PETRÓLEOS DE VENEZUELA, S.A.
AND SUBSIDIARIES (PDVSA)
(Owned by the Bolivarian Republic of Venezuela)

Consolidated Financial Statements

December 31, 2013, 2012 and 2011

With Independent Auditors’ Report Thereon

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Independent Auditors' Report

To the Stockholder and Board of Directors of
Petróleos de Venezuela, S.A.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Petróleos de Venezuela, S.A. and its subsidiaries (PDVSA) (owned by the Bolivarian Republic of Venezuela), which comprise the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2013, the consolidated statement of financial position as of the date before mentioned, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial performance and consolidated cash flows of Petróleos de Venezuela, S.A. and its subsidiaries (PDVSA) for the year ended December 31, 2013 and of its consolidated financial position as of the date before mentioned in accordance with International Financial Reporting Standards.

(Continued)

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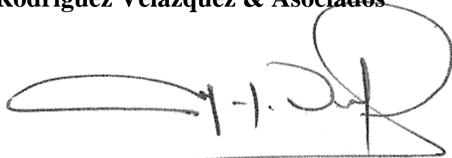
Emphasis of Matters

Without qualifying our opinion, we draw attention to the following matters:

- As explained in Note 32 to the consolidated financial statements, PDVSA as the national oil company owned by the Bolivarian Republic of Venezuela and according to its corporate objectives and specific responsibilities, performs significant transactions with its Stockholder, government institutions and other related entities, resulting significant effects on the consolidated financial statements.
- As explained in Note 3-f, in preparing the consolidated financial statements for the year ended December 31, 2013, PDVSA recognized the effect of the revised International Accounting Standard 19 *Employee Benefits,* which shall be applied retrospectively and for annual periods beginning on or after January 1, 2013. Therefore, the Company restated its consolidated financial statements for the years ended as of December 31, 2012 and 2011.

Rodríguez Velázquez & Asociados



Mauro J. Velázquez G.
Public Accountant
C.P.C. Nº 22237

May 6, 2014
Caracas, Venezuela

	Note	Year ended December 31, 2013	2012	2011
			(Restated) [1]	
Continuing operations:				
Revenue:				
Sales of crude oil, products and others	32	113,979	124,459	124,754
Finance income	12	20,347	3,152	765
		134,326	**127,611**	**125,519**
Costs and expenses:				
Purchases of crude oil and products, net	32	37,017	40,012	39,783
Operating expenses		22,544	22,974	14,511
Exploration expenses		176	492	163
Depreciation and amortization	7 - 15	8,335	7,105	6,871
Selling, administrative and general expenses		4,217	3,998	3,730
Production tax, extraction tax and other taxes	14 - 32	19,262	17,730	17,671
Finance costs	12	2,934	3,401	3,649
Share of loss (profit) of equity-accounted investees	16 - 32	33	(64)	278
Other expenses, net	11	3,105	3,013	3,501
		97,623	98,661	90,157
Profit before contributions for social development and income tax		**36,703**	**28,950**	**35,362**
Contributions for social development	13	13,023	17,336	30,079
Profit before income tax		**23,680**	**11,614**	**5,283**
Income tax:				
Current tax expense	14	12,939	4,982	5,171
Deferred tax (benefit) expense	14	(5,094)	2,297	(3,164)
		7,845	7,279	2,007
Profit from continuing operations		**15,835**	**4,335**	**3,276**
Discontinued operations:				
Profit from discontinued operations, net of income tax	9	-	-	1,353
Profit		**15,835**	**4,335**	**4,629**
Other comprehensive income:				
Items that will never be reclassified to profit or loss -				
Remeasurements of employee defined benefit liability, net of tax	14 - 24	(3,824)	792	(269)
Items that are or may be reclassified to profit or loss -				
Foreign currency translation differences		896	22	87
Other comprehensive income		**(2,928)**	**814**	**(182)**
Total comprehensive income		**12,907**	**5,149**	**4,447**
Profit attributable to:				
Company's stockholder		14,254	2,798	2,773
Non-controlling interests	34	1,581	1,537	1,856
Profit		**15,835**	**4,335**	**4,629**
Total comprehensive income attributable to:				
Company's stockholder		11,326	3,612	2,591
Non-controlling interests	34	1,581	1,537	1,856
Total comprehensive income		**12,907**	**5,149**	**4,447**

(1) See note 3-f.

Notes 1 to 39 are an integral part of these consolidated financial statements.

PDVSA

	Note	December 31, 2013	2012 (Restated) [1]	2011 (Restated) [1]
Assets				
Property, plant and equipment, net	15	129,831	115,905	98,221
Equity-accounted investees	16	1,712	1,522	1,564
Deferred tax assets	14	17,494	11,627	12,753
Accounts receivable and other assets	17	9,101	9,223	7,008
Recoverable value-added tax	14	5,023	5,047	5,613
Restricted cash	18	227	218	314
Non-current assets		**163,388**	**143,542**	**125,473**
Inventories	19	12,963	11,606	10,116
Recoverable value-added tax	14	2,884	4,225	822
Notes and accounts receivable	20	36,020	41,706	31,576
Prepaid expenses and other assets	21	5,405	7,000	3,843
Restricted cash	18	1,327	2,112	1,714
Cash and cash equivalents		9,133	8,233	8,610
Current assets		**67,732**	**74,882**	**56,681**
Total assets		**231,120**	**218,424**	**182,154**
Equity				
Share capital	22	39,094	39,094	39,094
Retained earnings	22	23,169	19,570	17,353
Stockholder's additional contribution	10 - 22	-	3,243	3,243
Total equity attributable to the Company's stockholder		62,263	61,907	59,690
Non-controlling interests	22 - 34	22,223	10,579	9,939
Total equity		**84,486**	**72,486**	**69,629**
Liabilities				
Financial debt	23	36,353	35,647	32,496
Employee benefits and other post-employment benefits	24	16,624	13,797	10,192
Deferred tax liabilities	14	5,403	3,727	2,556
Provisions	25	5,557	4,679	3,099
Accruals and other liabilities	26	17,471	17,028	17,149
Non-current liabilities		**81,408**	**74,878**	**65,492**
Financial debt	23	7,031	4,379	2,396
Employee benefits and other post-employment benefits	24	1,048	1,010	805
Trade accounts payable	27	21,404	16,747	12,376
Income tax payable	14	10,116	2,267	4,452
Provisions	25	788	2,590	2,090
Accruals and other liabilities	26	24,839	44,067	24,914
Current liabilities		**65,226**	**71,060**	**47,033**
Total liabilities		**146,634**	**145,938**	**112,525**
Total equity and liabilities		**231,120**	**218,424**	**182,154**

(1) See note 3-f.

Notes 1 to 39 are an integral part of these consolidated financial statements.

PETRÓLEOS DE VENEZUELA, S.A. AND SUBSIDIARIES (PDVSA)

Consolidated Statement of Changes in Equity

(In millions of dollars)

		Equity attributable to Company's Stockholder						
			Retained earnings					
	Note	Share capital	Legal reserves and other	Accumulated income	Stockholder's additional contribution	Total	Non-controlling interests	Total equity
Balances as of December 31, 2010 (previously reported)	**3-f**	**39,094**	**16,118**	**5,475**	**5,243**	**65,930**	**9,384**	**75,314**
Impact of revised IAS-19		-	-	(4,101)	-	(4,101)	(17)	**(4,118)**
Balances as of December 31, 2010 (restated)[1]	**3-f**	**39,094**	**16,118**	**1,374**	**5,243**	**61,829**	**9,367**	**71,196**
Comprehensive income (restated)[1] -								
Profit		-	-	2,773	-	2,773	1,856	4,629
Other comprehensive income		-	-	(182)	-	(182)	-	(182)
Total comprehensive income (restated)[1]		**-**	**-**	**2,591**	**-**	**2,591**	**1,856**	**4,447**
Transactions with Stockholder and non-controlling interests, directly recognized in equity -								
Transfer to reserves	22	-	625	(625)	-	-	-	-
Transfer to accumulated income	22	-	-	2,000	(2,000)	-	-	-
Additional contribution from non-controlling interests	22	-	-	-	-	-	73	73
Declared dividends	22	-	-	(4,730)	-	(4,730)	-	(4,730)
Dividend advances to non-controlling interests	22	-	-	-	-	-	(434)	(434)
Share of non-controlling interests in declared dividends	22	-	-	-	-	-	(923)	(923)
Total transactions directly recognized in equity		**-**	**625**	**(3,355)**	**(2,000)**	**(4,730)**	**(1,284)**	**(6,014)**
Balances as of December 31, 2011 (restated)[1]	**3-f**	**39,094**	**16,743**	**610**	**3,243**	**59,690**	**9,939**	**69,629**
Comprehensive income (restated)[1] -								
Profit		-	-	2,798	-	2,798	1,537	4,335
Other comprehensive income		-	-	814	-	814	-	814
Total comprehensive income (restated)[1]		**-**	**-**	**3,612**	**-**	**3,612**	**1,537**	**5,149**
Transactions with Stockholder and non-controlling interests, directly recognized in equity -								
Transfer from reserves	22	-	(1,126)	1,126	-	-	-	-
Additional contribution from non-controlling interests	22	-	-	-	-	-	489	489
Declared dividends	22	-	-	(1,395)	-	(1,395)	-	(1,395)
Dividend advances to non-controlling interests	22	-	-	-	-	-	(80)	(80)
Share of non-controlling interests in declared dividends	22	-	-	-	-	-	(1,306)	(1,306)
Total transactions directly recognized in equity		**-**	**(1,126)**	**(269)**	**-**	**(1,395)**	**(897)**	**(2,292)**
Balances as of December 31, 2012 (restated)[1]	**3-f**	**39,094**	**15,617**	**3,953**	**3,243**	**61,907**	**10,579**	**72,486**
Comprehensive income -								
Profit		-	-	14,254	-	14,254	1,581	15,835
Other comprehensive income		-	-	(2,928)	-	(2,928)	-	(2,928)
Total comprehensive income		**-**	**-**	**11,326**	**-**	**11,326**	**1,581**	**12,907**
Transactions with Stockholder and non-controlling interests, directly recognized in equity -								
Transfer to reserves	22	-	5,867	(5,867)	-	-	-	-
Transfer to accumulated income				3,225	(3,225)			
Interest in subsidiary received from Stockholder	10 - 22	-	-	-	(18)	(18)	(8)	(26)
Declared dividends	22	-	-	(10,952)	-	(10,952)	-	(10,952)
Additional contribution from non-controlling interests	22	-	-	-	-	-	12,000	12,000
Dividend advances to non-controlling interests	22	-	-	-	-	-	(552)	(552)
Share of non-controlling interests in declared dividends	22	-	-	-	-	-	(1,377)	(1,377)
Total transactions directly recognized in equity		**-**	**5,867**	**(13,594)**	**(3,243)**	**(10,970)**	**10,063**	**(907)**
Balances as of December 31, 2013		**39,094**	**21,484**	**1,685**	**-**	**62,263**	**22,223**	**84,486**

(1) See note 3-f.

Notes 1 to 39 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
(In millions of dollars)

	Note	Year ended December 31, 2013	2012 (Restated) (1)	2011 (Restated) (1)
Cash flows from operating activities:				
Profit		15,835	4,335	4,629
Adjustments to reconcile profit with net cash provided by operating activities -				
Depreciation and amortization	7 - 15	8,335	7,105	6,871
Work in progress cancelled	11 - 15	1,101	577	703
Impairment loss, net of reversals	11 - 15 - 16	439	991	503
(Gain) loss from exchange rate fluctuations	12	(7,817)	(19)	297
Gain from sale of interest in subsidiary	12 - 26 - 32	(9,524)	-	-
Deferred tax (benefit) expense	14	(5,094)	2,297	(3,164)
Contributions to social development paid through bonds issued	23	116	-	-
Share of loss (profit) of equity accounted investees	16	33	(64)	278
Profit from discontinued operations, net of income tax	9	-	-	(1,353)
Excess of fair value of net assets over the acquisition cost	10 - 11	(30)	-	(26)
Changes in the fair value of non-current accounts receivable and recoverable value-added tax	12 - 14 - 17	625	770	587
Net realizable value of inventories	11 - 19	962	259	553
Increase in the allowance for doubtful accounts	20	30	87	145
Changes in operating assets -				
Notes and accounts receivable	20	(21,588)	(12,113)	(17,978)
Inventories	19	(2,319)	(2,902)	(2,815)
Prepaid expenses and other assets	17 - 21	(435)	(6,674)	(3,902)
Recoverable value-added tax	14	(2,155)	(2,875)	(2,053)
Changes in operating liabilities -				
Trade accounts payable	27	7,924	4,371	2,239
Payments of employee benefits and other post-employment benefits	24	3,210	4,602	1,359
Provisions	25	138	549	502
Income tax payable, accruals and other liabilities	14 - 26	56,930	34,048	44,259
Interests paid, net of the capitalized amount as assets		(2,060)	(1,645)	(1,210)
Payments of income tax, production tax and other taxes	13 - 14	(22,753)	(12,156)	(18,032)
Net cash from operating activities		**21,903**	**21,543**	**12,392**
Cash flows from investing activities:				
Acquisitions of property, plant and equipment	10 - 15	(23,306)	(25,032)	(17,908)
Acquisitions of subsidiaries, net of acquired cash	10	(21)	-	(15)
Decrease (increase) in restricted cash	18	708	(302)	254
Cash received from sale of the group of assets held for sale, net	9	-	-	3,716
Additional contributions to non-consolidated investees	16	(15)	(32)	(34)
Dividends received from equity-accounted investees	16	89	40	15
Other variations in assets		164	105	244
Net cash used in investing activities		**(22,381)**	**(25,221)**	**(13,728)**
Cash flows from financing activities:				
Proceeds from issue of debt and new borrowings	23	6,923	7,130	9,521
Payment of debt and borrowings	23	(2,892)	(1,537)	(3,308)
Dividends paid to Stockholder	22	(952)	(1,395)	(1,000)
Additional contribution from non-controlling interests	22	-	489	73
Dividend advances to non-controlling interests	22	(552)	(80)	(434)
Dividends paid to non-controlling interests	22	(994)	(1,306)	(923)
Net cash from financing activities		**1,533**	**3,301**	**3,929**
Effect of exchange rate on cash and cash equivalents		(155)	-	-
Net (increase) decrease in cash and cash equivalents		**900**	**(377)**	**2,593**
Cash and cash equivalents at beginning of the year		8,233	8,610	6,017
Cash and cash equivalents at December, 31		**9,133**	**8,233**	**8,610**

(1) See note 3-f.

Notes 1 to 39 are an integral part of these consolidated financial statements.

(1) Reporting Entity

Petróleos de Venezuela, S.A. is a company incorporated and domiciled in the Bolivarian Republic of Venezuela (the "Republic") and its headquarter is located at Edificio Petróleos de Venezuela, Torre Este, avenida Libertador, La Campiña, Apartado N° 169, Caracas 1050-A.

Petróleos de Venezuela, S.A. (the "Parent Company" or the "Company") and subsidiaries (collectively referred to as "PDVSA") is owned by the Republic, which controls PDVSA as stockholder, through the Ministry of People's Power for Petroleum and Mining (Ministry). PDVSA is mainly engaged in planning, coordinating, supervising and controlling the activities of exploration, exploitation, transportation, manufacture, refining, storage, marketing crude oil and products or any other oil and hydrocarbons activities within the scope of its subsidiaries, both in Venezuela and abroad. Additionally, PDVSA is also engaged in promoting or participating in activities aimed at fostering the comprehensive, organic and sustainable development of the country, including agricultural, industrial and mining activities, preparation or processing of goods and their marketing, and rendering services to achieve the adequate alignment of hydrocarbon resources and the Venezuelan economy. Most of its foreign subsidiaries are involved in refining and marketing activities in the United States of America, Europe, the Caribbean and Latin America. The consolidated financial statements of PDVSA as of and for the years ended December 31, 2013, 2012 and 2011, include the Company and subsidiaries, and PDVSA's interest in equity-accounted investees.

The main activities of PDVSA in Venezuela are regulated by the Hydrocarbons Organic Law (Ley Orgánica de Hidrocarburos – LOH by its Spanish acronym), in effect since 2002 and partially amended in May 2006; as well as the Organic Gas Hydrocarbons Law of September 1999 and its Regulation dated June 2000, its Bylaws-Memorandum of Incorporation, and provisions enacted by the National Government through the Ministry and any applicable common law provisions. Outside Venezuela, PDVSA's activities are regulated by the legal framework of the countries where those activities are performed.

