DE VENEZUELA S.A.**

---

Mr Zhao Yong  
Vice President  
For and on behalf of  
**CHINA NATIONAL UNITED OIL  
CORPORATION**

..... **2011**

**BANCO DE DESARROLLO ECONÓMICO Y SOCIAL DE VENEZUELA (BANDES)**

**PETRÓLEOS DE VENEZUELA S.A.**

**CHINA NATIONAL UNITED OIL CORPORATION**

and

**CHINA DEVELOPMENT BANK CORPORATION**

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**FOUR PARTY AGREEMENT**

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**THIS AGREEMENT** is made as a Deed on [●], 2011.

**AMONG:**

- (1) **BANCO DE DESARROLLO ECONÓMICO Y SOCIAL DE VENEZUELA (BANDES)**, an entity organised and existing under the Laws of the Bolivarian Republic of Venezuela, and subject to the oversight of the Ministry of People's Power for Planning and Finance of the Bolivarian Republic of Venezuela, created by Presidential Decree No 1.274 as published in Venezuelan Official Gazette No. 37.228 of June 27, 2001, as amended by Presidential Decree No. 6.214 dated July 15, 2008 as published in Venezuelan Official Gazette No 5.890 on July 31, 2008, as further amended by the Law for the Partial Reform of Decree No. 6.214 as published in Venezuela Official Gazette No. 39.429 on May 21, 2010 ("**BANDES**");
- (2) **PETRÓLEOS DE VENEZUELA S.A.**, a company registered with the First Commercial Registry of the Judicial Circuit of the Capital District and Miranda State on September 15, 1975, under No. 23, Volume 99-A-Pro., the latest version of its Articles of Incorporation/By-Laws evidenced through Presidential Decree No. 3.299, published in Venezuelan Official Gazette No. 38.081 of December 7, 2004 as amended by Presidential Decree No. 6.234, published in Venezuelan Official Gazette No. 38.988 of August 6, 2008, being its charter of incorporation and by-laws restated as per document registered with the First Commercial Registry of the Judicial Circuit of the Capital District and Miranda State on January 5, 2009, under No. 42, Volume 1-A-Pro., File 73023, with principal offices of URB. La Campiña, Avda. Libertador, Calle el Empalme EDIF. Petróleos de Venezuela, Torre Oeste, Piso 7 Venezuela 1060 ("**PDVSA**");
- (3) **CHINA NATIONAL UNITED OIL CORPORATION**, a company duly incorporated and validly existing under the laws of the People's Republic of China with its registered office at No. 27, Chengfang Street, Xicheng District, Beijing, the People's Republic of China, 100033 ("**Purchaser**"); and
- (4) **CHINA DEVELOPMENT BANK CORPORATION** of No. 29, Fuchengmenwai Street, Xicheng District, Beijing, the People's Republic of China, 100037 ("**CDB**").

**WHEREAS**

- (A) CDB and BANDES have entered into a facility agreement dated on or about the date of this Agreement pursuant to which CDB will provide a USD term loan facility of up to US\$4,000,000,000 in two tranches (the "**Facility**") to BANDES (the "**Facility Agreement**").
- (B) BANDES shall use the proceeds of the Facility in accordance with the terms and conditions set out in the Facility Agreement.
- (C) PDVSA, acting on behalf of the Bolivarian Republic of Venezuela through the PDVSA Subsidiary, and Purchaser will enter into a sales and purchase contract dated on or about the date of this Agreement (the "**New Petroleum Sales and Purchase Contract**").
- (D) The sales proceeds generated under the New Petroleum Sales and Purchase Contract shall be applied towards satisfaction of the Borrower's obligations under the Facility Agreement.

NOW IT IS HEREBY AGREED as follows:

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

Unless otherwise defined herein, or the context requires otherwise, terms defined in the Facility Agreement shall have the same meaning when used in this Agreement. In addition:

**"Export Goods"** means fuel and/or crude oil of Venezuelan origin as supplied by PDVSA, acting on behalf of the Bolivarian Republic of Venezuela through PDVSA Subsidiary, in accordance with the Petroleum Sales and Purchase Contracts;

**"First Supply Date"** means 19 February 2012;

**"Party"** means a party to this Agreement and includes its successors in title, permitted assigns and transferees;

**"PDVSA Subsidiary"** means PDVSA Petróleo S.A., a wholly owned subsidiary of PDVSA organised under the laws of Venezuela and acting as the seller under the New Petroleum Sales and Purchase Contract;

**"Termination Date"** means, the latest to occur of:

- (i) the Final Repayment Date; and
- (ii) the unconditional and irrevocable payment and discharge in full of all present and future liabilities of the Borrower under or in relation to the Facility Agreement (including without limitation all liabilities of the Borrower arising out of any extension, variation, modification, reinstatement or novation of the Facility Agreement).

