Junta Administradora ad hoc
de Petróleos de Venezuela, S.A.

Press Release

PDVSA Ad Hoc Highlights Progress in the Defense of CITGO Assets

- Denounces Maduro's cynical manipulation of forced Citgo sale to harm Venezuela's democracy
- Declares absolute success in turning Citgo around financially and operationally
- Reaffirms commitment to defending Citgo's assets legitimately and transparently

The Ad Hoc Administrative Board of Petróleos de Venezuela, S.A. (PDVSA Ad Hoc) informs the Venezuelan public opinion, the international community, and all interested parties, about the important advances and significant differences in the management and defense of CITGO assets since its establishment in 2019, in light of the national and international campaign deployed by the Nicolás Maduro regime that seeks to make the CITGO case an issue of electoral campaign and political persecution, to distract attention from six years of usurpation of power, its resounding economic failure in leading the country, and his direct contribution for more than 11 years in the destruction of the Venezuelan oil industry with cases as emblematic as the 23 billion dollars that disappeared in the PDVSA crypto case, presumably orchestrated by Tarek El Aissami who for many years was an ally of Nicolás Maduro.

We will begin by remembering that, on February 2, 1999, Hugo Chávez received a country that produced 3 million 450 thousand barrels of crude oil per day, of which PDVSA's own efforts produced 2 million 850 thousand barrels per day, while the rest was contributed by the Operating Agreements and Strategic Associations of the Belt, both businesses were in full growth. Still, they were devastated by the ideological beliefs of the regime.

PDVSA's business plan estimated significant growth, to be carried out jointly with the contributions coming from the Oil Opening, that is, Operating Agreements, Strategic Associations, and Risky Exploration-Production, under the Shared Profits scheme, which would allow Venezuela a production of about 6 million barrels of crude oil in the medium term.

Additionally, we will highlight the topic at hand: Internationalization, in general, and CITGO, in particular.

At the beginning of the year 2000, this was the situation in summary:

- International Refining Capacity: 1 million 500 thousand barrels of crude oil per day.
- International marketing of products exceeding 2 million barrels per day.
- Access to the direct fuel sales system at service stations: CITGO 10% of the US market with 13,997 stations and 2,000 Aral stations in Germany covering 17% of the German market. It is worth saying that in Europe PDVSA had 4 refineries in Germany, 2 refineries in Belgium, 2 in Sweden, and 2 in the United Kingdom.
- CITGO was a leader in asphalt production and supply on the US East Coast.
- About CITGO, only in the US, PDVSA had 6 of its refineries; 13,397 service stations; 55 terminals, and extensive participation in multi-pipelines; in addition to extensive shareholding in Hovensa (St. Croix-Hess); Merey-Sweeny (ConocoPhillips); Chalmette (Exxon-Mobil); CITGO-Lyondell.

To complete this phase, we present the situation for 2018, so that you can draw your own conclusions about who and when dismantled the Venezuelan oil internationalization, including, of course, CITGO in the US.

- European System sold by Maduro's PDVSA (auctioned) and reduced participation in Sweden to 15%, for an undisclosed price with a total lack of transparency.
- Citgo-Lyondell sold for $1.8 billion net.
- Chalmette delivered as part of the payment to Exxon for the expropriation demand of the Cerro Negro Association.
- Sold stakes in Explorer/Eagle/Colonial pipelines for $1,000 million.
- Hovensa out of operation in 2012 after filing for bankruptcy - sold terminal and storage facilities for $184 million. Commitment to pay the debt from Hovensa to Hess and PDVSA ($1,860 million)
- Citgo Asphalt sold to NuStar (2007) for $848 million
- Merey Sweeny: ConocoPhillips took definitive control of the company due to a breach of the supply contract (2015) - Conoco assumed PDVSA's debt ($195 million)
- Sale-Loss of Storage Terminals in the Caribbean (BORCO-BOPEC)

As a result of this dismantling, only 3 CITGO refineries remained (Lake Charles, Lemont, and Corpus Christi), and less than 4 thousand service stations, owned and branded, were received in 2019. Currently, Venezuela's total production barely exceeds 800 thousand barrels per day on a sustained basis, which contrasts with the 3 million 450 thousand barrels per day of production that Hugo Chávez's management received in 1999.

Without a doubt, the destruction of the international and national infrastructure of PDVSA and the national oil sector only proves what we have been stating for years. This was an orchestrated plan to end Venezuela.