(2) Basis of Accounting

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

On May 5, 2014, PDVSA's Board of Directors approved to submit for consideration at the Stockholder's Meeting the consolidated financial statements as of and for the year ended December 31, 2013, which will be presented at the Stockholder's Meeting and are expected to be approved without changes.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain assets and liabilities that have been measured at fair value:

- Accounts receivable for energy cooperation agreements
- Derivative financial instruments
- Recoverable value-added tax
- Non-current accounts receivable to related entities.
- Employee benefits and other post-employment benefits. (Fair value of plan assets less the present value of the defined benefit obligation).

The methods used to measure fair values are broadly discussed in notes 6 and 28-c.

(c) Functional and Presentation Currency

The consolidated financial statements are presented in U.S. dollars (dollar or $). The functional currency of the Company is the dollar.

All financial information presented in dollars has been rounded to the nearest million.

(d) Use of Estimates and Judgments

In preparing the consolidated financial statements in conformity with IFRS, management has made estimates, judgments and assumptions that affect the PDVSA's application of accounting policies and the reported amounts of assets, liabilities, income and expenses. PDVSA uses its best estimates and judgments; however, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and the effects to revisions to accounting estimates, if any, are recognized prospectively.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- Notes 16 and 33 - Consolidation: whether PDVSA has de facto control over an investee.
- Notes 23 and 29 - Leases: classification and determining whether an arrangement contains a lease.

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment in future periods is included in the following notes:

- Note 10 – Business combinations: fair value measured on a provisional basis.
- Note 14 – Deferred income tax and tax carry-forward losses: future taxable profits to be used for the recovery of deferred tax assets and the offsetting of tax losses from previous years tax returns.
- Note 15 – Assess of impairment loss of property, plant and equipment: key assumptions.
- Note 24 – Measurement of employee benefits and other post-employment benefits: key actuarial assumptions.
- Note 25 – Provision for litigation and other claims, for environmental issues and asset retirement obligations: key assumptions concerning the probability and magnitude of an outflow of resources.

The following notes provide additional information on the assumptions made in measuring fair values:

- Note 9 – Disposal group held for sale.
- Note 28 – Financial instruments.

(3) Changes in Accounting Policies

PDVSA has adopted the following new standards and amendments to standards, with a date of initial application of January 1, 2013:

- *IFRS 10 Consolidated Financial Statements* (see bullet a).
- *IFRS 11 Joint Agreements* (see bullet b).
- *IFRS 12 Disclosure of Interests in Other Entities* (see bullet c).
- *IFRS 13 Fair Value Measurement* (see bullet d).
- *International Accounting Standard 1 (IAS 1) Presentation of Financial Statements* (see bullet e).
- *IAS 19 Employee Benefits* (see bullet f).

The effects derived from the adoption of these new standards and amendments are explained below:

(a) Investment in Subsidiaries

As a result of the application of IFRS 10, a new control model is introduced which establishes that an investor controls an entity when the investor is exposed, or has the right, to variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee.

The PDVSA's management reassessed the control over all its investments and no significant effects on its consolidated financial statements were determined.

(b) Joint Arrangements

IFRS 11 requires for an entity that is party to a joint arrangement to determine the type of joint agreement by assessing its rights and obligations and recognize those rights and obligations based on the type of joint agreement, as a joint venture (if PDVSA has rights only to net assets of the agreement) or as a joint operation (if PDVSA has the right to the assets and obligations for liabilities related to the agreement). This standard adopted by the PDVSA's management did not have any effect on the consolidated financial statements.

(c) Disclosure of Interests in Other Entities

As a result of the application of IFRS 12, PDVSA expanded its disclosures about his interest in subsidiaries and jointly controlled entities.

(d) Fair Value Measurement

IFRS 13 clarifies the definition of fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. This standard also replaces and expands the disclosure requirements about fair value measurements in other IFRS, including IFRS 7 *Financial Instruments: Disclosures*.

PDVSA has applied the guide for measurement of fair values and comparative disclosures. The application of this standard did not have any significant impact on the measurement of assets and liabilities of PDVSA.

(e) Presentation of Financial Statements

As a result of applying the amendments to IAS 1, PDVSA has modified the presentation of items included in other comprehensive income, in order to present separate items that will be reclassified as results from those that will never be reclassified. As a result of this adoption, PDVSA's comparative information has been represented accordingly. This change had no effect on assets and liabilities of PDVSA.

(f) Employee Benefits

The amendments to IAS 19 require to recognize in the other comprehensive income, the cumulative amount of actuarial profits and losses. Additionally, it requires for the past services cost for vested and non-vested employees' rights to be immediately recognized in profit or loss for the period. As a consequence of adopting the changes of this standard, PDVSA restated the consolidated financial statements for the years 2012 and 2011 equity as of December 1st, 2011.

As of December 31, 2012 and 2011, the cumulative amount not recognized by actuarial losses totaled $1,549 million and $2,342 million, respectively. Additionally, the cumulative non-recognized amount for past service cost as of December 31, 2012 and 2011 totaled $1,793 million and $1,912 million, respectively. As of December 31, 2012 and 2011, both items were presented compensated the net liabilities for employee benefits and other post-employment benefits.

According IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, a summary of quantitative impact of applying revised IAS 19 *Employee Benefits* on the consolidated statements of financial position information follows (in millions of dollars):

	Previously reported balances (*)	Effect of IAS 19 as amended	Restated balances
As of January 1, 2011 -			
Employee benefits and other post-employment benefits	5,251	4,118	9,369
Equity	75,314	(4,118)	71,196
As of January 1, 2012 -			
Employee benefits and other post-employment benefits	6,743	4,254	10,997
Equity	73,883	(4,254)	69,629
As of January 1, 2013 -			
Employee benefits and other post-employment benefits	11,465	3,342	14,807
Equity	75,828	(3,342)	72,486

(*) Same amount as reported balances as at December 31, 2012, 2011 and 2010.

The effects of applying revised IAS 19 *Employee Benefits* on the consolidated statement of comprehensive income information follows (in millions of dollars):

	Previously reported balances	Effect of IAS19 as amended	Restated balances
Year ended December 31, 2011 -			
Operating expenses	14,555	(44)	14,511
Selling, administrative and general expenses	3,819	(89)	3,730
Profit	4,496	(133)	4,629
Remeasurement of employee defined benefit liability, net of tax	-	(269)	(269)
Comprehensive income	4,583	136	4,447
Year ended December 31, 2012 -			
Operating expenses	23,014	(40)	22,974
Selling, administrative and general expenses	4,078	(80)	3,998
Profit	4,215	(120)	4,335
Remeasurement of employee defined benefit liability, net of tax	-	792	792
Comprehensive income	4,237	(912)	5,149

(4) Significant Accounting Policies

Except for the changes included in note 3, the accounting policies set out below have been applied consistently by PDVSA, its subsidiaries, equity-accounted investees, to all periods presented in these consolidated financial statements.

The comparative consolidated statement of comprehensive income has been presented as if the discontinued operations during the current year had taken place since the beginning of the comparative year (see note 9).

(a) Basis of Consolidation

Investment in Subsidiaries

Subsidiaries are entities controlled by PDVSA. PDVSA controls an entity when it is exposed, or has the right to, variable returns from its involvement with the entity, and has the ability to influencing those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements, from the date that control commences until the date that control ceases.

When control over a subsidiary ceases, PDVSA derecognizes the assets, liabilities and any non-controlling interest as well as other components of equity. Any resulting gain or loss is recognized in profit or loss for the period. Any interest retained is measured at fair value at the date on which control is lost.

Equity-accounted Investees

Non-consolidated investees are those entities in which PDVSA has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an agreement in which PDVSA has joint control, whereby PDVSA has rights to the net assets, instead of rights to its assets and obligations for its liabilities.

Non-consolidated investees and jointly controlled entities are recognized initially at cost, including transaction costs and subsequently are measured using the equity method.

The consolidated financial statements include the PDVSA's corresponding share of the profit or loss and other comprehensive income, from the date when significant influence and joint control began until the date when significant influence and joint control cease.

When the share of losses exceeds the investment in a non-consolidated investees or jointly controlled entity, the carrying amount of that investment, including any non-current investment, is reduced to zero and cease the recognition of further losses, except when PDVSA is liable for obligations incurred by those non-consolidated investees and jointly controlled entities.

Business Combinations

Business combinations are accounted for using the acquisition method, at date on which control was transferred to PDVSA. In assessing control, potential voting rights that may be currently exercised are taken into account.

PDVSA measures the goodwill as of the acquisition date as follows:

- the fair value of the consideration transferred; plus
- the recognized amount of non-controlling interests in the acquired entity; plus
- if the business combination is carried out in stages, the fair value of pre-existing equity interest in the acquired entity; less
- the net recognized amount of identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is immediately recognized in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships for transaction made before the acquisition date. Such amounts are recognized in profit or loss.

Costs related to the acquisition, which PDVSA may incur in connection with a business combination are recorded as expenses as incurred, except those associated with the issue of debt or equity, which are recorded following IAS 32 *Financial Instrument; Presentation* and IFRS 9 *Financial Instrument.*

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

When the initial accounting of a business combination is determined on a provisional basis, at the end of the reporting period in which the combination occurs, either because the fair values allocated to assets, liabilities and contingent liabilities of the entity acquired or the cost of the combination may be determined only on a provisional basis, the combination is recognized using those provisional values. For the purpose of completing the initial accounting, recognition is given to any adjustment made to those provisional values within the twelve months following the acquisition date.

Transactions Eliminated on Consolidation

Balances and transactions between the Parent Company and its subsidiaries (intercompany transactions), and any unrealized gains or losses arising from intercompany transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against to the investment to the extent of the PDVSA's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Other Investments

Investments in which PDVSA does not exercise any control, joint control or significant influence are recognized at fair value, unless there is no listed market price and their fair values cannot be measured reliably. In that case, they are recognized at cost. Dividends from those companies are recognized as income once they are declared.

Non-Controlling Interests

PDVSA measures any non-controlling interest at their proportionate share of the acquiree's identifiable net assets.

The proportionate share of the non-controlling interest in the equity and comprehensive income of the subsidiaries of PDVSA are presented in the consolidated statement of changes in equity as "non-controlling interests" and as profit or loss and comprehensive income attributable to non-controlling interests in the consolidated statement of comprehensive income. Losses in a subsidiary attributable to non-controlling interests are allocated as such even if there is a negative balance in the non-controlling interests.

Acquisitions of non-controlling interests are accounted for directly in equity; therefore, goodwill resulting from such transactions is not recognized. Adjustments to non-controlling interests arising from transactions that do not cause loss of control are based on a proportional amount of the subsidiary's net assets.

(b) Foreign Currency

Foreign Currency Transactions

Transactions in foreign currencies (any currency other than the functional currency) are translated to the respective functional currencies of the PDVSA entities at the exchange rate in effect at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the applicable exchange rate at the reporting date. Gains or losses resulting from foreign currencies monetary assets and liabilities are recognized in the consolidated statement of comprehensive income as finance income or finance cost.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency using the exchange rate at the date that the fair value was determined. Other non-monetary items in a foreign currency that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Translation of Foreign Operation

The assets and liabilities of subsidiaries whose functional currencies other than the dollar and under a non-hyperinflationary economy are translated into dollars using the exchange rate effective on the reporting date, and income and expenses at the average exchange rate of the year in accordance with IAS 21 *The Effects of Changes in Exchange Rates* (IAS 21). The foreign currency translation effect is recognized in other comprehensive income of the period. When a foreign operation is disposed of, in full or partially, the amount of the effect from foreign currency translation associated to such transaction is recognized in the consolidated statement of comprehensive income as part of finance income or finance cost.

The financial statements of subsidiaries whose functional currency is the bolivar (Bs.), were prepared in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies* (IAS 29), and subsequently translated to dollars in accordance with IAS 21, at the exchange rate at the reporting date, for all amounts in the statements of financial position and comprehensive income; therefore, the comparative amounts correspond to those presented each year and are not adjusted by subsequent changes in price levels or exchange rates. In accordance with IAS 29, an economy is deemed hyperinflationary if it has a series of characteristics, such as an accumulated inflation rate equal to or greater than 100% over the last three years. For the purpose of IAS 29, from the year 2009, the Venezuelan economy is considered as hyperinflationary and, therefore, the financial statements of subsidiaries whose functional currency is the bolivar, were prepared applying the requirements of IAS 29 as if the economy had always been hyperinflationary, in accordance with International Financial Reporting Interpretation Committee IFRIC 7 *Applying the Restatement Approach under IAS 29.*

The result from net monetary position obtained from the application of IAS 29 on the financial statements of subsidiaries whose functional currency is the bolivar is the difference between the net monetary position as of the date of the consolidated financial statements and the estimated net monetary position, which is determined by adjusting the net monetary position at the beginning of the year as per variation in the National Consumer Price Index (NCPI) throughout the same period, plus net changes in items affecting it, updated until the date of the consolidated financial statements based on the average NCPI (INPC by its Spanish acronym) for the year. Gains or losses resulting from the net monetary position in bolivars are recognized on a net basis as finance income or finance cost in the consolidated statement of comprehensive income (see note 12).

Exchange Rates and Inflation Indexes

A summary of the exchange rates per dollar at closing date is presented, along with the annual average exchange rates and inter-annual increases in the NCPI, published by the Venezuelan Central Bank (Banco Central de Venezuela - BCV by its Spanish acronym) (see note 37-h):

	December 31,		
	2013	**2012**	**2011**
Exchange rate to euro (€) from dollar at closing date (€/$1)	0.72	0.76	0.78
Exchange rate to yen (¥) from dollar at closing date (¥/$1)	105.10	86.11	77.89
Exchange rate to bolivar (Bs.) from dollar at closing date (Bs./$1)	6.30	4.30	4.30
Average annual exchange rate to bolívar (Bs.) from dollar (Bs./$1)	6.09	4.30	4.30
Average annual exchange rate to bolívar (Bs.) from dollar in the Complementary System of Foreign Currency Acquirement - SICAD by its Spanish acronym (Bs./$1)	11.30	-	-
NCPI annual increases (%)	56.20	20.07	27.57

(c) Revenue Recognition

Revenues from crude oil sales, natural gas, refined products and others are measured at fair value of the consideration received or receivable, net of commercial discounts and production taxes of the volumes supplied on behalf of the Republic, and are recognized in the consolidated statement of comprehensive income when the risks and rewards from ownership have been transferred to the buyer, the recovery of the respective account receivable is probable, there is sufficient evidence of a sale agreement, prices have been fixed or are determinable and PDVSA has no involvement with the assets sold. These transfers are primarily governed by the delivery terms in agreements with customers.

Revenues from activities other than the principal hydrocarbons activity of PDVSA are recognized when are realized through the transfer of the risks and benefits associated with the sale of goods or when the service has been rendered; or in proportion to the completion of the transaction or agreement, as of the reporting date for construction agreements and services rendered.

(d) Government Grants

Government grants are recognized initially at fair value upon receipt and when there is reasonable assurance that PDVSA will comply with the conditions attaching to them. Government grants of non-monetary assets are recognized at fair value or at nominal amount in the case of having no reasonable certainty of its fair value.

Government grants received as compensation for expenses already incurred with no future related costs, are recognized in consolidated statement of comprehensive income in the period in which the grants becomes receivable, deducting the expenses related to such grants.

Government grants of non-monetary asset are recognized by PDVSA in the consolidated statement of financial position as a deduction of the carrying amount of the related assets with these grants and are recognized in profit or loss on a systematic basis over the periods in PDVSA recognizes as expenses the costs related to the compliance with the grant.

(e) Leases

Determining whether an Arrangement Contains a Lease

At inception of an arrangement, PDVSA's management determines whether such agreement is or contains a lease.

At inception or on reassessment of an agreement, PDVSA separates payments and other consideration required by the agreement into those for the lease and those for other elements, based on their relative fair values. If PDVSA concludes that for a finance lease it is impracticable to separate payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and imputed finance cost is recognized on the liability using the incremental borrowing rate of PDVSA.

Leased Assets

Leases under which PDVSA substantially assumes all ownership risks and rewards are classified as financial leases. When initially recognized, the leased asset is measured at the lower amount between its fair value and the present value of minimum future payments under the lease (see note 23). Subsequent, the asset is accounted in accordance with the accounting policies (see note 4-k). Other leases are deemed operating leases; accordingly, these assets under operational lease are not recognized in the consolidated statement of financial position (see note 29).

Lease Payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expenses over the term of the lease.

Minimum payments made under finance leases are distributed between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(f) Finance Income and Finance Cost

Finance income included in the consolidated statement of comprehensive income is mainly comprised by results from foreign exchange gains, gain from sale of financial instruments, gain from transactions with debt instruments issued by PDVSA, interest from non-current accounts receivable accounted for at amortized cost, result from net monetary position of subsidiaries whose functional currency is the bolivar, and interest earned on invested funds (see notes 12 and 23).