**1.2 Interpretation**

Unless a contrary indication appears, any reference in this Agreement to:

1.2.1 **"Agreement"** means this agreement, as may be amended from time to time;

1.2.2 Clauses are references to clauses of this Agreement;

1.2.3 the singular shall include references in the plural and vice versa;

1.2.4 the words "include" and "including" are to be construed without limitation;

1.2.5 a **"Person"** includes any person, firm, company, corporation, government, state or agency of a state, or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;

1.2.6 the **"winding-up"** of a Person also includes the amalgamation, reconstruction, reorganisation, administration, dissolution, liquidation, appointment of any receiver, liquidator or insolvency officer, merger or consolidation of that Person, and any equivalent or analogous procedure under the law of any jurisdiction in which that Person is incorporated, domiciled or resident or carries on business or has assets;

1.2.7 a document or any other agreement or instrument (including this Agreement), or to a provision contained in any of these, is a reference to it as amended, novated, supplemented, extended, restated, renewed or replaced; and

1.2.8 Clause headings are for ease of reference only.

1.3 Except as provided in this Agreement, the terms of this Agreement may be enforced only by a Party.

## **2. PETROLEUM SALES AND PURCHASE CONTRACT**

2.1 Subject to Clause 2.2 below, PDVSA shall from the First Supply Date, through the PDVSA Subsidiary, deliver to the Purchaser, on behalf of the Bolivarian Republic of Venezuela, and the Purchaser shall purchase, Export Goods of 230,000 Barrels of fuel and/or crude oil per day (as may be adjusted in accordance with this Agreement and/or the New Petroleum Sales and/or Purchase Contract) until the Termination Date pursuant to and in accordance with the New Petroleum Sales and Purchase Contract and to ensure that the Actual Debt Service Cover Ratio is not less than 1.3 at the times required under the Facility Agreement.

2.2 Clause 2.1 above shall not prevent PDVSA (through the PDVSA Subsidiary), acting on behalf of the Bolivarian Republic of Venezuela, from increasing the Barrels of Export Goods specified in Clause 2.1 above pursuant to or otherwise in accordance with this Agreement.

2.3 In the event this Agreement requires an increase in the Barrels to be delivered under the New Petroleum Sales and Purchase Contract, PDVSA shall cause the PDVSA Subsidiary to deliver to the Purchaser, on behalf of the Bolivarian Republic of Venezuela, and the Purchaser shall purchase, such increased Barrels.

## **3. AGREEMENT AS TO PAYMENT**

3.1 PDVSA shall cause the PDVSA Subsidiary to irrevocably instruct the Purchaser to pay, and the Purchaser shall pay, all amounts due to PDVSA Subsidiary under the New Petroleum Sales and Purchase Contract in USD directly into the Collection Account pursuant to the Petroleum Sales and Purchase Contract and in accordance with the Letters of Instruction.

3.2 With respect to each delivery of the Export Goods, PDVSA shall procure the PDVSA Subsidiary, no later than the date when the three-day loading window for such Export Goods is confirmed by the PDVSA Subsidiary and the Purchaser, to irrevocably inform the Purchaser in writing (with a copy to CDB) of the expected loading quantity, expected loading date and expected payment date.

3.3 Each of PDVSA and the Purchaser acknowledges and agrees that:

3.3.1 PDVSA, acting on behalf of the Bolivarian Republic of Venezuela through the PDVSA Subsidiary, and the PDVSA Subsidiary, shall remain liable for the performance of all of the PDVSA Subsidiary's obligations under the New Petroleum Sales and Purchase Contract and BANDES shall not have any obligations or liabilities to the Purchaser in respect of the New Petroleum Sales and Purchase Contract; and

- 3.3.2 BANDES' obligations under the Facility Agreement are independent and absolute and shall not in any manner be affected, impaired, reduced, released or prejudiced by any act or omission to act on the part of PDVSA, the PDVSA Subsidiary, Purchaser or any other party to any of the Transaction Documents or by any unenforceability, illegality or invalidity of any obligation of any person under any Transaction Document or any other document or security.

**4. DELIVERY AND SHIPMENT PROOF**

- 4.1 PDVSA undertakes to cause PDVSA Subsidiary to sell and deliver, and Purchaser undertakes to take delivery of, and make payment for, the Export Goods (including those delivered pursuant to Clause 6.1 below) in accordance with the New Petroleum Sales and Purchase Contract in such manner and at such times that in respect of any Interest Period following the First Supply Date, the value of such trade:
- 4.1.1 is at least equivalent to the Required Amount; and
- 4.1.2 is sufficient to ensure that, on the date falling 30 days prior to each Interest Payment Date the Actual Debt Service Cover Ratio is not less than 1.3.
- 4.2 The Purchaser shall submit to CDB within two (2) Business Days of receipt of the same a copy of each bill of lading and commercial invoice in respect of each shipment of Export Goods under the New Petroleum Sales and Purchase Contract.
- 4.3 On or before the last day of each Interest Period in relation to a Facility, the Purchaser shall provide a statement to CDB containing the details of each delivery that has been made in accordance with the New Petroleum Sales and Purchase Contract for such Interest Period and in each case, the statement shall include details of the time for each delivery, the quantity of each delivery, and the price and payment status in respect of each delivery and the amount paid into each Collection Account.
- 4.4 For the avoidance of doubt, the Parties agree that the terms of the New Petroleum Sales and Purchase Contract shall be such to ensure compliance with Clause 4.1 above.