Since CITGO was recovered in 2019 by the PDVSA Ad Hoc Board, work has been done to protect it from this debacle. CITGO found itself with a debt of 4.8 billion dollars, looted and mortgaged by the Maduro regime, which had also given 49.9% of the shares as collateral to the Russian company Rosneft, and 50.1% of the shares to the bondholders. of PDVSA 2020. The company was refining less than 750,000 barrels of crude oil per day, with very high disinvestment in security and operations, and under a judicial investigation for acts of corruption that to date have reached at least 47 public cases in which the majority of the defendants have pleaded guilty in US courts. This was the legacy of the regime that had tried to sell what was left of the company in 2016 and failed in that attempt.

Having overcome the bad years of the refining market during the global pandemic between 2020 and 2021, the new ad hoc PDVSA administration has led the company to the recovery of its refineries, the optimization of its processes, and the increase in business in the markets, which has led us to obtain profits in the last 10 quarters that accumulate almost 5,000 million dollars, managing to get out of the debt in which the company had been subsumed, recovering the guarantee of 49.9% of the shares granted to the Russian company Rosneft, and increased the refining capacity to 850,000 barrels of crude oil per day, which is much greater than the amount of crude oil that the red PDVSA produces today. All of this has contributed to CITGO's market value increasing significantly. Therefore, there is a great contrast in management and results. A management that sought to mortgage the company and drain its resources to be squandered by an authoritarian regime, and a new management that has managed to recover CITGO financially and operationally.

While working on the recovery of CITGO, PDVSA Ad Hoc and the subsidiary companies, have worked jointly with the Interim Government and the National Assembly of 2015, in their legal protection against the execution of debts caused during the regimes of Hugo Chávez and Nicolás Maduro. The irresponsible practice of “exploit yourself!”, non-payments and breaches of contracts, have left a legacy of debts exceeding 24,000 million dollars that haunt the company, and that represent a serious threat in the sale process that is being carried out in the Delaware courts. It should be noted that more than 80% of the debt claimed by creditors is not from PDVSA or CITGO but was generated during the Maduro and Chávez administrations.

It should be noted that this process, although it is advanced, has not concluded. PDVSA Ad Hoc has publicly declared its criticism of a process that does not comply with the principles of justice and equity. This has sparked bipartisan support in the US Congress by congressmen who have requested the suspension of the process and the creation of a Special Debt Resolution Commission, as has existed in the case of other countries such as Iraq, Sudan, or Cuba.

PDVSA and the Republic are still entitled to legal remedies that they can legitimately pursue against the outcome of the sale process and appeals to the Third Circuit Court and the US Supreme Court. All of this is possible before the judicial process is completed. terminated, with final protection left to the decision of the US Department of the Treasury.

Therefore, it is important to inform that the CITGO situation has not yet come to an end, as the Maduro regime and some collaborators are trying to make us believe, in a new attempt to deceive and manipulate national and international public opinion.

The complex debt situation caused mainly by non-payment of the red regime and not of CITGO requires a solution that involves respect for the Barbados Agreement, and the holding of free elections on July 28, 2024, which allow the opportunity that a legitimate and internationally recognized government can restructure the debt of the disastrous legacy of Hugo Chávez and Nicolás Maduro. Resolving the debt problem is a task that every national company and legitimate government must undertake. They must take the appropriate steps so that the debt is restructured. It is a key issue to achieve the reactivation of the economy and the return of investments to Venezuela.

Failure to respect the Barbados Agreement and actions that promote a fraudulent electoral event will find international rejection, will make it very difficult to restructure the debt, will increase the exodus of Venezuelans, and will result in greater violations of human rights, in front of the Court's office. International Criminal Court already installed in Venezuela.

Given this scenario, there should be no dilemma since it is more convenient for everyone to find an electoral and civilized solution to the situation the country is experiencing and move towards a better future for all citizens taking advantage of Venezuela's potential.

The Ad Hoc Administrative Board of Petróleos de Venezuela, S.A. (PDVSA Ad Hoc), reaffirms its commitment to defending CITGO's assets legitimately and transparently. We appreciate the continued support of the national and international community and reaffirm our commitment to continue working to protect the interests of Venezuela. This management and the results obtained demonstrate a significant change in the direction and administration of the assets.

We appreciate your continued attention and support in this fight for justice and transparency.

This material is being distributed on behalf of the Ad Hoc Board of PDVSA. Additional information is available at the Department of Justice, Washington, DC."