Finance cost included in the consolidated statement of comprehensive income consists of interest expenses on financial obligations (see note 23), changes (loss) in the fair value of financial assets (see notes 14-l and 17), asset retirement obligations (see notes 4-l and 4-u), losses from transactions with financial instruments, and foreing exchange losses (see notes 5, 12 and 37-h).

Borrowing costs not directly attributable to the purchase, construction or production of a qualifying asset are recognized as part of profit or loss using the effective interest rate method. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use.

Foreign currencies gains and losses are reported on a net basis as either finance income or finance cost depending on whether the effect of foreign currency fluctuations results in a net asset or liability position (see note 12).

(g) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss for the year, except to the extent that it relates to items that should be recognized in other comprehensive income.

Current tax is the expected tax payable based on the taxable income for the year, using the methodology established by current laws and tax rates at the reporting date. Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities presented in the consolidated statement of financial position and the amount for tax purposes, plus operating losses and tax credit carry-forwards for future periods. Deferred tax assets and liabilities are measured using the tax rates applicable to taxable income in the year in which temporary differences will be recovered or cancelled, pursuant to current law. The effect of tax rate changes on deferred tax assets and liabilities is recognized in profit or loss of the year in which they become effective.

In determining the current and deferred tax, PDVSA takes into account the impact of uncertain tax positions and whether additional taxes and interest may arise. PDVSA considers that accruals for tax liabilities are appropriate for all fiscal years, based on its evaluation of several factors including interpretations of legal regulations and previous experiences. Such evaluation relies on estimates and assumptions and may involve a series of judgments on future events.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax asset and liability are offset only if they meet certain criteria.

Income tax arising from the distribution of dividends, determined on the basis of the current laws of each tax jurisdiction, is recognized as a liability when the obligation to pay the related dividend is recognized.

(h) Research and Development

Research and development costs incurred to obtain new scientific or technical knowledge are recognized as part of operating expenses in the consolidated statement of comprehensive income. In December 31, 2013, 2012 and 2011, the recognized totaling $123 million, $139 million and $227 million, respectively.

(i) Contributions for Social Development

Social development contributions comprise of contributions to social programs and projects in which PDVSA participates for the social and integral development of the country (see notes 1, 13 and 18). These contributions are recognized directly as expenses when the obligation is incurred, except for contributions made through funds, including trusts and restricted cash, which are recognized directly as social development expenses when the disbursements are made leaving the trustee and beneficiaries with the administrative responsibility over the funds.

Contributions to the National Development Fund (Fondo de Desarrollo Nacional, FONDEN, S.A. – FONDEN by its Spanish acronym) comprise disbursements in accordance with the Decree in Full Force and Effect of the Law Creating the Special Contribution for Extraordinary Prices and Exorbitant Prices in the International Hydrocarbons Market (see notes 5 and 37-f).

(j) Financial Instruments

Non-Derivative Financial Assets and Liabilities – Recognition and Derecognition

Loans and receivable items are recognized when they are originated. All other financial assets and liabilities (including those designated at fair value with changes in the consolidated statement of comprehensive income) are initially recognized on the transaction date, which is when PDVSA becomes party to the contractual clauses of the instrument. Any participation arising from the transfer of financial assets is recognized as an individual asset or liability.

PDVSA derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by PDVSA is recognized as a separate asset or liability.

PDVSA derecognizes a financial liability when its contractual obligations are discharged or cancelled, or have expired.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when, and only when, PDVSA has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non-Derivative Financial Assets - Measurement

Financial Assets at Fair Value through profit or loss

Financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction cost are recognized in profit or loss when incurred. After initially recognized, financial assets are accounted for at fair value and prospective changes are recognized in the profit or loss. Financial assets are classified at fair value with changes through profit or loss if PDVSA manages these investments and make purchase-sales decisions based on fair value, according to PDVSA's risk management or investment strategies. Financial assets recorded at fair value are presented as tradable assets in prepaid expenses and other assets (see note 21). Recoverable value-added tax and a portion of accounts receivable are measured at their fair value after their initial recognition (see note 14-l).

Loans and Receivable and Financial Assets Held to Maturity

These assets are initially recognized at their fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

Cash and Cash Equivalents

Cash and cash equivalents are subject to a little significant risks of changes in their fair value and are used by PDVSA mainly to manage its short-term commitments.

Financial Assets Available for Sale

Financial assets available for sale are initially recognized at fair value plus any attributable transaction costs. Subsequent to initial recognition, those assets are measured at fair value and changes recognized in other comprehensive income. When the asset is derecognized, gain or loss recognized in other comprehensive income is reclassified in profit or loss. As of December 31, 2013, 2012 and 2011, PDVSA does not have financial assets under this classification.

Non-Derivative Financial Liabilities – Measurement

Debt instruments are initially recognized when originated. All other financial liabilities are initially recognized on the transaction date, which is when PDVSA becomes party to the contractual clauses of the instrument. PDVSA derecognizes financial liabilities when PDVSA's contractual obligations are discharged, cancelled or expire.

Non-derivative financial liabilities are classified as other financial liabilities category and are initially recognized at fair value less any cost directly attributable to the transaction. Subsequent to initial recognition, those liabilities are accounted for at amortized cost using the effective interest rate method. The other non-derivative financial liabilities mainly include the financial debt (see note 28).

See in note 4-f the accounting policy to account for finance income and cost.

Derivative Financial Instruments

Derivative financial instruments are recognized initially at cost and are included as part of prepaid expenses and other assets or accruals and other liabilities. Attributable transaction costs are recognized in profit or loss when they occur. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss. The effects of changes in the fair values of derivatives during the years ended December 31, 2013, 2012 and 2011, are not significant.

CITGO Petroleum Corporation (CITGO), a PDVSA subsidiary, uses futures, time contracts, financial swaps and options agreements to reduce its exposure to market risk. In managing those risks, management has defined certain references according to their proper risk profiles for the economic environment in which the Company operates and finances its assets. CITGO also reduces the risk of price volatility for a portion of its inventories of crude oil and related products. In those years, CITGO has not used hedge accounting has been used.

CITGO is exposed to changes in the variable interest rates of its finance debt resulting from fluctuations in the LIBOR rate (London InterBank Offered Rate). CITGO manages its exposure to interest rates fluctuation by signing interest rate exchange agreements to balance its debt between fixed and variable rates.

In accordance with its corporate policy, PDVSA does not issue or holds derivative financial instruments for trading or speculative purposes.

(k) Property, Plant and Equipment

Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (see note 4-q). The successful efforts method of accounting is used for crude oil and gas exploration and production activities, considering the IFRS 6 *Exploration and Evaluation of Mineral Resources*, related to the recognition of assets for exploration and evaluation activities. Costs of development well and related plant and equipment used in the production of oil and gas are recognized as part of the cost of assets. Costs of exploratory wells are recognized as assets until it is determined whether the well is commercially feasible; otherwise, those costs are recognized in exploration expenses. Other expenditures related to exploration are recognized as expenses as incurred.

The cost of property, plant and equipment includes disbursements for acquisition of those assets, as well as the amounts associated with asset retirement obligations (see note 4-l).

Financing costs of projects requiring major investments and those incurred in financing of specific projects are recognized as property, plant and equipment, when are directly related to the construction or acquisition of a qualified asset. Capitalization of these costs is suspended during the periods in which construction activities are interrupted, and capitalization ceases when the activities required for use of the qualified asset have been substantially completed.

The cost of self-constructed assets includes interest on borrowings, cost of materials and direct labor as well as any other direct cost attributable to bringing the asset to a working condition for their intended use. It also includes retirement and removal costs at the location where it is built.

All disbursement related to construction or acquisition of property, plant and equipment in the stage prior to being ready for intended use are recognized at cost as work in progress. Once the assets are ready for use, they are transferred to property, plant and equipment and depreciation or amortization commences.

The gain or loss from the sale or disposal of an item of property, plant and equipment is determined by comparing the proceeds from the sale or disposal, if any, with the net carrying amount of the asset, and the difference is recognized as other income or expenses, net, in profit or loss.

Subsequent Costs

Major maintenance costs or general repairs and replacement of significant separate components of property, plant and equipment are capitalized when it is possible that such maintenance, repair or replacement will result in future economic benefits to PDVSA and the cost can be measured reliably. These costs are depreciated over the estimated period between one maintenance or replacement and the next. Disbursements for minor maintenance, repairs and renewals to maintain the facilities in normal operating conditions are expensed as incurred.

Depreciation and Amortization

Capitalized costs related to wells and facilities for the production of crude oil and gas are depreciated and amortized using the units of production method by field, based on the proved developed reserves, which comprise the amounts of crude oil and gas that can be recovered from the existing wells, with equipment and methods currently in use. The rates used are reviewed annually, based on an analysis of reserves and are applied retroactively at the beginning of the year.

Capitalized costs of other property, plant and equipment are depreciated over their estimated useful lives, using the straight-line method, whose average useful lives in years range from:

Plants and refining facilities	17 - 25
Storage facilities and transportation of crude oil, gas and products	12 - 25
Building and constructions	20
Machinery and equipment	5 - 10
Maritime, air and land transportation units	3 - 20
Industrial services and field support	10 - 17
Remaining assets	3 - 10

When items of property, plant and equipment have different useful lives, they are presented for separately as a significant component of that asset.

Depreciation methods, average useful lives and residual value of property, plant and equipment are reviewed annually and adjusted when necessary. Land is not depreciated.

Property, plant and equipment are depreciated from the date that the assets is installed and are ready for use, or in the case of those self-constructed assets, from the date that the asset is complete and ready for use.

(l) ***Asset Retirement Obligations***

In regards to assets used in exploration activities and production of crude oil and gas and other industrial facilities, PDVSA capitalizes the estimated costs associated with asset retirement obligations based on the future disposal plan for those assets. These estimated costs are measured and presented at their present value at year end. Costs are capitalized as part of the related assets and are amortized as operating costs over their useful lives (see notes 4-u and 25).

(m) ***Goodwill***

Goodwill arising from the acquisition of subsidiaries is presented as part of account receivable and other assets (see notes 4-a, 10 and17).

Goodwill arising from the acquisition of non-controlling interests is included as part of the carrying amount of the investment (see note 16).

Goodwill is measured at cost less accumulated impairment loss. In respect to non-controlling interests, impairment loss is allocated to the carrying amount of the investment.

(n) ***Biological Assets***

Biological assets are measured at fair value less estimated costs of sale; and any change is recognized in profit or loss. Estimated costs of sale include all costs that would be necessary to sell those assets, including transportation costs (see note 17).

(o) Inventories

Inventories of crude oil and its products are measured at the lower of cost or net realizable value. The cost of such inventories includes production, refining, transportation, production tax and other costs necessary to their sale and distribution. The cost of such inventories is calculated using the average cost method. Net realizable value is the estimated selling price in an the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Materials and supplies are measured at the lower of the average cost and the net realizable value, and are divided into two groups: non-current assets and current assets (see notes 17 and 19).

(p) Cash Equivalents

PDVSA considers as cash equivalents deposits and all other cash placements with original maturities of less than three months and availability on a current basis. As of December 31, 2013, 2012 and 2011, cash equivalents amounted to $1,267 million, $2.053 million and $2.079 million, respectively.

(q) Impairment of Asset Value

Non-Derivative Financial Assets

Financial assets not classified at fair value through profit or loss, including any interest in equity-accounted investees, is assessed by PDVSA at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is impaired if there is objective evidence that one or more loss events occurred cash equivalents after the initial recognition of the asset and these events have had a negative effect on the estimated future cash flows of the asset that can be reliably estimated.

Objective evidence that the financial assets are impaired may include default or delinquency by a debtor, restructuring of an amount due to PDVSA on terms that would not be considered otherwise, indications that a debtor or issuer will enter bankruptcy or disappearance of an active market for a security, observable data indicating a decrease in the determination of the cash flow expected from a group of financial assets, among others. In assessing collective impairment, PDVSA uses historical trends of the default probability, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Individually significant financial assets are assessed for specific impairment. The remaining financial assets with similar credit-risk characteristics are collectively assessed for impairment (see note 28).

An impairment loss in respect to a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate of the financial asset. Impairment losses are recognized in profit or loss. If subsequently, the impairment loss decreases and this may be objectively related to an event occurred after the impairment loss was recognized, the previously recognized impairment loss is reversed in profit or loss. An impairment loss in respect to an asset available for sale is recognized by reclassifying to profit or loss the accumulated loss recognized in equity.

Non-Financial Assets

The carrying amounts of non-financial assets excluding inventory, biological assets and deferred tax, are reviewed at each reporting date of the consolidated statement of financial position to determine whether indication of impairment exists. If any such indication exists, then the recoverable amount of the asset is estimated. In the case of goodwill, which has an indefinite useful life, the recoverable amount is tested annually. An impairment loss is recognized when the carrying value of an asset or its cash generating unit exceeds its recoverable value.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Impairment is determined by PDVSA based on the cash-generating units, according to its business segments, geographic locations and the production generated by each unit. A cash generating unit is the smallest identifiable group of assets that generates cash flows substantially independent of other assets or groups of assets. To assess impairment, the goodwill resulting from a business combination is allocated to the cash-generating units expected to benefit from synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment loss recognized with respect to cash-generating units is first reduced from the carrying amount of any goodwill associated to those units and then from the carrying amounts of other assets of the unit on a pro rata basis.

An impairment loss is reversed only if there has been a change in the estimates used to determinate the recoverable amount; those reversals may not exceed the carrying amount of assets that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

(r) Assets Held for Sale or Distribution

Disposal assets or disposal groups comprising assets and liabilities are classified as held for sale or distribution if their carrying amount will be recovered primarily through sale or distribution rather than through continuing use. This condition is met only when the sale or distribution is highly probable and disposal assets or disposal groups are available for sale immediately at their present condition and the sale or distribution is expected to take place within one year from their classification date. Immediately prior to this classification, the disposal assets or disposal groups of assets are recognized in accordance with PDVSA's accounting policies and subsequently measured at the lower of the carrying amount or fair value, less estimated cost to sell or disposal (see note 9).

An impairment loss for a disposal asset or disposal group of assets is first allocated to goodwill, if any, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, biological assets, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with PDVSA accounting policies. Impairment losses on initial classification as held for sale or distribution, with a subsequent gain or losses for changes in fair value are recognized in profit or loss. A gain from changes in fair value may not exceed any cumulative impairment loss previously recognized.

Items of property, plant and equipment are not amortized or depreciated after being classified as held for sale or disposal. In addition, the equity method is no longer applied in equity-method investees after those assets are classified as held for sale or distribution.

(s) Discontinued Operations

A discontinued operation is a component of PDVSA's business, the operations and cash flows of which can be clearly distinguished from the rest of PDVSA and which:

- represents a separated major line of business or a geographical area of operations;
- is part of a single coordinated plan to dispose of a separated major line of business or geographical area of operations, or
- it is a subsidiary exclusively acquired with a view to re-sale.

The classification of a discontinued operation occurs at the time of disposal or when the operation meets the criteria to be classified as held for sale, if the latter occurs earlier. When an operation is classified as a discontinued operation, the comparative consolidated statement of comprehensive income is re-presented as if the operation had been discontinued from the beginning of the comparative year (see note 9).

(t) Employee Benefits and Other Post-employment Benefits

Short-Term Benefits

Short-term benefits obligations, such as employee bonuses, vacations and other benefits are recognized as expense as the related service is provided by the employee.

Defined Contribution Plans

PDVSA offers to its employees a defined contribution plan represented by a savings plan. Expenses related to this plan are accounted for when the service is provided by the employee.

Defined Benefits Plans

PDVSA net obligation for defined benefits plans is estimated individually for each plan by estimating the amount of the future benefit that employees have earned in prior and the current periods, discounting that amount and deducting fair value of the plan assets.

Obligation arising from defined benefits is calculated annually by qualified actuaries using the projected unit credit method. When the calculation results in a potential asset for PDVSA, the recognized asset is limited to the present value of economic benefits available in form of any refund or a reduction of future contributions to the plan. For the calculation of the present value of economic benefits, any existent minimum financing requirement is taken into consideration.

Remeasurement of the net defined benefit plan liability, which includes actuarial profit and losses and the return of plan assets (excluding interest), are recognized immediately in other comprehensive income. PDVSA determines the interest expense (income) on the liability (asset) by applying a discount rate used to measure the obligation defined benefit obligation at beginning of annual period, considering any change in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. The net interest expense and others expenses related to defined benefit plans are recognized in profit or loss.

The discount rate applied reflects the market yield presented by high-quality debt instruments issued by PDVSA, with maturity dates close to the dates when said obligations have to be paid, on the date of the consolidated financial statements.

When the benefits of plans are modified or when a plan is curtailed, the resulting change in benefits related to past services, or the gain or loss on curtailment is immediately recognized in profit or loss. PDVSA recognizes gains or losses on the settlement of a defined plan when the settlement occurs.