**5. PAYMENT OF PROCEEDS**

- 5.1 The Parties agree that the Purchaser shall pay all amounts payable under the New Petroleum Sales and Purchase Contract directly into the Collection Account and acknowledge and agree that the amounts standing to the credit of the Collection Accounts shall be applied in accordance with Clause 16 (*Collection Account*) of the Facility Agreement.
- 5.2 PDVSA, acting on behalf of the Bolivarian Republic of Venezuela through the PDVSA Subsidiary, and BANDES acknowledge and agree that payment of the amounts to be made by the Purchaser into the USD Collection Account shall:
- 5.2.1 constitute good receipt of the same amount under the Petroleum Sales and Purchase Contract; and
- 5.2.2 constitute proceeds derived from the sale of royalties in specie paid by PDVSA to the Bolivarian Republic of Venezuela pursuant to applicable laws of Venezuela.

- 5.3 The Purchaser undertakes to BANDES and CDB that it will perform all of its obligations under and in accordance with the New Petroleum Sales and Purchase Contract.
- 5.4 PDVSA undertakes to BANDES and CDB that the PDVSA Subsidiary will perform all of PDVSA Subsidiary's obligations under and in accordance with the New Petroleum Sales and Purchase Contract.
- 5.5 The Purchaser undertakes to make payment for the Export Goods delivered under the New Petroleum Sales and Purchase Contract on the terms and conditions specified therein in order for BANDES to comply with its obligations to CDB under the Facility Agreement.
- 5.6 The Purchaser agrees that all payments to be made by it under the New Petroleum Sales and Purchase Contract shall be made without any withholding, set-off, deduction or counterclaim.

**6. PROSPECTIVE DEBT SERVICE COVER RATIO**

- 6.1 If, on any date in which the Prospective Debt Service Cover Ratio is calculated, the price of Export Goods is such that the Prospective Debt Service Cover Ratio is less than 1.3, either:

- 6.1.1 PDVSA shall:

- (A) procure that part or all of the proceeds generated from the sale of Export Goods by PDVSA, acting on behalf of the Bolivarian Republic of Venezuela through PDVSA Subsidiary, to the Purchaser (in addition to those proceeds due in respect of the Petroleum Sales and Purchase Contracts) or to any other party (in each case, to the extent permitted under Venezuelan law), are deposited into the Collection Account to ensure that the Actual Debt Service Cover Ratio on the 35<sup>th</sup> day prior to the next immediate Interest Payment Date is equal to or greater than 1.3 and, to the extent necessary PDVSA may, but is not obliged to, apply to the Bolivarian Republic of Venezuela for instructions to sell additional Export Goods on behalf of the Bolivarian Republic of Venezuela in order to ensure that the Actual Debt Service Cover Ratio on the 35<sup>th</sup> day prior to the next immediate Interest Payment Date is equal to or greater than 1.3; or
- (B) acting on the instruction of the Bolivarian Republic of Venezuela or as otherwise permitted under Venezuelan law, cause PDVSA Subsidiary to increase the volume of Export Goods delivered pursuant to the New Petroleum Sales and Purchase Contracts (and notify CDB of any such increase), such that the total value of Export Goods to be delivered to the Purchaser pursuant to the New Petroleum Sales and Purchase Contract for that Interest Period causes the Actual Debt Service Cover Ratio to be no less than 1.3 on the date falling 35 days prior to the next immediate Interest Payment Date; or

- 6.1.2 the Borrower shall pay an amount directly to the Collection Account to ensure that the Actual Debt Service Cover Ratio on the 30<sup>th</sup> day prior to the relevant Interest Payment Date is no less than 1.3.

- 6.2 In the event that the PDVSA Subsidiary increases the Barrels of Export Goods delivered under the New Petroleum Sales and Purchase Contract pursuant to this Agreement, the

Purchaser undertakes to purchase such additional Barrels and to make payments in accordance with the New Petroleum Sales and Purchase Contract in respect of the additional Barrels delivered.