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan.

Retirement Plan

PDVSA's net liability (asset) with regard to retirement defined benefit plans by contract is calculated individually for each participant in the plan.

Post-employment Benefits Other than Retirement

Net liability (asset) for other post-employment benefits other than retirement, as defined by the contract is estimated individually foe each participant in these benefits, which include health and dental plans, funeral insurance and electronic meal cards.

Employee Termination Benefits

Employee termination benefits of Venezuelan employees are established by labor laws and union labor contracts termination. A significant portion of employee termination benefits have been deposited in trust accounts in favor of the employees. PDVSA does not have a specific asset portfolio to guarantee compliance with the defined benefit obligation of employee termination benefits; accordingly, no calculation of the fair value of assets is required (see note 24-b).

PDVSA's net obligation regarding employee termination benefits for guarantee is defined in the current union labor agreements and in the Organic Law of Labor and Workers (Ley Orgánica del Trabajo, los Trabajadores y las Trabajadoras - LOTTT by its Spanish acronym), which became effective from May 2012, has retroactive nature and characteristics of a defined benefit plan in accordance with IAS 19 *Employee Benefits* (see note 37-k).

In accordance with the LOTTT, right of payment of the employee termination benefit is established proportionate to the time serviced, calculated based on the salary earned by the employee at the end of employment. Modification of this benefit defined in the consolidated financial statement as at and for the year ended on December 31, 2012, was recognized by PDVSA as past service cost.

(u) Provisions

A provision is recognized if, as a result of a past event, PDVSA has a present, legal, or constructive obligation that can be reliably estimated, and it is probable that a future outflow of economic benefits will be required to settle the obligation. The provisions are determined by discounting the expected future cash flow at a pretax rate over the estimated payment terms, if the term can be estimated reliably as well as the risk associated with those obligations. The unwinding of the discount is recognized as finance cost (see note 25).

Environmental Issues

According to the environmental policies established by PDVSA and applicable current laws, a liability is recognized when costs are probable and can be reliably estimated. Environmental disbursements related to environment conservation and associated with income for current or future revenues are expensed or capitalized as assets. Disbursements incurred for past operations that do not contribute to generating current or future income are recorded as expenses. Recognition of these provisions coincides with the identification of an obligation for environmental remediation where PDVSA has sufficient information to determine a fair estimate of the respective cost. Subsequent adjustments to estimates, if necessary, are made upon obtaining additional information (see note 31-d).

Asset Retirement

Obligation associated with asset retirement is recognized at fair value on the date on which such obligation is incurred, based on future discounted cash flows. The fair values are determined based on current regulations, existing technologies and current costs. The carrying value of the provision is annually reviewed and adjusted taking into account changes in such variables. The applied discount rate is annually reviewed.

Changes in the fair values of obligation are added to or deducted from the cost of the respective asset. The adjusted depreciable asset amount is depreciated over its remaining useful life. Therefore, once the asset's useful life has expired, all subsequent changes in the fair value of the obligation are recognized in the consolidated statement of comprehensive income. The increase or decrease in the obligation for each year elapsed is recognized in the profit or loss as finance income or cost (see note 4-f).

Costs and obligations associated with assets retirement related to the main structures used in refining, trade and supply activities are not estimated, as those assets are deemed to have an indefinite life as a result of major maintenance and repairs.

Litigations and Other Claims

Provisions for litigation and claims are recognized in the event that legal actions exist, government investigations have been initiated and other legal actions are outstanding or subject to be filed in the future against PDVSA, as a result of past events, which may result in a probable outflow of economic benefits to pay for that obligation which may be reliably estimated (see note 31-c).

(v) Segment Reporting

PDVSA reasonably identifies its operating segments based on its business units and geographical locations. The operating segments of PDVSA include exploration and production activities of crude oil (upstream); refining, trade and supply (downstream); gas and other (see note 7). Undistributed transactions and balances include mainly cash, equity-accounted investees, financial debt and financial leases, finance income and finance cost, contributions for social development, current and deferred income tax, as well as assets and liabilities related to the activities of Simón Bolívar Fund (see note 32-b).

(w) New Accounting Standards not yet Adopted

New standards, amendments and interpretations to current standards are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these consolidated financial statements.

Management is also assessing the following standards to determine their potential impact on the consolidated financial statements:

- IFRS 9 *Financial Instruments* (2010 and 2009)

  IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristic of their contractual cash flows. IFRS 9 (2010) introduces additional changes related to financial liabilities. Currently, the IASB has an active project to make limited amendment to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial asset and hedge accounting.

  IFRS 9 (2010 and 2009) are effective for annual periods beginning on or after January 1, 2015 with early adoption permitted.

(5) Foreign Exchange Agreement with the BCV

According to the Reform Law of BCV, effective since July 20, 2005, PDVSA must only sell to the BCV the funds in currency other than domestic currency required to meet its obligations in domestic currency. The remaining amounts in currency other than domestic currency can be held by PDVSA to meet its obligations and investments in currency other than domestic currency. Any excess must be transferred by PDVSA to FONDEN (see notes 4-i, 13, 37-h and 37-h).

On November 21, 2005, Official Gazette N° 38,318 was published, containing the Foreign Currency Exchange Agreement N° 9, which establishes that funds in currency other than domestic currency deriving from the export of hydrocarbons must be sold to the BCV, except for those to be used for PDVSA's activities as mentioned in the Reform Law of BCV above. This agreement states that PDVSA and its subsidiaries are not allowed to maintain funds in currency other than domestic currency within the National Territory for more than 48 hours and also establishes the conditions for the use of funds by PDVSA.

On March 22, 2007, Official Gazette N° 38,650 was published, containing a reform to the Exchange Agreement N° 9, which establishes that PDVSA may acquire currency other than domestic currency directly from the BCV to replace, up to the authorized amount, funds placed offshore in accordance with Article 113 of the BCV's Law. Based on this agreement, on February 8, 2007, the Board of Directors of BCV authorized PDVSA to keep a special fund in dollars of up to $3,500 million to meet requirements associated with the Oil Production Plan 2007 – 2013 and Oil Production Plan 2013 – 2019 (Plan de Siembra Petrolera in Spanish).

On January 8, 2010, Official Gazette N° 39,342 was published, containing the Exchange Agreement N° 14, which sets forth the exchange rates for the purchase and sale of dollars, effective as of January 11, 2010. On February 8, 2013, Official Gazette N° 40,108 was published, containing the reform of the Exchange Agreement N° 14, effective from February 9, 2013 (see notes 12, 37-h, 38-d and 38-e).

On December 30, 2013, Official Gazette N° 40,324 was published, containing Exchange Agreement N° 24, which sets forth the exchange rate applicable to PDVSA for the sale of currency other than domestic currency from activities or operations other than exports and/or hydrocarbon sales, as well as the exchange rate applicable to gold purchase operations by the BCV (see note 37-h).

(6) Determination of Fair Values

Certain accounting policies and disclosures of PDVSA require the determination of fair values, both for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure, using available market information and appropriate valuation methodologies and, as required, additional information about fair value estimates of assets and liabilities are included in the specific notes to the consolidated financial statements.

Property, Plant and Equipment

The fair value of property, plant and equipment recognized as a result of a business combination is the estimated price for which an asset could be exchanged between market participants in current market conditions. The fair value of property, plant and equipment is based on the market and cost approach using thereby market listed prices for similar assets, when available, and the depreciated replacement cost, where appropriate.

Restricted Cash

Restricted cash bears interest at variable market rates and the carrying amount approximates its fair value.

Inventories

The fair value of inventories, recognized as a result of a business combination, is estimated based on the selling price in the ordinary course of business, less costs of completion and sale the inventories and a reasonable profit margin based on the effort required to complete and sell such inventories.

Non-Derivative Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities included in prepaid expenses and other assets, notes and accounts receivable, cash and cash equivalents and accounts payable to suppliers approximate their fair value due to the short-term of those instruments.

Derivative Financial Assets and Liabilities

The fair value of derivative financial instruments is determined based on market prices, if available. Otherwise, the fair value is estimated based on the present value of future cash flows, according to contractual terms and maturities, and using the market's interest rate for similar financial instruments. The fair value reflects the instrument's credit risk, and includes the applicable adjustments in accordance with PDVSA and the other parties, as appropriate (see note 28-c).

Non-Derivative Financial Obligations

The fair value of non-derivative financial obligations, which is determined for disclosure purposes, is calculated based on information provided by financial institutions and the present value of the future principal and interest cash flows, discounted at the market interest rate at the reporting date, based on the inherent risk of those obligations.

For financial leases, the market interest rate is determined by reference to similar lease agreements.

Other Non-Derivative Financial Assets

The fair value of other non-derivative financial assets corresponds to non-current accounts receivable and other assets and recoverable value-added tax (see note 28-c). The fair value of those assets is determined based on the current value of future cash flows discounted at the market interest rate on the measuring date.

Other Non-Derivative Financial Liabilities

Other non-derivative financial liabilities are measured at fair value when initially recognized, and for disclosure effects, on each presentation date of the consolidated statement of comprehensive income. Fair value is calculated based on the current value of future cash flows payments of principal and interest, discounting the market interest rate on the measuring date. Other financial liabilities are made up by accruals and other liabilities with non-related financial institutions (see note 28-c).

(7) Operating Segments

PDVSA determines and discloses, at least on a quarterly basis, its operating segments based on information internally reported to the Board of Directors, and evaluates the performance of its segments based on net sales, operating profit (revenue less cost and expenses, except for finance income and cost, share of profit or loss of equity-accounted investees), and acquisitions of property, plant and equipment.

Inter-segment sales, which primarily consist of sales of crude oil and natural gas, are generally measured according to refined products destination.

Refined products for the domestic market are sold at a regulated price; therefore, PDVSA's management deems it appropriate that inter-segment sales of crude oil and natural gas for local supply be measured at cost less the production tax discount granted by the Ministry for those sales at the regulated price. Additionally, inter-segment sales of crude oil and natural gas for the international market are measured at the approximate market prices.

Main business segments of PDVSA are the following:

- Exploration and production activities include the search for crude oil and associated gas reserves, extraction and upgrading of extra-heavy crude oil, and transportation of crude oil and natural gas to refineries and fractionation plants.
- Refining, trade and supply activities in Venezuela include the administration of refineries, marketing and transportation of crude oil and refined products under the brand PDV®. The refining, trade and supply activities in the United States of America comprise the administration of refineries and gasoline and products marketing, mainly in the East and Midwest region of that country, under the brand name CITGO®.
- Gas activities include the management of gas processing plants, marketing and upgrading of natural and liquid gas as well as its transportation, distribution, placement and sale.
- The Other segment includes operations by subsidiaries conducting activities other than those listed above, related mainly to freight and leasing services, as well as Parent Company's operating activities.

Main Customer

Revenues from the sales of crude oil and products from the main customer of the exploration and production and refining, trade and supply segments totaling $17,236 million, $16,550 million and $14,637 million for the years 2013, 2012 and 2011, respectively.

The financial information related to each reportable segment is in the following tables (in millions of dollars):

	Year ended December 31, 2013					
	Exploration and production	**Refining trade and supply**	**Gas**	**Other**	**Eliminations**	**Total**
Net disbursements to investments:						
In Venezuela	12,750	4,342	2,868	2,938	-	22,898
In the United States of America	-	296	-	-	-	296
In other countries	-	331	-	5	-	336
Total net disbursements to investments (see note 15)	**12,750**	**4,969**	**2,868**	**2,943**	**-**	**23,530**
Depreciation and amortization (see note 15)	**4,376**	**2,806**	**545**	**608**	**-**	**8,335**
Impairment of asset (see notes 11 and 15)	**139**	**300**	**-**	**-**	**-**	**439**
Revenue:						
Sales to external customers:						
In Venezuela	46,833	21,295	1,146	256	-	69,530
In the United States of America	-	40,554		-	-	40,554
In other countries	-	3,779		116	-	3,895
Total sales to external customers	46,833	65,628	1,146	372	-	113,979
Inter-segment sales [3] *:*						
In Venezuela	62,106	4,264	1,657	327	(68,354) [1]	-
In the United States of America	-	1,640	-	-	(1,640) [1]	-
In other countries	-	14,892	-	-	(14,892) [1]	-
Total inter-segment sales	62,106	20,796	1,657	327	(84,886)	-
Total sales	**108,939**	**86,424**	**2,803**	**699**	**(84,886)**	**113,979**
Total operating segment profit (loss):						
In Venezuela	30,685	(13,032)	(1,155)	2,636	15 [2]	19,149
In the United States of America	-	1,174	-	-	-	1,174
In other countries	-	(1,095)	-	95	-	(1,000)
Total operating segment profit (loss)	**30,685**	**(12,953)**	**(1,155)**	**2,731**	**15**	**19,323**
Finance income						20,347
Finance cost						(2,934)
Share of loss of equity-accounted investees						(33)
Contributions for social development						(13,023)
Current tax expense						(12,939)
Deferred tax expense						5,094
Profit						**15,835**

(1) Represents eliminations of inter-segment sales
(2) Represents eliminations of inter-segments purchases and costs
(3) Mainly crude oil and products

	Year ended December 31, 2012 (restated [1])					
	Exploration and production	**Refining trade and supply**	**Gas**	**Other**	**Eliminations**	**Total**
Net disbursements to investments:						
In Venezuela	13,793	4,624	2,729	3,009	-	24,155
In the United States of America	-	391	-	-	-	391
In other countries	-	527	-	4	-	531
Total net disbursements to investments (see note 15)	**13,793**	**5,542**	**2,729**	**3,013**	**-**	**25,077**
Depreciation and amortization (see note 15)	**4,629**	**1,448**	**390**	**638**	**-**	**7,105**
Impairment of asset (see notes 11 and 15)	**17**	**907**	**-**	**74**	**-**	**998**
Impairment reversal (see note 15)	**-**	**(7)**	**-**	**-**	**-**	**(7)**
Revenue:						
Sales to external customers:						
In Venezuela	54,055	21,458	1,380	197	-	77,090
In the United States of America	-	42,664	-	-	-	42,664
In other countries	-	4,414	-	291	-	4,705
Total sales to external customers	54,055	68,536	1,380	488	-	124,459
Inter-segment sales [4] :						
In Venezuela	59,016	4,749	2,022	365	(66,152) [2]	-
In the United States of America	-	665	-	-	(665) [2]	-
In other countries	-	16,339	-	-	(16,339) [2]	-
Total inter-segment sales	59,016	21,753	2,022	365	(83,156)	-
Total sales	**113,071**	**90,289**	**3,402**	**853**	**(83,156)**	**124,459**
Total operating segment profit (loss):						
In Venezuela	41,707	(8,382)	(1,075)	(3,502)	(121) [3]	28,627
In the United States of America	-	1,671	-	-	-	1,671
In other countries	-	(1,024)	-	(139)	-	(1,163)
Total operating segment profit (loss)	**41,707**	**(7,735)**	**(1,075)**	**(3,641)**	**(121)**	**29,135**
Finance income						3,152
Finance cost						(3,401)
Share of profit of equity-accounted investees						64
Contributions for social development						(17,336)
Current tax expense						(4,982)
Deferred tax expense						(2,297)
Profit						**4,335**

(1) See note 3-f
(2) Represents eliminations of inter-segment sales
(3) Represents eliminations of inter-segment purchases and costs
(4) Mainly crude oil and products

	Year ended December 31, 2011 (restated [1])							
	Exploration and production	**Refining trade and supply**	**Gas**	**Other**	**Eliminations**	**Total**	**Discontinued operations [4]**	**Continuing operations**
Net disbursements to investments:								
In Venezuela	9,549	3,581	1,721	2,665	-	17,516	-	17,516
In the United States of America	-	405	-	-	-	405	-	405
In other countries	-	231	-	-	-	231	-	231
Total net disbursements to investments (see note 15)	**9,549**	**4,217**	**1,721**	**2,665**	**-**	**18,152**	**-**	**18,152**
Depreciation and amortization (see note 15)	**4,626**	**1,533**	**484**	**228**	**-**	**6,871**	**-**	**6,871**
Impairment of asset (see notes 11 and 15)	**62**	**267**	**-**	**209**	**-**	**538**	**-**	538
Impairment reversal (see note 15)	**(35)**	**-**	**-**	**-**	**-**	**(35)**	**-**	**(35)**
Revenue:								
Sales to external customers:								
In Venezuela	48,557	23,390	1,573	46	-	73,566	-	73,566
In the United States of America	-	43,024	-	-	-	43,024	-	43,024
In other countries	-	7,774	-	390	-	8,164	-	8,164
Total sales to external customers	48,557	74,188	1,573	436	-	124,754	-	124,754
Inter-segment sales [5] :								
In Venezuela	49,006	2,424	1,770	387	(53,587) [2]	-	-	-
In the United States of America	-	80	-	-	(80) [2]	-	-	-
In other countries	-	12,200	-	-	(12,200) [2]	-	-	-
Total inter-segment sales	49,006	14,704	1,770	387	(65,867)	-	-	-
Total sales	**97,563**	**88,892**	**3,343**	**823**	**(65,867)**	**124,754**	**-**	**124,754**
Total operating segment profit (loss):								
In Venezuela	43,976	(2,237)	126	(4,767)	(134) [3]	36,964	-	36,964
In the United States of America	-	1,097	-	-	-	1,097		1,097
In other countries	-	387	-	76	-	463		463
Total operating segment profit (loss)	**43,976**	**(753)**	**126**	**(4,691)**	**(134)**	**38,524**	**-**	**38,524**
Finance income						765	-	765
Finance cost						(3,649)	-	(3,649)
Share of loss of equity-accounted investees						(278)	-	(278)
Contributions for social development						(30,079)	-	(30,079)
Current tax expense						(5,171)	-	(5,171)
Deferred tax benefit						3,164	-	3,164
Gain on sale of assets held for sale						1,353	(1,353)	-
Profit						**4,629**	**(1,353)**	**3,276**

(1) See note 3-f
(2) Represents eliminations of inter-segment sales
(3) Represents eliminations of inter-segment purchases and costs
(4) See note 8
(5) Mainly crude oil and products

	December 31, 2013				
	Exploration and production	Refining trade and supply	Gas	Other	Total
Unallocated current assets					67,732
Segment assets:					
Property, plant and equipment, net:					
In Venezuela	76,769	15,454	16,922	14,078	123,223
In the United States of America	-	4,735	-	-	4,735
In other countries	-	1,873	-	-	1,873
Total property, plant and equipment, net	76,769	22,062	16,922	14,078	129,831
Unallocated non-current assets					33,557
Total assets					**231,120**
Segment liabilities:					
In Venezuela	31,964	16,037	4,487	27,391	79,879
In the United States of America	-	3,105	-	-	3,105
In other countries	-	2,526	-	2,221	4,747
Total segment liabilities	31,964	21,668	4,487	29,612	87,731
Unallocated liabilities					58,903
Total liabilities					**146,634**

	December 31, 2012 (restated [1])				
	Exploration and production	Refining trade and supply	Gas	Other	Total
Unallocated current assets					74,882
Segment assets:					
Property, plant and equipment, net:					
In Venezuela	69,136	14,013	14,856	11,230	109,235
In the United States of America	-	4,878	-	-	4,878
In other countries	-	1,792	-	-	1,792
Total property, plant and equipment, net	69,136	20,683	14,856	11,230	115,905
Unallocated non-current assets					27,637
Total assets					**218,424**
Segment liabilities:					
In Venezuela	24,723	25,033	3,755	39,991	93,502
In the United States of America	-	2,544	-	-	2,544
In other countries	-	2,671	-	978	3,649
Total segment liabilities	24,723	30,248	3,755	40,969	99,695
Unallocated liabilities					46,243
Total liabilities					**145,938**

(1) See note 3-f.

	December 31, 2011 (restated [1])				
	Exploration and production	**Refining trade and supply**	**Gas**	**Other**	**Total**
Unallocated current assets					56,681
Segment assets:					
Property, plant and equipment, net:					
In Venezuela	57,340	12,932	14,385	6,791	91,448
In the United States of America	-	4,993	-	-	4,993
In other countries	-	1,780	-	-	1,780
Total property, plant and equipment, net	57,340	19,705	14,385	6,791	98,221
Unallocated non-current assets					27,252
Total assets					**182,154**
Segment liabilities:					
In Venezuela	18,921	12,962	2,487	23,341	57,711
In the United States of America	-	2,915	-	-	2,915
In other countries	-	1,872	-	763	2,635
Total segment liability	18,921	17,749	2,487	24,104	63,261
Unallocated liabilities					49,264
Total liabilities					**112,525**

(1) See note 3-f.

(8) Agreements

PDVSA has entered into agreements with other investors and energy cooperation agreements between the Republic and governments of other countries.

The most important associations for the years ended 31 December 2013, 2012 and 2011 follows:

(a) Incorporations of Mixed Companies

As approved by the National Assembly and authorized by the National Government, in 2013, 2012 and 2011, the Corporación Venezolana de Petróleo, S.A. (CVP) incorporated the following Mixed Companies (Empresas Mixtas in Spanish) in association with other investors for the purpose of performing exploration, extraction, gathering, production, upgrading, transportation, storage and trading of crude oil and natural gas in the Orinoco Oil Belt Hugo Chávez Frías and in the western area of the country:

Mixed Company	Year of incorporation	PDVSA's Share (%)	Area	Partners
PetroVictoria, S.A.	2013	60.00	Carabobo 4 Oeste Carabobo 2 Norte	OJSC Oil Company Rosneft (40%)
PetroZamora, S.A.	2012	60.00	Bachaquero Tierra Lagunillas Tierra	Gazprombank Latin America Ventures B.V. (1) (40%)
PetroUrdaneta, S.A.	2012	60.00	Mara Oeste, Mara Este and La Paz	Odebrecht E&P España S.L. (2) (40%)
Petrolera Venangocupet, S.A.	2011	60.00	Miga and Melones Oeste	Comercial Cupet, S.A. (20%) and Sonangol Pesquisa & Produção, S.A. (20%)

(1) Subsidiary of Gazprom JSV
(2) Subsidiary of Odebrecht Organization

(b) Energy Agreements with Latin American and the Caribbean Countries

The Government of the Bolivarian Republic of Venezuela subscribed the following agreements with the governments of other countries, mainly from Latin America and the Caribbean: Caracas Energy Cooperation Agreement (CECA), Integral Agreement of Cooperation (IAC) and the Petrocaribe Energy Cooperation Agreement (PETROCARIBE). These agreements establish among others the supply of crude oil and products by PDVSA to the national oil companies of the participating countries for approximately 377 thousand barrels per day (TBPD), 394 TBPD and 463 TBPD for the years ended December 31, 2013, 2012 and 2011, respectively.

Most of these supply agreements establish, among other conditions, a selling price equivalent to the market price, payment terms between 30 and 90 days for a significant portion of each shipment, and a longer-term for the remaining portion, between 15 and 25 years (see notes 14-g, 17 and 32-a). The agreements will be effective for a one-year period and may be renewed by mutual agreement between the parties involved.

(c) Supply Agreement with the People's Republic of China

The Bolivarian Republic of Venezuela signed cooperation agreements with the People's Republic of China in which PDVSA participates as a crude oil supplier, holding supply agreements at market prices for approximately 550 TBPD, 530 TBPD and 480 TBPD, as of December 31, 2013, 2012 and 2011, respectively (see note 32-a).

(d) Supply Agreement with Other Countries

The Bolivarian Republic of Venezuela has signed energy cooperation agreements with the Portuguese Republic, the Islamic Republic of Iran and the Republic of Belarus, including among other aspects, the supply by PDVSA of crude oil and products at market price to the state-owned oil companies of those countries of approximately 99 TBPD, 99 TBPD and 265 TBPD, as of December 31, 2012, 2011 and 2010, respectively.

(9) Assets Held for Sale and Discontinued Operations

On October 15, 2010, PDVSA entered into a purchase-sale agreement for $1,600 million with Rosneft Holdings Limited S.A. (Rosneft Holdings), a subsidiary of Rosneft Oil Company OJSC (Rosneft), for all of the shares held in Ruhr Oël GMBH (ROG) and another amount to be determined for the values of accounts receivable and inventories of PDVSA Marketing International, S.A. (PMI Panamá) at the transaction date. On May 3, 2011, PDVSA completed the sale process with Rosneft Holdings and, in accordance with the purchase sale agreement entered into in October, 2010 PDVSA received $3,716 million recognizing a gain of $1,353 million, presented in profit or loss for the year ended December 31, 2011, under gain from discontinued operations, net of income tax.

At December 31, 2013, 2012 and 2011, PDVSA does not maintain assets or liabilities classified as held for sale and there are no gains or losses recognized in other comprehensive income related to assets held for sale in the years then ended.

(10) New Subsidiaries

(a) Subsidiaries Incorporated

In accordance with the guidelines of the National Government and the strategic plans of PDVSA, during the years 2013 and 2012 new subsidiaries were incorporated. A summary of the most relevant subsidiaries is presented below:

In December 2013, Empresa Nacional Aurífera, S.A. (ENA) was incorporated, owned by Corporación Venezolana de Minería, S.A. (wholly-owned subsidiary of PDVSA Industrial, S.A.-PDVSA Industrial), with equity of $30,000 million. ENA is mainly engaged in exploring, developing, producing, transforming, refining, manufacturing and distributing any kind of material deriving from the utilization of gold mines and fields at all phases; the domestic and foreign marketing of the products, as well as the implementation of development programs and projects in the area of gold mining (see note 37-g). In December 2013, PDVSA sold 40% of its share in ENA to BCV amounting to $12,000 million (see notes 12, 26 and 32). During 2013, no operations were conducted by ENA.

In July 2013, PDVSA Services Trading Shanghai Co. Ltd. was incorporated, a wholly-owned subsidiary of Bariven, S.A. The main purpose of this subsidiary is the purchase, on the Asian market, of materials and equipment required for PDVSA's activities. During 2013, no operations were performed by this subsidiary.

In June 2013, Comercializadora de Suministros Regionales del Caribe, S.A. (COMSURCA) was incorporated, owned in 99% by PDV Caribe, S.A. (a subsidiary of PDVSA América, S.A.), and in 1% by PDVSA América, S.A. This subsidiary is engaged in production and marketing of Venezuelan goods and services in the Caribbean, Central America and South America. During 2013, no operations were conducted by this subsidiary.

In December 2012, Corporación Venezolana de Minería, S.A. was incorporated, wholly-owned by PDVSA Industrial. This subsidiary was incorporated to develop and perform mining activities; acquire and administer interests in mining projects; implement and execute projects, plans and programs in mining industrialization and downstream development of the mining industry, as well as programs for social contribution, economic development and thus foster the strengthening of equality, welfare and the life quality of the communities settle in the mining areas (see notes 37-g, 37-i and 37-p). During 2013, no operations were performed by this subsidiary.

In May 2012, PDVSA Social, S.A., a wholly-owned of PDVSA was incorporated. The main purpose of this subsidiary is to promote and foster social investment development; implement and execute social projects, plans and programs; manage and invest funds aimed at social development, community growth, and assure community welfare and life quality (see note 37-l). During 2013, no operations were conducted by this subsidiary.

Additionally, in accordance with the guidelines of the National Government and the strategic plans of PDVSA, which include the promotion or participation in activities aimed at promoting the comprehensive, organic and sustainable development of the country, including the agricultural and industrial sectors, during the year ended December 31, 2012, several subsidiaries in the agriculture and industrial sectors were incorporated. Some of such subsidiaries are: Minería Industrial y Agregados de Vargas, S.A. (Minavargas), Corporación Socialista Varguense de Infraestructura, S.A. (Corsovarin), Empresa Nacional Salinera ENASAL, S.A., Construpatria, S.A., Empresa Nacional de Válvulas, S.A. (Enaval) and Complejo Industrial de Maderero Libertadores de América CIMLA, S.A.

(b) Subsidiaries Acquired

In Official Gazette N° 39,982 dated August 9, 2012, Presidential Decree N° 9,131 was published, instructing the transfer to PDVSA of 70% of common, nominative, non-convertible bearer shares owned by Corporación de Desarrollo de la Región Zuliana (CORPOZULIA), of the state-owned company Carbones del Zulia, S.A. and subsidiaries (CARBOZULIA). In January 2013, the transfer of shares took place and PDVSA's controls of operational and financial control of CARBOZULIA commenced. At December 31, 2013, as a result of this transaction, $18 million, corresponding to the additional Stockholder's contribution were recognized as well as $8 million of non-controlling interests.

In November 2013, PDVSA acquired 100% of Imosa Tuboacero Fabricación, S.A. (IMOSA). This is a wholly-owned subsidiary of PDVSA Industrial, and its purpose includes manufacturing of steel pipes and marketing of plates, pipes and other products. At December 31, 2013, the purchase price of the shares of IMOSA totaled $129 million.

The effects of these acquisitions made during the year ended December 31, 2013 on consolidated financial statements of PDVSA at the beginning of control over this company follows (in millions of dollars):

	Amounts recognized at acquisition date		
	CARBOZULIA	**IMOSA**	**Total**
Property, plant and equipment, net (see note 15)	28	196	224
Notes and accounts receivable and others assets	165	9	174
Trade accounts payable and accruals and other liabilities	(219)	(46)	(265)
Non-controlling interests	8	-	8
Identifiable assets and liabilities, net	**(18)**	**159**	**141**
Shares in subsidiary received by Stockholder	18	-	18
Excess value of net assets acquired over costs (see note 11)	-	(30)	(30)
Accounts payable from acquisition of subsidiaries (see note 26)	-	(99)	(99)
Cash payment	-	30	30
Less, acquired cash	8	1	9
Cash paid, net of cash acquired	**(8)**	**29**	**21**

The companies acquired contributed losses of $24 million for the year ended December 31, 2013. If the acquisition had occurred on January 1, 2013 management estimates that consolidated revenue and profit of PDVSA would have been $134,521 million and $15,811 million, respectively, for the year ended December 31, 2013.

In 2011, PDVSA acquired operational and financial control of the following companies:

- On October 3, 2011, PDVSA Argentina, S.A. (PDVSA Argentina) entered into a purchase agreement with ANCSOL, S.A. (S.A.F.I.) and PetroUruguay, S.A. for 47.19% of the shares of Petrolera del Cono Sur, S.A. (Petrolera del Cono Sur). As a result of this transaction PDVSA Argentina gained control of 94.38% of the shares of Petrolera del Cono Sur. In November 2011, PDVSA Argentina acquired control of the financial and operational policies of Petrolera del Cono Sur. The consolidated statement of comprehensive income for the year ended December 31, 2011 includes in other expenses, net, $10 million for excess value of assets over acquisition cost (see note 11).
- On November 4, 2009, PDVSA Industrial entered into a purchase agreement for $198 million with Verhover Investments B.V. for 80% of the shares of Venezuelan Heavy Industries, C.A. (VHICOA). In June 2011, PDVSA Industrial acquired control of the operational and financial policies of VHICOA. The consolidated statement of comprehensive income for the year ended December 31, 2011 includes in other expenses, net, $16 million for value of assets in excess over acquisition cost (see note 11).

A summary of the effect of these acquisitions in 2011 on the consolidated financial statements of PDVSA as of the date when the control over those entities commend are as follows (in millions of dollars):

	Amounts recognized at the acquisition date
Property, plant and equipment, net (see note 15)	173
Notes and accounts receivable and other assets	289
Trade accounts payable and accruals and other liabilities	(245)
Non-controlling interests	(40)
Identifiable assets and liabilities, net	**177**
Effect of exchange rage fluctuation and inflation on investment	56
Cash payments from previous years	(53)
Interests previously held by PDVSA	(9)
Excess value of net assets acquired over cost (see notes 4-a and 11)	(26)
Accounts payable from acquisition of subsidiaries (see note 26)	(119)
Cash payments	26
Less, acquired cash	(11)
Cash paid, net of cash acquired	**15**

The companies acquired reported profits of $23 million at December 31, 2011. If the acquisition had been occurred on January 1, 2011 management estimates that revenue and profit of PDVSA would have been $125,671 million and $4,478 million, respectively, for the year ended December 31, 2011.

The consolidated statement of comprehensive income for the year ended December 31, 2011, includes sales of these companies acquired of $75 million.

For the acquisitions in 2013 and 2011, PDVSA used the best available estimation as of the purchase date to allocate the consideration transferred for the assets and liabilities acquired.