- 6.3 Notwithstanding Clause 6.1 above, BANDES agrees and acknowledges that it is, and shall at all times and under all circumstances be, liable for the full repayment of all amounts owing to CDB pursuant to the Facility Agreement.
- 6.4 PDVSA acknowledges the instructions contained in the Letters of Instruction and shall procure that all amounts due in respect of the sale of Export Goods to which the Letters of Instruction relate shall be paid directly to the Collection Account or the Existing Collection Account (as the case may be).
- 6.5 On the first day of each Interest Period, CDB shall send a notice to each of PDVSA, BANDES and the Purchaser setting out:
- 6.5.1 the Average Price of Export Goods in respect of that Interest Period;
  - 6.5.2 the calculation of the Prospective Debt Service Cover Ratio;
  - 6.5.3 based on the calculation of the Prospective Debt Service Cover Ratio, the estimated amount of any shortfall (if any) in the Collection Account on the next calculation date of the Actual Debt Service Cover Ratio; and
  - 6.5.4 the amount of principal and interest and any other amounts due and payable in respect of that Interest Period.

**7. DEALINGS WITH RESPECT TO THE PETROLEUM SALES AND PURCHASE CONTRACT**

- 7.1 PDVSA, the Purchaser and BANDES shall not, and PDVSA shall procure that the PDVSA Subsidiary shall not, assign, transfer, novate and/or dispose of to any Person any interest in or any rights and/or obligations under the New Petroleum Sales and Purchase Contract.
- 7.2 PDVSA, the Purchaser and BANDES shall not, and PDVSA shall procure that the PDVSA Subsidiary shall not, create in favour of any Person any mortgage, charge, pledge, lien or other security interest or any other agreement or arrangement having a similar effect over or in respect of all or any part of the New Petroleum Sales and Purchase Contract including, but not limited to, the proceeds due thereunder.
- 7.3 Each of PDVSA and the Purchaser confirms that it has not received notice of any mortgage, charge, pledge, lien or other security interest securing any obligation of any Person or any other agreement or arrangement having a similar effect granted over or in respect of all or any part of the New Petroleum Sales and Purchase Contract.
- 7.4 In the event that there is a failure by BANDES to pay any amount owed by it under the Facility Agreement by its stated final repayment date (such amount being the "**Remaining Amount**"), PDVSA shall procure the PDVSA Subsidiary to, and Purchaser shall, upon the written request of CDB, extend the New Petroleum Sales and Purchase Contract for an additional period up to six (6) months, for a volume of Export Goods equivalent to the Remaining Amount plus any interest accrued on the Remaining Amount and otherwise on the same terms and conditions set out in the New Petroleum Sales and Purchase Contract, such that the amount to be deposited into the Collection Account pursuant to the extension

of the New Petroleum Sales and Purchase Contract is not less than the Remaining Amount plus any interest accrued thereon (including any default interest).

- 7.5 Save for any amendment required to affect any increase in Export Goods delivered as described in Clauses 6.1 and 6.2, or the extension described in Clause 7.4 of this Agreement, BANDES, PDVSA (acting through the PDVSA Subsidiary), and the Purchaser shall not amend or waive any of their respective rights and/or obligations under the New Petroleum Sales and Purchase Contract without the prior written consent of CDB.
- 7.6 CDB's prior written consent shall be obtained for any substitution of Export Goods under the New Petroleum Sales and Purchase Contract. If PDVSA (acting through the PDVSA Subsidiary) and the Purchaser wish to make a substitution of Export Goods under the New Petroleum Sales and Purchase Contract, the Purchaser shall immediately deliver a notice of intention to CDB (the "**Substitution Notice**") with a copy to PDVSA and the PDVSA Subsidiary. CDB shall provide its written consent or otherwise to the Purchaser (with a copy to PDVSA) within five (5) Business Days of receipt of the Substitution Notice. If CDB does not provide its written consent or otherwise within five (5) Business Days of receipt of a Substitution Notice, the substitution detailed in that Substitution Notice shall be deemed to have been approved by CDB.

## 8. REPRESENTATIONS AND WARRANTIES

- 8.1 Each Party makes the representations and warranties set out in this Clause 8 (*Representations and Warranties*) to and for the benefit of each other Party (i) on the date of this Agreement; (ii) on each date a utilisation request is delivered under the Facility Agreement; (iii) on the date of each utilisation of the Facility; and (iv) on the first day of each Interest Period, in each case, by reference to the facts and circumstances then existing on such date.
- 8.1.1 It is duly established and validly existing under the law of its jurisdiction of establishment.
- 8.1.2 It has the power to own its assets and carry on its business as it is being conducted.
- 8.1.3 It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Agreement and each other Transaction Document to which it is a party, and the transactions contemplated therein.
- 8.1.4 The obligations expressed to be assumed by it under this Agreement and each other Transaction Document to which it is a party are legal, valid, binding and enforceable in accordance with their terms.
- 8.1.5 The entry into and performance of it, and the transactions contemplated by the Transaction Documents to which it is a party do not and will not conflict with:
- (A) any law or regulation or any official or judicial order applicable to it; and
  - (B) any agreement or instrument binding upon it or any of its assets.