(11) Other Expenses, Net

A summary of other expenses, net follows (in millions of dollars):

	Year ended December 31,		
	2013	**2012**	**2011**
Works in progress cancelled (see note 15)	1,101	577	703
Legal contributions (see notes 32, 37-r, 37-s, 37-t and 37-u)	840	872	599
Cost for unrecoverable value-added tax (VAT) (see note 32)	297	191	231
Impairment losses (see notes 15 and 17)	439	998	538
Provision for litigation and other claims (see note 25)	183	284	156
Compensation to Exxon Mobil (see note 31-c)	-	-	640
Impairment losses reversals (see note 15)	-	(7)	(35)
Excess in value of net assets acquired over the cost of the investment (negative goodwill) (see note 10-b)	(30)	-	(26)
Other non-operating expenses (income), net	275	98	695
Total other expenses, net	**3,105**	**3,013**	**3,501**

(12) Finance Income and Cost

Finance income presented as revenues in the consolidated statement of comprehensive income, follows (in millions of dollars):

	Year ended December 31,		
	2013	**2012**	**2011**
Gain from sale of interest in subsidiary (see note 32)	9,524	-	-
Net foreign exchange gain	7,817	-	-
Gain from net monetary position (see note 4-b)	1,473	301	62
Gain from credit pre-payment	1,100	1,978	-
Interest earned	344	270	241
Interest on amortized cost items (see note 17)	89	235	16
Gain from sale of promissory notes (see note 32)	-	209	-
Gain from exchange and repurchase of bonds (see note 23)	-	-	446
Change in fair value of financial assets (see notes 14-l and 17)	-	159	-
Total finance income	**20,347**	**3,152**	**765**

Net Foreign Exchange gain

In February 2013, was published the Official Gazette N° 40,108, containing the reform of Exchange Agreement N° 14, which establishes the official exchange rate in Bs.6,2842 per U.S. dollar for the purchase and Bs.6,30 per U.S. dollar for sale (see note 37-h). As at the date of change of the exchange rate, PDVSA presented a net liability monetary position in foreign currency of $25,050 million, mostly comprised by bolivars, which resulted in a net foreign exchange gain of $7,952 million. Additionally, in 2013 PDVSA recognized net foreign exchange losses for $192 million from subsidiaries whose functional currency is bolivars.

Net liability monetary position in bolivars, as at the date of change in the exchange rate, mainly corresponds to accounts payable to related entities, including accounts payable to the National Treasury Office (ONT by its Spanish acronym); accruals payable to contractors, presented as accruals and other liabilities; accounts payable to domestic suppliers; financial debt in bolivars and liabilities for employee benefits and other post-employment benefits from local employees. Monetary assets mainly consist of accounts receivable from companies owned by the Company's stockholder and other government institutions; fiscal credits to be recovered and prepayments to domestic suppliers.

Gain from credit pre-payment

During the years 2013 and 2012, PDVSA received loans in bolivars from non-financial private entities at 24 month term and interest rate resulting from subtracting 3% from the average market lending rate of the six most important banks of the country published by the BCV. During the years 2013 and 2012, these loans were paid in advance and generated a gain of $1,100 million and $1,978 million, respectively.

Sale of promissory notes to BCV

In October 2012, PDVSA sold to BCV promissory notes associated to trade accounts receivable for $1,752 million, recognizing gains for $209 million, due to the difference between the carrying value and the selling value of those instruments.

A summary of finance cost follows (in millions of dollars):

	Year ended December 31,		
	2013	**2012**	**2011**
Finance cost (see note 23)	2,021	2,224	1,988
Change in fair value of finance assets, net (see notes 14-l and 17)	625	-	603
Bank commissions and other finance expenses	264	603	617
Unwind of discount on asset retirement obligation (see note 4-u)	24	397	144
Net foreign exchange loss (see note 37-h)	-	177	297
Total finance cost	**2,934**	**3,401**	**3,649**

(13) Contributions for Social Development

A summary of contributions for social development is as follows (in millions of dollars):

	Year ended December 31,		
	2013	**2012**	**2011**
Contributions for social development (see note 32)	7,829	9,025	15,604
Regular contributions to FONDEN	-	-	1,228
Special contribution (see notes 32 and 37-f)	10,435	14,994	13,247
Government grant received through FONDEN (see notes 30, 32 and 37-f)	(5,241)	(6,683)	-
Total (see note 32)	**13,023**	**17,336**	**30,079**

Contributions for social development

Based on the social responsibility of PDVSA, related to its participation in the social and comprehensive development of the country, as is established in the Constitution of the Republic, in the Hydrocarbons Organic Law and in its Bylaws-Memorandum of Incorporation, during 2013, 2012 and 2011, PDVSA made contributions for social development of $7,829 million, $9,025 million and $15,604 million, respectively, mainly supporting missions and communities as well as social programs, social investment plans and contributions to the Housing Mission "Gran Misión Vivienda Venezuela" (GMVV by its Spanish acronym) (see note 32).

During the years ended December 31, 2013, 2012 and 2011, contributions for social development were made mainly from the funds for the execution of social development projects maintained by the BCV (see note 18).

Contributions to FONDEN

According to the scales set forth in the corresponding law, the special contribution expense for the years ended December 31, 2013, 2012 and 2011, totaled $10,435 million, $14,994 million and $13,247 million, respectively, and is presented net of exemption established by law of $1,583 million, $3,712 million and $1,585 million, respectively.

The amendment to the Law Creating the Special Contribution for Extraordinary Prices and Exorbitant Prices in the International Hydrocarbons Market establishes a recognition and payment scheme of this contribution to FONDEN (see note 37-f).

In February 2011, in accordance with instructions of the National Government, were transferred to FONDEN $829 million, corresponding to the total funds held by PDVSA in the Monetary Stabilization Fund (Fondo de Estabilización Macroeconómica – FEM by its Spanish acronym), which are included as contributions to FONDEN in the consolidated statement of comprehensive income for the year ended December 31, 2011.

(14) Taxes and Production Tax

A summary of taxes and production tax affecting PDVSA's consolidated operations follows (in millions of dollars):

	Year ended December 31,		
	2013	**2012**	**2011**
Income tax:			
Current tax expense:			
Venezuela (see note 32)	12,213	4,589	4,802
Foreign	726	393	369
Total current tax expense	**12,939**	**4,982**	**5,171**
Deferred tax (benefit) expense:			
Venezuela (see note 32)	(5,157)	2,252	(3,309)
Foreign	63	45	145
Total deferred tax (benefit) expense	**(5,094)**	**2,297**	**(3,164)**
Total income tax	**7,845**	**7,279**	**2,007**
Production tax, extraction tax and other taxes:			
Production tax	16,633	15,370	15,534
Extraction tax	1,946	1,753	1,604
Special advantages tax	313	269	287
Surface tax	228	201	190
Export registration tax	35	34	23
Other taxes	107	103	33
Total production tax, extraction tax and other taxes (see note 32)	**19,262**	**17,730**	**17,671**

(a) Income Tax

Reconciliation between the statutory income tax rate and the effective tax rate for each year is as follows:

	Year ended December 31,					
	2013		2012		2011	
	%	Millions of Dollars	%	Millions of Dollars	%	Millions of Dollars
Profit:						
Continuing operations		15,835		4,335		3,276
Discontinued operations (see note 9)		-		-		1,353
Profit		**15,835**		**4,335**		**4,629**
Continuing operations income tax		7,845		7,279		2,007
Profit (from continuing and discontinued operations) before tax		**23,680**		**11,614**		**6,636**
Nominal statutory income tax rate of the oil sector	50.0	11,840	50.0	5,807	50.0	2,642
Tax inflation adjustment and effect of translation into dollar	(22.7)	(5,380)	(29.2)	(3,386)	16.4	869
Unrealized losses on financial instruments	0.7	169	0.2	18	0.2	13
Tax losses	7.3	1,720	(1.2)	(134)	(21.0)	(1,109)
Permanent items	(8.5)	(2,015)	4.8	561	15.1	798
Effect of subsidiaries subject to lower income tax rate	(2.9)	(676)	(2.8)	(329)	(18.4)	(971)
Dividend tax	0.9	203	2.7	317	3.4	182
Tax difference in property, plant and equipment, net	2.3	551	44.2	5,132	(14.1)	(746)
Unrealized foreign exchange loss	4.9	1,149	-	-	-	-
Other finance cost	(6.4)	(1,523)	(14.7)	(1,710)	-	-
Other differences, net	4.2	1,018	4.9	566	(3.3)	(183)
Effective tax rate in Venezuela	29.8	7,056	58.9	6,842	28.3	1,494
Effect of foreign subsidiaries	3.3	789	3.8	437	7.9	513
Effective tax rate	**33.1**	**7,845**	**62.7**	**7,279**	**36.2**	**2,007**

(b) Tax Losses Carry-Forwards

Venezuela's Income Tax Law allows tax losses to be carried forward for up to three years to offset future taxable income, except losses resulting from the application of the tax inflation adjustment, which can be carried forward for one year.

At December 31, 2013, territorial and extraterritorial tax losses carry-forward are approximately $4,265 million and $194 million, respectively. Territorial tax losses of $2,676 million, $210 million and $1,379 million expire in 2014, 2015 and 2016, respectively. Extraterritorial tax losses of $104 million and $90 million expire in 2015 and 2016, respectively. The Venezuelan tax legislation includes a single determination of taxable income to be followed by every taxpayer to determined and report taxable profit. Therefore, the entities that declare tax losses, expect not to generate taxable profit in future years to settle those tax losses.

Operating tax losses from previous years, available to offset taxable profit for the years ended December 31, 2013, 2012 and 2011 totaling $441 million, $ 3,391 million and $1,182 million, respectively.

(c) Tax Inflation Adjustment

Venezuela's Income Tax Law establishes an initial tax inflation adjustment for income tax calculation. The amount initially adjusted under property, plant and equipment is depreciated and amortized over their remaining useful lives for tax purposes. The Tax Law also includes a calculation of a regular inflation adjustment to be included in the conciliation of taxable income as a taxable or deductible item.

(d) Transfer Pricing

In accordance with the Income Tax Law of Venezuela, taxpayers subject to income tax that perform out import, export and loan transactions with related parties domiciled outside Venezuela must determine their income, costs and deductions applying the established transfer pricing methodology. PDVSA has obtained technical analyses developed according to the methodology established in the law. The resulting effects, if any, for each subsidiary are included in the determination of income tax for each year.

(e) Tax Rate

The current Income Tax Law of Venezuela establishes a general tax rate of 50% for companies involved in the exploitation of hydrocarbons and related activities. A rate of 34% applies to companies that perform integrated activities or non-integrated activities, exploration and exploitation of non-associated gas, processing, transportation, distribution, storage, marketing and export of gas and its components, or exclusively performing hydrocarbon refining or upgrading of heavy or extra-heavy crude oil. The applicable tax rate for most of the foreign subsidiaries is 35%. Additionally, PDVSA subsidiaries domiciled outside of Venezuela are subject to tax regulations of the countries where they operate.

(f) Deferred Tax

A summary of the deferred tax assets (liabilities) follow (in millions of dollars):

	December 31,								
	2013			2012			2011		
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
Employee benefits and other post-employment benefits	7,725	-	7,725	3,030	198	3,228	2,706	250	2,956
Property, plant and equipment, net	2,230	(1,460)	770	2,882	(1,044)	1,838	4,561	(281)	4,280
Production tax payable	457	-	457	607	-	607	485	-	485
Capitalized borrowing costs	4	(1,030)	(1,026)	(12)	(566)	(578)	1	(570)	(569)
Equity-accounted investees	-	(146)	(146)	-	(125)	(125)	-	(87)	(87)
Inventories	717	(1,722)	(1,005)	480	(1,398)	(918)	709	(1,403)	(694)
Payment of dividends	-	(128)	(128)	-	(358)	(358)	-	(174)	(174)
Provision	2,290	-	2,290	1,580	-	1,580	1,529	-	1,529
Legal contributions	1,207	(58)	1,149	1,364	(85)	1,279	1,024	-	1,024
Unrealized foreign exchange loss	1,015	-	1,015	-	-	-		-	-
Others	1,849	(859)	990	1,696	(349)	1,347	1,738	(291)	1,447
Total	**17,494**	**(5,403)**	**12,091**	**11,627**	**(3,727)**	**7,900**	**12,753**	**(2,556)**	**10,197**

At December 31, 2013, 2012 and 2011, the cumulative non-recognized deferred tax assets balance totaled $37,804 million, $24,152 million and $10,890 million, respectively. This reduction could be reversed to the extent that probable future taxable profit will be available against which PDVSA can use the benefits there from.

Movement in deferred assets (liabilities) reported for each year are as follows (in millions of dollars):

	2010 Assets (liabilities)	Benefit (expense) recognized in profit	2011 Assets (liabilities)	Benefit (expense) recognized in profit	2012 Assets (liabilities)	Benefit (expense) recognized in profit	Foreign exchange currency effect	Recognized OCI	2013 Assets (liabilities)
Employee benefits and other post-employee benefits	2,291	665	2,956	272	3,228	3,002	(962)	2,457	7,725
Property, plant and equipment, net	3,069	1,211	4,280	(2,442)	1,838	(178)	(890)	-	770
Production tax payable	223	262	485	122	607	43	(193)	-	457
Capitalized borrowing costs	(300)	(269)	(569)	(9)	(578)	(631)	183	-	(1,026)
Equity-accounted investees	(121)	34	(87)	(38)	(125)	(21)	-	-	(146)
Inventories	(422)	(272)	(694)	(224)	(918)	57	(144)	-	(1,005)
Payment of dividends	(164)	(10)	(174)	(184)	(358)	116	114	-	(128)
Provision	1,272	257	1,529	51	1,580	1,212	(502)	-	2,290
Legal contributions	438	586	1,024	255	1,279	276	(406)	-	1,149
Unrealized foreign exchange loss	-	-	-	-	-	1,015	-	-	1,015
Others	747	700	1,447	(99)	1,347	203	(560)	-	990
Total deferred income tax, net	**7,033**	**3,164**	**10,197**	**(2,297)**	**7,900**	**5,094**	**(3,360)**	**2,457**	**12,091**

(g) Production Taxes

In accordance with the Hydrocarbons Organic Law of May 2006, production tax is paid based on the crude oil produced and natural gas processed in Venezuela. A tax rate of 30% is applied to the volumes of hydrocarbons and natural gas produced in traditional areas (applicable to PDVSA Petróleo, S.A., PDVSA Gas, S.A. and Mixed Companies). Pursuant to instructions issued by the National Government, in 2013 was used a conversion rate of Bs.4,30 per U.S. dollar to determine and settle this tax and Bs.2,60 per U.S. dollar in 2012 and 2011.

During 2013, 2012 and 2011, PDVSA supplied crude oil and related products for 302 TBPD, 328 TBPD and 332 TBPD, respectively, within the framework of the Energy Cooperation Agreements (see note 8-b), of which 116 TBPD, 122 TBPD and 106 TBPD, with a value of $3,214 million, $2,728 million and $2,382 million, respectively, corresponding 50% of the long-term financed portion, subject to offsetting and deposited in trust funds of these agreements. In accordance with Ministry's instructions provided in Article 45 of the Organic Law on Hydrocarbons, 50% of the long-term financed portion of volumes supplied by PDVSA on behalf of the Republic are considered as compliance with part of PDVSA's obligation regarding production tax (see notes 17, 20 and 32-a).

In February 2013, the Law amending Decree in Full Force and Effect of the Law Creating the Special Contribution for Extraordinary Prices and Exorbitant Prices in the International Hydrocarbons Market was published, establishing a ceiling in determination and settlement of production tax, extraction tax, and export registration tax, stipulated in the Hydrocarbons Organic Law of up to $80 per barrel (see note 37-t).

In April 2011, the Decree in Full Force and Effect of the Law Creating the Special Contribution for Extraordinary Prices and Exorbitant Prices in the International Hydrocarbons Market was published, establishing a ceiling in determination and settlement of production tax, extraction tax, and export registration tax, established in the Hydrocarbons Organic Law of up to $70 per barrel, except those subjects exempt from the payment of the special tax (see note 37-f).

By resolution of the Ministry, in 2013 PDVSA has discounted from the cost of production tax, the difference between the settlement price of production tax and $55 per barrel of volumes sold at regulated prices in the Republic. PDVSA recognized under this concept a reduction in production tax expense in years ended December 31, 2013, 2012 and 2011 of $1,001 million, $775 million and $1,355 million, respectively.

(h) Extraction Tax

The amendment to the Hydrocarbons Organic Law establishes a rate of 33.33% of the value of all liquid hydrocarbons extracted from any reservoir, determined on the same basis established for determining production tax. In determining this tax, the taxpayer may deduct the amount paid for production tax, including the additional production tax paid as special advantages, applicable to Mixed Companies.

(i) Special Advantages Tax

Mixed Companies are subject to the payment of taxes on special advantages, which are determined based on: (a) an interest as additional production tax of 3.33% on the volumes of hydrocarbons extracted in marked areas and delivered to PDVSA, and (b) an amount equivalent to the difference, if any, between (i) 50% of the value of hydrocarbons extracted in specified areas and delivered to PDVSA during each calendar year, and (ii) the sum of the payments made to the Republic, for the activity conducted in the same calendar year, for taxes, production tax and special advantages tax on hydrocarbons, including investments in endogenous development projects equivalent to 1% of income before taxes. The taxes on special advantages under (b) must be paid before April 20 of each year, according to the provisions set forth in Appendix F of the Contract for Conversion to Mixed Companies (see note 37-q).

(j) Surface Tax

The Hydrocarbons Organic Law establishes the payment of a tax equivalent to 100 tax units (TU) per square kilometer or fraction of surface extension of unexploited land. This tax will be annually increased by 2% during the first five years and by 5% in subsequent years.

(k) Export Registration Tax

The Hydrocarbons Organic Law establishes a rate of 0.1% of the value of all hydrocarbons exported from any port in the national territory, calculated on the sales price of such hydrocarbons.

(l) Value-added Tax (VAT)

In Official Gazette N° 39,147 dated March 26, 2009, was published the Partial Amendment Law of the Budget Law for the Fiscal Year 2009, establishing an increase of VAT from 9% to 12%, beginning on April 1, 2009.

The VAT Law establishes an exemption on the trading of certain fuels derived from hydrocarbons and the possibility to recover certain tax credits resulting from export sales from the tax authorities. The amounts pending recovery do not bear interest.

A summary of VAT credits pending recovery or off-setting follows (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Balance pending recovery or off-setting at beginning of year	9,272	6,435	4,916
Generated during the year	2,155	2,672	2,053
Effect in profit due to variation in exchange rate	(2,942)	-	-
Change in fair value (see note 12)	(578)	165	(534)
Balance pending recovery or off-setting at year end (see notes 28 and 32)	**7,907**	**9,272**	**6,435**
Less, current portion	2,884	4,225	822
Non-current portion	**5,023**	**5,047**	**5,613**

In 2013, PDVSA is negotiating and making agreements in order to recover tax credits between the years 2014 to 2018, resulting in a decrease of current portion of $2,884 million that management expects to recover in the short-term.

(m) Other Taxes

Own Consumption Tax

The Hydrocarbons Organic Law establishes a tax of 10% of the value of each cubic meter of oil products produced and consumed as fuel in its own operations, calculated on the selling price offered to consumer; in the case the product is not sold on the domestic market, the price will be fixed by the Ministry.

General Consumption Tax

The sale of gasoline and other fuels in Venezuela and in the United States of America is subject to consumption tax.

In Venezuela and in the United States of America, this tax is paid by the consumer; therefore, it is included in the selling price of the product, collected and paid to government entities without affecting the consolidated profit of PDVSA. In 2013, 2012 and 2011 such taxes amounted to approximately $588 million, $658 million and $744 million, respectively, in Venezuela; and $2,066 million, $1,843 million and $1,821 million, respectively, in the United States of America.

(15) Property, Plant and Equipment, Net

Property, plant and equipment comprise the following (in millions of dollars):

	Wells and production facilities	Plants and refining facilities	Storage facilities and transportation of crude oil, gas and products	Lands, buildings and constructions	Machinery and equipment	Transportation units	Industrial services and field support	Construction in progress	Total
Cost:									
Balances at December 31, 2010	**66,252**	**23,476**	**11,298**	**4,707**	**11,172**	**2,967**	**7,926**	**34,311**	**162,109**
Acquisitions and additions	3	409	2	98	174	463	276	16,727	18,152
Transfers and capitalizations	5,234	1,212	311	190	153	218	222	(7,540)	-
Sales and disposals	(23)	(140)	(46)	(15)	(42)	(29)	(35)	-	(330)
Asset retirement obligations	101	12	-	-	-	-	-	-	113
Other	(242)	111	3	(116)	(4)	4	10	(647)	(881)
Effects of inflation on conversion to dollars	-	10	8	243	160	24	47	326	818
Balances at December 31, 2011	**71,325**	**25,090**	**11,576**	**5,107**	**11,613**	**3,647**	**8,446**	**43,177**	**179,981**
Acquisitions and additions	223	1,590	619	240	980	115	698	20,613	25,077
Transfers and capitalizations	7,387	1,464	505	412	1,379	181	950	(12,276)	-
Sales and disposals	(220)	(170)	1	(35)	(257)	(29)	(271)	267	(714)
Asset retirement obligations	1,531	-	-	-	-	-	-	-	1,531
Other	(100)	(213)	17	75	7	7	154	(1,086)	(1,139)
Effects of inflation on conversion to dollars	-	6	5	86	111	18	85	532	844
Balances at December 31, 2012	**80,146**	**27,767**	**12,722**	**5,886**	**13,832**	**3,938**	**10,062**	**51,227**	**205,580**
Acquisitions and additions	29	197	10	280	182	4	9	22,819	23,530
Transfers and capitalizations	5,959	1,635	1,696	298	626	397	226	(10,837)	-
Sales and disposals	(4)	(159)	(6)	(14)	(12)	(23)	-	-	(218)
Asset retirement obligations	(496)	(2)	-	-	-	-	-	-	(499)
Other	(236)	33	29	(4)	8	(42)	4	(986)	(1,194)
Effects of inflation and change in exchange rate on conversion to dollars	-	-	10	17	(14)	(9)	(29)	1,017	991
Balances at December 31, 2013	**85,397**	**29,471**	**14,461**	**6,463**	**14,622**	**4,265**	**10,272**	**63,240**	**228,191**
Depreciation and amortization:									
Balances at December 31, 2010	**37,740**	**12,922**	**6,848**	**3,290**	**6,392**	**1,809**	**5,476**	**-**	**74,477**
Depreciation and amortization (see note 7)	3,391	1,778	520	109	408	353	312	-	6,871
Sales and disposals	(20)	(137)	(46)	(9)	(42)	(14)	(25)	-	(293)
Impairment loss (see note 11)	(8)	212	13	12	145	45	30	-	449
Other	(39)	(20)	5	13	5	2	91	-	57
Effects of inflation on conversion to dollars	-	7	6	22	65	34	65	-	199
Balances at December 31, 2011	**41,064**	**14,762**	**7,346**	**3,437**	**6,973**	**2,229**	**5,949**	**-**	**81,760**
Depreciation and amortization (see note 7)	3,684	1,755	653	135	344	308	227	-	7,105
Sales and disposals	(233)	(67)	(2)	(35)	(12)	(14)	(110)	-	(472)
Impairment loss (see note 11)	17	656	6	94	16	74	58	-	922
Asset retirement obligations	(1)	-	(209)	-	-	-	-	-	(210)
Other	(234)	451	45	34	43	(55)	122	-	405
Effects of inflation on conversion to dollars	-	-	-	10	19	18	117	-	165
Balances at Decenber 31, 2012	**44,297**	**17,557**	**7,839**	**3,677**	**7,384**	**2,560**	**6,363**	**-**	**89,675**
Depreciation and amortization (see note 7)	4,024	1,899	604	231	902	349	324	-	8,335
Sales and disposals	(5)	(88)	(4)	(12)	(22)	(35)	(0)	-	(168)
Impairment loss (see note 11)	139	223	7	25	13	4	29	-	439
Asset retirement obligations	(69)								(69)
Other	34	(160)	55	(6)	11	27	(2)	-	(41)
Effects of inflation and change in exchange rate on conversion to dollars	-	-	6	50	31	64	37		189
Balances at December 31, 2013	**48,420**	**19,431**	**8,507**	**3,965**	**8,318**	**2,969**	**6,751**	**-**	**98,360**
Total net cost at December 31, 2013	**36,977**	**10,040**	**5,954**	**2,498**	**6,304**	**1,296**	**3,521**	**63,240**	**129,831**
Total net cost at December 31, 2012	**35,849**	**10,210**	**4,883**	**2,209**	**6,448**	**1,378**	**3,699**	**51,227**	**115,905**
Total net cost at December 31, 2011	**30,261**	**10,328**	**4,230**	**1,670**	**4,640**	**1,418**	**2,497**	**43,177**	**98,221**

Nationalized Assets

During the years ended December 31, 2012 and 2011, as established in the Organic Law for Expropriation for Public or Social Interest (LECUPS by its Spanish acronym), PDVSA's subsidiaries took control over of the assets associated with activities governed by this law, recognized as acquisitions and additions each year $45 million and $71 million, respectively. At December 31, 2013, PDVSA is determining and negotiating the value of those assets with the parties involved. During the year ended December 31, 2013, PDVSA did not acquire any assets within the framework of this law.

Impairment Loss

During the years ended December 31, 2013, 2012 and 2011, PDVSA assessed impairment and considering market conditions and current market conditions recognized $439 million, $929 million and $484 million, respectively, of impairment loss related, principally, to wells and production facilities, plants and refining facilities, machinery and equipment and maritime transportation units (see note 11).

During the years ended December 31, 2012 and 2011, PDVSA recognized reversals of impairment loss of $7 million and $35 million, respectively, mainly related to certain assets of wells and production facilities, air transportation units and industrial support services assets. During 2013, no impairment reversal was recognized by PDVSA (see note 11).

Major Maintenance

At December 31, 2013, 2012 and 2011, PDVSA reported disbursements for major maintenance $2,984 million, $2,979 million and $2,562 million, respectively, which are considered as a separate component of assets and included in property, plant and equipment, mainly in plants and refining facilities (see note 4-k).

Assets under Lease Agreement

At December 31, 2013, 2012 and 2011, there are certain refining assets and related equipment acquired under lease agreements for approximately $563 million, $337 million and $366 million, respectively, net of accumulated depreciation for approximately $204 million, $175 million and $328 million, respectively. The depreciation expense for the years 2013, 2012 and 2011, includes $33 million, $28 million and $36 million, respectively, corresponding to those assets (see note 23).

Business Combinations

During the years ended December 31, 2013 and 2011, the net amounts of $224 million and $173 million were recognized in property, plant and equipment, from business combinations, presented as part of acquisitions and additions. In 2012, no business combinations were made by PDVSA (see note 10-b).

Construction in Progress

The balance of construction in progress consists principally of investment programs aimed at maintaining the production capacity and adjusting the facilities to the production levels set forth in PDVSA business plan, tangible assets for exploration works and various projects in progress that will be capitalized as property, plant and equipment at the date of incorporation into operations. The main constructions in progress currently developed by PDVSA are Costa Afuera project, construction and expansion of refineries and development of the Orinoco Oil Belt Hugo Chávez Frías.

During the years ended December 31, 2013, 2012 and 2011, as a result of the continuous management evaluation of status operations of the continuity of investment projects started in previous years, PDVSA cancelled construction in progress for $1,101 million, $577 million and $703 million, respectively, which were included as others in the property, plant and equipment movement (see note 11).

During the years ended December 31, 2013, 2012 and 2011, borrowing cost amounting to $1,856 million, $918 million and $579 million, respectively, were capitalized to construction in progress. PDVSA determined that the borrowings costs subject to capitalization were 66%, 47% and 23% of PDVSA's finance debt in 2013, 2012 and 2011, respectively.

(16) Equity-accounted Investees

A summary of equity-accounted investees as follows (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Investments in:			
Non-consolidated investees	1,111	797	762
Jointly-controlled entities	601	725	802
Total (see note 32)	**1,712**	**1,522**	**1,564**
Share of profit or loss:			
Non-consolidated investees	105	138	88
Jointly-controlled entities	(138)	(74)	(366)
Total (see note 32)	**(33)**	**64**	**(278)**

A summary of the movement of PDVSA's investments in non-consolidated investees and jointly controlled entities follows (in millions of dollars):

	Year ended on December 31,		
	2013	**2012**	**2011**
Balances at January 1	1,522	1,564	1,669
Share in profit or loss in equity accounted investees (see note 32):			
Continuing operations	(33)	64	(278)
Addition of new equity-accounted investees	-	-	135
Additional contributions to equity-accounted investees	312	(29)	53
Dividends received from equity-accounted investees [(1)]	(89)	(77)	(15)
Balances at December 31	**1,712**	**1,522**	**1,564**

(1) Mainly from investees of Nynas AB and subsidiaries CITGO and PDVSA Gas.

Investments in non-consolidated investees

Investments in non-consolidated investees are summarized below:

	Reporting date	Interest share % (**)	December 31, 2013	2012	2011
			Equity share (in millions of dollars)		
Foreign (**)					
South America and the Caribbean:					
Subsidiaries of PDVSA América, S.A.:					
Petrojam Limited	December 31	49	59	65	44
Refinería Dominicana del Petróleo, S.A. (Refidomsa)	December 31	49	186	73	160
YPFB Petroandina S.A.M.	December 31	40	181	174	141
Ende Andina S.A.M.	December 31	40	87	78	76
Operaciones Río Napo C.E.M.	December 31	30	228	50	1
Refinería del Pacífico C.E.M.	December 31	49	209	141	175
Alcoholes del Uruguay, S.A. (ALUR)	December 31	7.5	6	6	8
Total foreign			**956**	**587**	**605**
Venezuela (**)					
Subsidiaries of PDVSA Gas, S.A.:					
Quiriquire Gas, S.A.	December 31	40	46	125	83
Gas Guárico, S.A.	December 31	30	61	53	32
Subsidiaries of PDVSA Ingeniería y Construcción, S.A.:					
Consorcio Converpro	December 31	40	42	27	14
Others in Venezuela	December 31	(*)	6	5	28
Total Venezuela			**155**	**210**	**157**
Total			**1,111**	**797**	**762**
Share of profit or loss of:					
Subsidiaries abroad			91	80	22
Subsidiaries in Venezuela			14	58	66
Total share of profit or loss			**105**	**138**	**88**

(*) Interest share ranging between 20% and 50% in several subsidiaries.

(**) Any subsidiary quotes its equity instruments on a public market, and, therefore, no price quotations have been published.

A summary of the financial information of subsidiaries in Venezuela and abroad is presented below (in millions of dollars):

	Year ended December 31, 2013 Venezuela	2013 Abroad	2013 Total	2012 Venezuela	2012 Abroad	2012 Total	2011 Venezuela	2011 Abroad	2011 Total
Comprehensive income of the year:									
Revenue	331	4,791	5,122	385	4,738	5,123	331	4,275	4,606
Operating profit (loss)	146	559	705	157	493	650	145	(28)	117
Net profit (loss)	14	343	357	139	256	395	136	(45)	91

	December 31, 2013 Venezuela	2013 Abroad	2013 Total	2012 Venezuela	2012 Abroad	2012 Total	2011 Venezuela	2011 Abroad	2011 Total
Financial position:									
Non-current asset	937	2,096	3,033	517	1,339	1,856	463	884	1,347
Current asset	351	1,611	1,962	872	1,477	2,349	865	1,164	2,029
Non-current liability	(292)	(37)	(329)	(281)	(408)	(689)	(243)	(294)	(537)
Current liability	(668)	(1,104)	(1,772)	(533)	(1,106)	(1,639)	(665)	(918)	(1,583)
Equity	**328**	**2,566**	**2,894**	**575**	**1,302**	**1,877**	**420**	**836**	**1,256**

Jointly-controlled Entities

Jointly-controlled entities are summarized below:

	Reporting date	Interest share %	December 31, 2013	2012	2011
			Equity share (in millions of dollars)		
Foreign (*):					
United States of America -					
Chalmette Refining, L.L.C. (Chalmette Refining)	December 31	50	179	319	412
Merey Sweeny, L.P. (Merey Sweeny)	December 31	50	25	25	25
Other entities in the United States of America	December 31	(**)	118	103	95
Sweden -					
Nynas AB (Nynas)	December 31	50	279	278	270
Total			**601**	**725**	**802**
Share of profit or loss of:					
Chalmette Refining, L.L.C. (Chalmette Refining)			(168)	(97)	(9)
Hovensa L.L.C.			-	-	(408)
Other jointly-controlled entities			30	23	51
Total share of profit or loss			**(138)**	**(74)**	**(366)**

(*) All jointly-controlled entities are considered joint ventures.

(**) Interest share rate between 20% and 50% in several subsidiaries.

A summary of the combined financial information of foreign jointly-controlled entities is presented below (in millions of dollars):

	Year ended December 31, 2013	2012	2011
Comprehensive income of the year:			
Revenue	11,673	12,266	13,299
Operating profit (loss)	823	869	(1,378)
Net profits (loss)	(229)	(67)	(1,955)

	December 31, 2013	2012	2011
Financial position:			
Non-current asset	1,705	1,712	3,751
Current assets	2,044	1,652	2,445
Non-current liability	(951)	(865)	(1,645)
Current liability	(2,029)	(1,572)	(2,484)
Equity	**769**	**927**	**2,067**

In January 2012, Hovensa L.L.C., subsidiary of PDVSA, announced the shut-down of its refinery at Saint Croix, Virgin Islands, United States of America. Subsequent to the closing of the refinery, the industrial complex has been operating as a hydrocarbon storage terminal. In 2011, PDVSA recognized losses due to the equity interest up to carrying value of the investment in Hovensa L.L.C. As of December 2013, the amount of non-recognized losses in the consolidated financial statement of Hovensa L.L.C. attributable to PDVSA income totaled $474 million, as there are no contractual agreements to be responsible for the losses or obligations of Hovensa L.L.C. During 2013 and 2012, Hovensa L.L.C. had no operations.