- 8.1.6 All Authorisations required or desirable:
- (A) to enable it to lawfully enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party;
  - (B) to make the Transaction Documents to which it is a party admissible in evidence in Venezuela (in the case of PDVSA and BANDES) and China (in the case of CDB and Purchaser); or
  - (C) for it to carry on their business and which are material,
- have been obtained or effected and are in full force and effect.
- 8.1.7 No meeting has been convened for its winding-up, no such step is intended by it and, so far as it is aware, no petition, application or the like is outstanding with a view for its winding-up.

## 9. ADDITIONAL PDVSA REPRESENTATIONS AND WARRANTIES

- 9.1 In addition to the representations and warranties made in Clause 9 (*Representations and Warranties*) above, PDVSA makes the representations and warranties set out in this Clause 10 (*Additional PDVSA Representations and Warranties*) to and for the benefit of CDB (i) on each date a utilisation request is delivered under the Facility Agreement; (ii) on the date of each utilisation of the Facility and (iii) on the first day of each Interest Period, in each case, by reference to the facts and circumstances then existing on such date.
- 9.1.1 It is the legal and beneficial owner of 100% of the entire issued share capital of PDVSA Subsidiary.
- 9.1.2 The entry into and performance by it or by the PDVSA Subsidiary of, and the transactions contemplated by, the Transaction Documents to which either of them is a party do not and will not conflict with any laws of the Bolivarian Republic of Venezuela (including its constitution) or any agreement binding on it or the PDVSA Subsidiary.
- 9.1.3 No event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or on the PDVSA Subsidiary or to which their respective assets are subject.
- 9.1.4 All information supplied by it or the PDVSA Subsidiary to CDB in relation to the transactions contemplated by the Transaction Documents is true, complete and accurate in all material respects as at the date it was given and is not misleading in any respect.
- 9.1.5 The Export Goods delivered under the New Petroleum Sales and Purchase Contract constitute royalties in specie payable by PDVSA to the Bolivarian Republic of Venezuela under the Organic Law of Hydrocarbons of the Bolivarian Republic of Venezuela and other applicable laws.
- 9.1.6 All Authorisations required in connection with the application by BANDES of such proceeds to repay the Facilities have been obtained and are in full force and effect and shall be in full force and effect for the duration of the Facility Agreement.

9.1.7 The Letters of Instruction are legal, valid, binding and enforceable under the laws of the Bolivarian Republic of Venezuela.

9.1.8

- (A) It and the PDVSA Subsidiary are subject to civil and commercial law with respect to its obligations under the Transaction Documents to which it is a party;
- (B) the entry into and performance by it or the PDVSA Subsidiary of the Transaction Documents to which any of them is a party constitute private and commercial acts;
- (C) neither it nor the PDVSA Subsidiary or any of their assets enjoys any right of immunity (sovereign or otherwise) from set-off, suit or execution in respect of their obligations under any Transaction Document to which either is a party; and
- (D) its agreement not to claim immunity under Clause 17 below (*Waiver of Immunity*) is legal, valid, binding and enforceable under the laws of the Bolivarian Republic of Venezuela.

9.1.9 No material default is continuing under the Petroleum Sales and Purchase Contracts.

## **10. PDVSA UNDERTAKINGS**

10.1 PDVSA shall supply to CDB promptly upon becoming aware of them, details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against it or the PDVSA Subsidiary, which may call into question the validity or performance of either of their obligations under any Transaction Document to which any of them is a party.

10.2 PDVSA shall:

- 10.2.1 duly and promptly perform all of its obligations set forth herein, failing which, PDVSA shall procure the PDVSA Subsidiary to perform such obligations as if it were a party to this Agreement;
- 10.2.2 take all necessary measures including making the relevant shipping arrangements for the Export Goods to ensure due and prompt performance by the PDVSA Subsidiary of its obligations under the New Petroleum Sales and Purchase Contract;
- 10.2.3 for the benefit of the Purchaser and CDB, procure that the PDVSA Subsidiary will perform all its obligations under and in accordance with the Petroleum Sales and Purchase Contracts or PDVSA shall perform such obligations itself or cause such obligations to be performed by a third party;
- 10.2.4 procure the PDVSA Subsidiary to duly and promptly execute the Side Letter substantially in the form of Schedule 1 (*Side Letter*) contemporaneously with the execution of this Agreement and within three (3) days of execution deliver a copy of such executed Side Letter to each of CDB, BANDES and the Purchaser; and

- 10.2.5 promptly, upon becoming aware of the same, provide CDB and BANDES with details of any default under, or breach of, a Petroleum Sales and Purchase Contract.
- 10.3 PDVSA shall not assign, transfer, sell, dispose of or create any security interest over all or any part of its shareholding in PDVSA Subsidiary or enter into any agreement or arrangement to effect any of the foregoing without the prior written consent of CDB.
- 10.4 PDVSA shall strengthen and expand its co-operation with the Purchaser and other relevant Chinese entities accepted by CDB in the development and implementation of energy and other projects in the Bolivarian Republic of Venezuela.

**11. PURCHASER UNDERTAKINGS**

- 11.1 The Purchaser shall supply to CDB promptly upon becoming aware of the same:
  - 11.1.1 details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against it which might, if adversely determined, have a material adverse effect on its ability to perform its obligations under the Petroleum Sales and Purchase Contracts; and
  - 11.1.2 details of any default under, or breach of, a Petroleum Sales and Purchase Contract.

**12. DURATION AND EFFECT OF THIS AGREEMENT**

- 12.1 This Agreement shall commence on the date hereof and shall continue in full force and effect until the earlier of:
  - 12.1.1 Termination Date; and
  - 12.1.2 termination by the written agreement by all the Parties.
- 12.2 The Parties acknowledge and agree that none of the provisions of this Agreement shall affect, increase or reduce any obligation of the Purchaser, BANDES or PDVSA or the PDVSA Subsidiary under any of the Transaction Documents. For the avoidance of doubt, notwithstanding anything to the contrary in this Agreement, or the failure of any Party (other than CDB) to perform any of its obligations hereunder, BANDES shall at any time be responsible and liable to perform all of its obligations under and pursuant to the Facility Agreement.

**13. NOTICES**

- 13.1 Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by fax or international courier.
- 13.2 The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Agreement is as follows:

**PDVSA**

Address: Av. Libertador, Edificio Petróleos de Venezuela,  
Torre Este, Piso PH, Urb. La Campiña,

Caracas, Venezuela.  
Fax: +58 212 7084666  
Attention: President

**BANDES**

Address: Banco de Desarrollo Económico y Social de Venezuela (BANDES)  
Av. Universidad  
Traposos a Colón Torre BANDES  
Caracas 1010 Venezuela  
Fax: +58 212 5058404  
Attention: President

**Purchaser**

Address: No. 27, Chengfang Street  
Xicheng District  
Beijing, People's Republic of China  
100033  
Fax: +86 (10) 6622 7151  
Attention: Vice President

**CDB**

Address: No. 29, Fuchengmenwai Street  
Xicheng District  
Beijing, The People's Republic of China  
100037  
Fax: +86 (10) 8830 9170  
Attention: Mr. Tian Yunhai, Director

13.3 Any communication or document made or delivered by one Party to another under or in connection with this Agreement will be effective:

13.3.1 if by way of fax, only when received in legible form; or

13.3.2 if by way of courier, when it has been left at the relevant address or when a delivery confirmation from the courier company is received,

and, if a particular department or officer is specified as part of its address details provided under this Clause 13 (*Notices*), if addressed to that department or officer.

**14. GENERAL**

- 14.1 No variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the Parties.
- 14.2 No failure to exercise, nor any delay in exercising, on the part of any Party, any right, power or remedy under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right, power or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.
- 14.3 If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction, will in any way be affected or impaired.
- 14.4 Neither this Agreement nor any other agreement or arrangement of which it forms part, nor the performance by the Parties of their respective obligations under any such agreement or arrangement, shall constitute a partnership between the Parties.
- 14.5 This Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of the Agreement.
- 14.6 This Agreement (together with the other Transaction Documents) constitutes the entire agreement between the Parties, with respect to the subject matter of this Agreement and supersedes any prior written or oral agreement between them with respect to such subject matter.
- 14.7 This Agreement is drawn up in the English language and shall be translated into the Chinese and Spanish languages. The Spanish translation shall be prepared at the Borrower's sole cost by a certified public interpreter of Venezuela designated by CDB. The Parties acknowledge and agree that they have signed the English, Chinese and Spanish versions of this Agreement and in the event of any discrepancy between the three (3) versions, the English language version shall prevail.

**15. CONFIDENTIAL INFORMATION**

- 15.1 Subject to Clause 15.2 below, each Party undertakes to the other that it shall treat as confidential all information received or obtained as a result of entering into or performing this Agreement or any other Transaction Document to which it is a party which relates to:
- 15.1.1 the other Parties and their business, assets and affairs;
  - 15.1.2 the provisions or the subject matter of any Transaction Document or any document referred to therein and any claim or potential claim thereunder; or
  - 15.1.3 the negotiations relating to the Transaction Documents or any documents referred to therein.
- 15.2 Clause 15.1 above does not apply to disclosure of any such information by a Party to:
- 15.2.1 any of its branches or related companies;

- 15.2.2 any of its professional advisers or other persons providing services to it;
- 15.2.3 any person permitted by the other Parties;
- 15.2.4 any person to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation; and
- 15.2.5 any proposed transferee or assignee of, or sub-participant under any of the Facility Agreements,

provided that prior to such disclosure the persons listed in sub-clauses 15.2.1, 15.2.2, 15.2.3 and 15.2.5 enter into a confidentiality undertaking satisfactory to those parties to whom the confidential information subject to such disclosure relates.

- 15.3 The restrictions contained in this Clause 15 (Confidential Information) shall continue to apply for five (5) years after the termination of this Agreement without limit in time.

## **16. ASSIGNMENT**

- 16.1 This Agreement shall benefit and be binding on the Parties, their respective successors and any permitted assignee or transferee of all or some of a Party's rights and obligations under this Agreement.
- 16.2 No Party may assign or transfer all or any of their respective rights, benefits or obligations under this Agreement except with the prior written consent of each other Party.

## **17. WAIVER OF IMMUNITY**

- 17.1 Each Party irrevocably and unconditionally:
  - 17.1.1 agrees that if any other Party brings proceedings against it or its assets in relation to this Agreement, no immunity (sovereign or otherwise) from those proceedings (including, without limitation, suit, attachment prior to judgement, other attachment, the obtaining of judgement, execution or other enforcement) will be claimed by or on behalf of itself or with respect to its assets;
  - 17.1.2 waives any such right to immunity which it or its assets now has or may subsequently acquire; and
  - 17.1.3 consents generally in respects of any such proceedings to the giving of any relief or the issue of any process in connection with those proceedings, including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of its use or intended use) if any order or judgement which may be made or given in those proceedings.

### **17.2 Exceptions**

Notwithstanding Clause 17.1 above, no Party waives such immunity in respect of any of its property or assets which are:

- 17.2.1 used by a diplomatic or consular mission of Venezuela (except as may be necessary to elect service of process);

- 17.2.2 property of a military character and under the control of a military authority or defence agency or property forming part of the cultural heritage of Venezuela; or
- 17.2.3 subject to immunity under the laws of PRC or the laws of Venezuela, irrespective of the location of such assets.

**18. GOVERNING LAW AND JURISDICTION**

**18.1 Governing Law**

This Agreement and any dispute or claim arising out of or in connection with it or its subject matter, existence, negotiation, validity, termination or enforceability (including any non-contractual disputes or claims) shall be governed by and construed in accordance with English law.

**18.2 Dispute Resolution**

All disputes, controversies or claims arising out of or in relation to this Agreement, including the validity, invalidity, breach or termination thereof, shall be settled exclusively by arbitration in accordance with the UNCITRAL Arbitration Rules ("**Rules**") in effect at the time of the arbitration, except as such Rules may be modified herein or by mutual agreement of the parties:

- 18.2.1 the arbitration shall be administered by the Singapore International Arbitration Centre ("**SIAC**") in accordance with its practice rules and regulations;
- 18.2.2 the place of arbitration shall be Singapore;
- 18.2.3 the language of the arbitration shall be English;
- 18.2.4 the number of arbitrators shall be three (3) to be appointed as follows:
  - (A) the claimant shall appoint one (1) arbitrator in the request for arbitration. If there is more than one (1) claimant, all claimants shall jointly appoint one (1) arbitrator in their request for arbitration. If they cannot agree on their choice of arbitrator, any claimant may request the SIAC in writing to appoint the arbitrator for them and the SIAC shall appoint the arbitrator for them as soon as practicable following receipt of such request;
  - (B) the respondent shall appoint one (1) arbitrator within thirty (30) days following the service of the request for arbitration upon the respondent. If there is more than one respondent, all respondents shall jointly appoint one (1) arbitrator within thirty (30) days following the service of the request for arbitration upon the respondents. If at the end of the 30-day period the second arbitrator has not been appointed, the Chairman or Deputy Chairman of the SIAC shall appoint the second arbitrator as soon as practicable.
- 18.2.5 the two (2) arbitrators thus appointed shall choose the third arbitrator who will act as the presiding arbitrator of the tribunal. If within thirty (30) days of the appointment of the second arbitrator, the two (2) appointed arbitrators fail to appoint the presiding arbitrator, the Chairman or Deputy Chairman of the SIAC shall appoint the presiding arbitrator.

- 18.2.6 the arbitral award shall be in writing and shall be final and binding on the Parties. The award may include an award of costs, including reasonable attorney's fees and disbursements. Judgment upon the award may be entered by any court having jurisdiction thereof or having jurisdiction over party against which the award is entered or its assets;
- 18.2.7 during arbitration, all the Parties shall continue to fulfill their respective obligations under this Agreement and the other Transaction Documents; and
- 18.2.8 the Parties agree to waive, for purposes of arbitration pursuant to this Clause 18.2 (*Dispute Resolution*), any right of application to determine a preliminary point of law or appeal to any court of law on a point of law which may be available to it under any applicable law.

**SCHEDULE 1**

**SIDE LETTER**

China Development Bank Corporation ("CDB")  
No. 29 Fuchengmenwai Street, Xicheng District  
Beijing 100037  
The People's Republic of China  
Attention: Mr. Chen Yuan, Chairman of the Board

China National United Oil Corporation  
No. 27 Chengfang Street, Xicheng District  
Beijing 100033  
The People's Republic of China  
Attention: Ms. Wang Lihua, President of China National United Oil Corporation

Caracas, August \_\_\_\_, 2010

Dear Sirs,

We are a 100% subsidiary of Petr6leos de Venezuela S.A. ("**PDVSA**"). We have entered into a petroleum sales and purchase contract (the "**New Petroleum Sales and Purchase Contract**"), dated \_\_\_\_\_, 2011, under which we act on behalf of the Bolivarian Republic of Venezuela as seller to sell fuel oil and/or crude oil to China National United Oil Corporation (the "**Purchaser**").

We write to confirm that we are aware of the following: (a) PDVSA is a party to the Framework Agreement among CDB, the Purchaser, Banco de Desarrollo Econ6mico y Social de Venezuela (BANDES) ("**BANDES**"), PDVSA, El Fondo De Desarrollo Nacional S.A., the Ministry of People's Power for Planning and Finance of the Bolivarian Republic of Venezuela ("**MPF**") and the Ministry of People's Power for Energy and Petroleum of the Bolivarian Republic of Venezuela ("**MEP**"), dated [•], 2011, and the four party agreement among BANDES, PDVSA, CDB and Purchaser, dated \_\_\_\_\_, 2011 (the "**Four Party Agreement**"); (b) CDB as lender, and BANDES as borrower, have entered into a US\$4,000,000,000 facility agreement dated \_\_\_\_\_, 2010 (the "**Facility Agreements**"); and (c) MEP has issued a letter of instructions to PDVSA, dated \_\_\_\_\_, 2011, instructing, *inter alia*:

- (i) the delivery by PDVSA to the Purchaser of 230,000 barrels of fuel and/or crude oil per day (as may be adjusted in accordance with the Four Party Agreement and the New Petroleum Sales and Purchase Contract) from 19 February 2012 until the full repayment of all amounts due and payable under the Facility Agreement, to the payment of royalties in specie, according to Article 44 and Article 45 of the Organic Law of Hydrocarbons of the Bolivarian Republic of Venezuela;
- (ii) all sales proceeds generated under the New Petroleum Sales and Purchase Contract to be deposited directly into the collection account of BANDES opened and maintained at CDB in accordance with the terms and conditions of the Facility Agreement, the Four Party Agreement and the New Petroleum Sales and Purchase Contract;

- (iii) all deliveries of fuel oil and/or crude oil destined to the Purchaser under the New Petroleum Sales and Purchase Contract be registered as payment of royalties in specie to the Bolivian Republic of Venezuela.

We further confirm that (a) the fuel and/or crude oil to be sold under the New Petroleum Sales and Purchase Contract will constitute payment of royalties in specie by virtue of the MEP instructions; (b) the proceeds from the sale of fuel and/or crude oil under the New Petroleum Sales and Purchase Contract will be deposited directly into the collection account of BANDES opened and maintained at CDB in accordance with the terms and conditions of the Facility Agreement, the Four Party Agreement and the New Petroleum Sales and Purchase Contract and such deposit constitutes good receipt of the same amount under the New Petroleum Sales and Purchase Contract; (c) we will perform our obligations in accordance with the New Petroleum Sales and Purchase Contract, the MEP instructions and any instructions that PDVSA may give to us from time to time in accordance with the Four Party Agreement and other relevant documents; and (d) we will not create in favor of any person any mortgage, charge, pledge, lien or other security interest or any other agreement or arrangement having a similar effect over or in respect of all or any part of the New Petroleum Sales and Purchase Contract including, but not limited to, the proceeds due thereunder.

Very Truly Yours,

PDVSA Petróleo S.A

By: \_\_\_\_\_

Name:

Title:

IN WITNESS whereof this Agreement has been executed and delivered as a deed on the date first above written.

**Counterparty**

**SIGNED and DELIVERED** )  
AS A **DEED** by [●] )  
On behalf of )  
**BANCO DE DESARROLLO ECONOMICO** )  
**Y SOCIAL DE VENEZUELA (BANDES)** )  
In the presence of: ) \_\_\_\_\_

**SIGNED and DELIVERED** )  
AS A **DEED** by [●] )  
On behalf of )  
**PETROLEOS DE VENEZUELA, S.A.** )  
In the presence of: ) \_\_\_\_\_

**SIGNED and DELIVERED** )  
AS A **DEED** by [●] )  
On behalf of )  
**CHINA NATIONAL UNITED OIL** )  
**CORPORATION** )  
In the presence of: ) \_\_\_\_\_

**SIGNED and DELIVERED** )  
AS A **DEED** by [●] )  
On behalf of )  
**CHINA DEVELOPMENT BANK** )  
**CORPORATION** )  
In the presence of: ) \_\_\_\_\_