(17) Accounts Receivable and Other Assets

A summary of accounts receivable and other assets follows (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Non-current accounts receivable (see 28-a):			
Energy agreements (see note 8-b)	6,087	5,345	3,249
Related entities (see note 32)	925	1,364	1,711
Employees	798	1,071	820
Materials and supplies (ssee note 19)	285	275	170
Buildings used by government entities (see note 32)	119	108	109
Gold exploration and explotation rights (see notes 30 and 32)	30,000	-	-
Government grant (see notes 30 and 32)	(30,000)	-	-
Others	887	1,060	949
Total	**9,101**	**9,223**	**7,008**

During the years ended December 31, 2013, 2012 and 2011, PDVSA recognized income of $89 million, $235 million and $16 million, respectively, as a result of amortization through the effective interest rate method of the difference between the adjusted fair value and redeemed value of long-term accounts receivable associated with energy agreements and related entities (see note 12).

During the years ended December 31, 2013, 2012 and 2011, PDVSA determined and adjusted to fair value non-current receivable accounts to related parties, recognizing expenses totaling $47 million, $6 million and $69 million, respectively, which are presented as part of finance costs (see note 12).

During the years ended December 31, 2012 and 2011, PDVSA assessed the recoverable amounts of cash generating units that comprise the goodwill of Interven, S.A. and PDVSA Industrial. As a result, in 2012 and 2011 were recognized $69 million and $54 million, respectively, of impairment losses related to the goodwill of Fluvialba, S.A., Soltuca, C.A. and MCT, C.A., which are included in other expenses, net in the consolidated statement of comprehensive income (see note 11).

At December 2013, 2012 and 2011, other assets include biological assets of $6 million, $7 million and $6 million, respectively.

(18) Restricted Cash

Restricted cash consists of the following (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Funds for the execution of social development projects:			
Fund for Social and Economic Development of the Country (FONDESPA by its Spanish acronym)	35	139	249
Integral Cooperation Agreement with the Argentine Republic (see note 8-b)	159	455	24
Fondo Simón Bolívar para la Reconstrución, S.A. (see note 32-e)	34	167	830
Funds at the Venezuelan Central Bank (BCV)	56	33	88
Integral Cooperation Agreement with the Portuguese Republic (see note 8-d)	242	240	25
Total funds for execution of social development projects (see note 32)	**526**	**1,034**	**1,216**
Funds for projects of extra heavy crude oil in the Orinoco Oil Belt Hugo Chávez Frías (see note 31-c)	-	-	320
Letters of credit	208	160	163
Liquidity accounts (see note 22)	697	1,121	311
Other	123	15	18
	1,554	2,330	2,028
Less current portion	1,327	2,112	1,714
Non-current portion	**227**	**218**	**314**

Based on PDVSA's social responsibility (see note 1), trusts have been set up to support social programs and projects, constructions, goods and services for the development of infrastructure, agricultural activities, roads, health and education in the country, as following:

Trust for the Execution of Social Development Projects

a) *Fund for Social and Economic Development of the Country (FONDESPA by its Spanish acronym).* Approved in the Stockholder's meeting on January 23, 2004, and established in dollars at BANDES with funds from crude oil exports and its products exceeding the budgeted average price per barrel, net of production tax, taxes and other direct expenses in 2004, 2005 and 2006. Since this trust has not received funds since 2006. During 2013, PDVSA retired part of the funds held in this trust.

b) *The Integral Agreement of Cooperation with the Argentine Republic.* Approved at PDVSA's Board of Directors' Meeting in July, 2004, comprises cash and securities in dollars received from Compañía Administradora del Mercado Mayorista Eléctrico Sociedad Anónima (CAMMESA), Argentine's State energy company, for the sales of crude oil and related products by PDVSA under the agreement (see note 8-b). Payments with this fund will be made only to companies in the Argentine Republic for the import of products from Argentine into Venezuela, which are included as contributions for social development once they are made. In 2012, a new trust was set up under this agreement that additionally includes collections from Energía Argentina, S.A. (ENARSA). During 2013, 2012 and 2011, contributions made to this trust totaled $567 million, $729 million and $238 million, respectively.

c) *Resources received from the Fondo Simón Bolívar para la Reconstrucción, S.A.* At December 31, 2012, PDVSA held restricted cash in bolivars at Banco Espírito Santo, S.A. (BES) and BANDES of $43 million and $124 million, respectively, from the resources received by the Fondo Simón Bolívar para la Reconstrucción, S.A. through accounts handled by PDVSA, in its capacity as administrator of the fund (see note 32-b). At December 31, 2013 not resources were received.

d) *Funds at BCV.* Constituted in bolivars to support social development projects, with resources mainly acquired from the difference in the calculation of production tax contributions using a conversion factor of Bs.4,30 per U.S. dollar, during 2013 and Bs.2,60 per U.S. dollar, during 2012 and 2011, according to instructions of the National Government (see notes 13 and 14). During the years 2013, 2012 and 2011, contributions made in cash to the funds totaled $7,249 million, $9,307 million and $9,334 million, respectively.

e) *Integral Cooperation Agreement with the Portuguese Republic.* A trust in dollars with Banco Caixa Geral de Depósitos comprised of collections from Compañía Petróleos de Portugal – PETROGAL, S.A., a Portuguese energy company, from the sales of crude oil and products made by PDVSA under the Supplementary Economic and Energy Cooperation Agreement entered into the Bolivarian Republic of Venezuela and the Portuguese Republic in May 2008 (see note 8-d). These funds are used only for payments to companies located in the Portuguese Republic for the import of goods and services from that country, which are included as contributions for social development once payments are made. During 2013, 2012 and 2011, contributions made to this trust totaled $106 million, $104 million and $17 million, respectively.

Funds for Extra-heavy Crude Oil Projects in the Orinoco Oil Belt Hugo Chávez Frías

As of December 31, 2011, the restricted cash included mainly $300 million, deposited in PDVSA Cerro Negro, S.A. (PDVSA Cerro Negro) accounts in the United States of America, which were embargoed. In February 2012, PDVSA made a final payment to Exxon Mobil net of the restricted cash of $300 million in the account of The Bank of New York Mellon (see note 31-c).

Letters of Credit

These balances mainly consist of placements with a European Bank of $167 million as of December 31, 2013, and $120 million as of December 2012 and 2011, to guarantee projects in Venezuela electric power sector.

Liquidity Account

The liquidity account includes restricted funds under agreements with financial institutions to secure several credit facilities, loan extensions and bonds issued. These accounts consist of cash and time deposits, including interest earned on those amounts (see note 23).

(19) Inventories

Inventories are summarized as follows (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Crude oil and products	8,609	7,791	8,295
Materials and supplies	4,623	4,075	1,969
Other	16	15	22
	13,248	11,881	10,286
Less materials and supplies classified in other non-current assets (see note 17)	285	275	170
Total	**12,963**	**11,606**	**10,116**

Net Realizable Value

During the years ended December 31, 2013, 2012 and 2011, the net realizable value of inventories of crude oil and products amounted $849 million, $266 million and $516 million, respectively, which are presented as part of operating costs.

As of December 31, 2013, 2012 and 2011, inventories of crude oil and products measured at the net realizable value totaled $1,835 million, $1,231 million and $1,449 million, respectively.

During the years ended December 31, 2013, 2012 and 2011, the net realizable value of inventories of materials and supplies totaled $113 million, $119 million and $111 million, respectively, included in other net expenses, net in the consolidated statements of comprehensive income.

(20) Notes and Accounts Receivable

Notes and accounts receivable include the following (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Related entities (see note 32)	26,760	31,351	23,582
Trade (see note 28-a)	9,015	9,164	7,563
Accounts receivable from employees	145	283	178
Other accounts receivable	637	1,415	673
	36,557	42,213	31,996
Less allowance for doubtful accounts (see note 28-a)	537	507	420
Total	**36,020**	**41,706**	**31,576**

Exposure to credit risk and impairment losses of notes and accounts receivable is included in note 28.

(21) Prepaid Expenses and Other Assets

Prepaid expenses and other assets include the following (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Advances to suppliers and contractors	3,622	4,724	2,019
Advances to the National Savings Bank of the Working Class	-	606	-
Income tax paid in excess and prepaid income tax (see note 32)	101	252	502
Special contributions advances (see notes 32 and 37-f)	565	453	463
Investments at cost (see note 28-b)	10	14	14
Tradeable assets (see note 28-b)	70	39	190
Prepaid insurance policies	742	540	191
Prepaid services	86	52	60
Derivative assets (see note 28-b)	3	7	8
Other assets	206	313	396
Total	**5,405**	**7,000**	**3,843**

As of December 31, 2012, advances to the National Savings Bank of the Working Class correspond to advance payments made by PDVSA in accordance with the Organic Law Related to the National Savings Bank of the Working Class and the Peoples' Savings Fund. During 2013, these advances were used to pay obligations related to this Law (see note 37-l).

(22) Equity

Share Capital

According to the Bylaws-Memorandum of Incorporation of PDVSA, the nominal value of share capital is Bs.1,280 million, corresponding to 51,204 shares. Pursuant to Article 303 of the Bolivarian Republic of Venezuela Constitution, these shares may not be transferred or encumbered in any way.

Reserves

The legal reserve is a requirement for Venezuelan companies to maintain a percentage of profit each year to reach a percentage of the capital stock. Pursuant to Venezuelan law, the legal reserve cannot be distributed as dividends.

Other reserves mainly include the reserve for the realization of deferred tax assets totaling $17,494 million, $11,627 million and $12,753 million as of December 31, 2013, 2012 and 2011, respectively.

Dividends

In December 2013, dividends were declared for $10,000 million, paid by offsetting with account receivables from the Republic, arising from the sale of crude oil and oil products in the framework of contracts and agreements subscribed with the governments of other countries (see notes 8-b and 20). Adicionally, in April, 2013, dividends were decreed and paid for $952 million in cash in favor of the Bolivarian Republic of Venezuela and charged to accumulated gains.

In April, 2012, dividends were declared and paid for $1,395 million in cash in favor of the Republic and charged to accumulated income.

During 2011, dividends of $4,730 million were declared and paid as follows: $1,000 million in cash in favor of the Republic and $3,730 million paid through the settlement of accounts receivable from the Republic, from sales of crude oil and products within the framework of contracts and agreements subscribed with governments of other countries (see notes 8-b and 20).

Cash dividends are declared and paid to the Stockholder in bolivars based on the statutory consolidated financial statements.

Additional Contribution from Stockholder

In the Stockholder's Extraordinary Meetings held in December 2013 and September 2011, the Stockholder decided to transfer $3,225 million and $2,000 million, respectively, from the Stockholder additional contribution to accumulated income, corresponding to asset contributed as a result of the migration of joint ventures and exploitation and profit sharing agreements carried out by the Stockholder during 2008 and 2007.

Non-Controlling Interests

On December 30, 2013, PDVSA sold to BCV 40% of the nominal value of its equity interest in Empresa Nacional Aurífera, S.A. (ENA) for $12,000 million, recording an account receivable from BCV, considering the exchange rate established by the Exchange Agreement No. 24 of Bs.11, 30 per U.S. dollar (see notes 32-c and 37-h).

During the years ended December 31, 2013, 2012 and 2011, certain Mixed Companies declared dividends. The corresponding portion of these dividends declared to non-controlling interests totaled $1,377 million, $1,306 million and $923 million, respectively.

During the years ended December 31, 2013, 2012 and 2011, the Mixed Companies paid dividends advances to non-controlling interests totaling $552 million, $80 million and $434 million, respectively.

During the years ended December 31, 2012 and 2011, non-controlling interests made additional capital contributions of $489 million and $73 million, respectively. During 2013, no additional capital contributions were made.

(23) Financial Debt

PDVSA's consolidated debt is presented as follows (in millions of dollars):

	Currency	Interest rate	Maturity date	Nominal Value	December 31, 2013	2012	2011
PDVSA (Parent Company):							
Unsecured bond	Dollars	8.00%	2013	-	-	1,098	945
Unsecured bond	Dollars	4,90%	2014	3,000	2,860	2,712	2,561
Unsecured bond	Dollars	5,00%	2015	1,413	1,413	1,413	1,387
Unsecured bond	Dollars	5,125%	2016	1,000	878	435	425
Unsecured bond	Bolivars	9.10%	2015	95	96	142	-
Unsecured bond	Bolivars	9.10%	2016	190	193	283	-
Unsecured bond	Bolivars	9.10%	2017	190	193	283	-
Unsecured bond	Dollars	8.50%	2017	6,150	5,543	5,380	5,249
Unsecured bond	Dollars	5,25%	2017	3,000	3,105	3,080	3,088
Unsecured bond	Dollars	5,375%	2027	3,000	3,105	3,133	3,139
Unsecured bond	Dollars	5,50%	2037	1,500	1,552	1,575	1,576
Unsecured bond	Dollars	9.00%	2021	2,394	1,634	1,588	1,548
Unsecured bond	Dollars	12.75%	2022	3,000	3,000	3,000	3,000
Unsecured bond	Dollars	6.00%	2026	1,816	1,816	-	-
Unsecured bond	Dollars	9.75%	2035	3,000	2,853	2,851	-
Total bonds					28,241	26,973	22,918
Investment certificates	Bolivars	8.00%	2014	317	317	465	-
Investment certificates	Bolivars	8.00%	2014	730	730	1,070	1,186
Investment certificates	Bolivars	9.50%	2014	342	342	500	302
Total Investment certificates					1,389	2,035	1,488
Credit facility	Bolivars	9.50%	2015 - 2018	1,309	1,309	-	-
Credit facility	Bolivars	9.50%	2016 - 2018	582	582	-	-
Credit facility	Dollars	LIBOR + 5,00%	2014	109	109	-	-
Credit facility	Dollars	LIBOR + 4,55%	2018	460	460	271	-
Credit facility	Dollars	LIBOR 5 years + 2,20%	2024	191	191	-	-
Credit facility	Euros	2.12%	2016	54	54	41	22
Credit facility	Dollars	LIBOR + 4,50%	2013	-	-	333	1,000
Total credit facilities					2,705	645	1,022
Unsecured loan	Bolivars	9.50%	2018	79	79	-	-
Unsecured loan	Bolivars	12.00%	2018	307	307	-	-
Unsecured loan	Bolivars	9.50%	2018	79	79	116	-
Unsecured loan	Bolivars	9.50%	2016	62	62	116	116
Unsecured loan	Bolivars	9.50%	2017	79	79	116	116
Unsecured loan	Bolivars	9.50%	2018	476	476	-	-
Unsecured loan	Bolivars	9.50%	2016	629	629	-	-
Unsecured loan	Bolivars	9.50%	2014	167	167	-	-
Unsecured loan	Bolivars	9.50%	2013	-	-	140	-
Unsecured loan	Bolivars	9.50%	2013	-	-	105	-
Unsecured loan	Bolivars	9.50%	2015	222	222	443	-
Unsecured loan	Bolivars	9.50%	2017	317	317	465	-
Unsecured loan	Bolivars	9.50%	2016	270	270	465	465
Unsecured loan	Bolivars	9.50%	2017	317	317	465	465
Unsecured loan	Bolivars	9.50%	2012	-	-	-	70
Unsecured loan	Bolivars	9.50%	2018	629	629	930	930
Unsecured loan	Dollars	LIBOR + 5,00%	2014	600	600	1,200	1,500
Secured loan	Dollars	LIBOR + 1,50% - 8,75%	2018 - 2026	1,250	1,250	1,350	1,450
Secured loan	Dollars	LIBOR + 0,50% - 6,50%	2022	1,926	1,926	2,157	2,394
Secured loan	Yens	1,70% - 2,30%	2012	-	-	-	35
Total loans					7,409	8,068	7,541
Financial leases	Dollars	-	2012	1	1	1	3
					39,745	**37,722**	**32,972**
CITGO:							
Secured bonds	Dollars	11.50%	2017	300	294	292	290
Tax-exempted industrial bond	Dollars	6,00%	2023	3	3	3	3
Tax-exempted industrial bond	Dollars	4.88%	2025	50	49	49	49
Tax-exempted industrial bond	Dollars	8.00%	2028	25	25	24	24
Tax-exempted industrial bond	Dollars	8.00%	2032	30	29	29	29
Total bonds					400	397	395
Credit facility type B	Dollars	LIBOR 2% base + 6,00%	2015	87	87	104	120
Credit facility type C	Dollars	LIBOR 2% base + 7,00%	2017	579	579	583	668
Secured credit facilities	Dollars	PC + 1,4%	2014	220	220	-	-
Total credit facilities					886	687	788
Financial leases	Dollars	-	2030	257	257	267	276
					1,543	**1,351**	**1,459**
PDVSA América, S.A. and subsidiaries:							
Trocana World Inc. - Secured loan	Dollars	LIBOR + 1%	2023	41	41	45	49
Tovase Development Corp. - Secured loan	Dollars	LIBOR + 1%	2024	42	42	47	51
Total secured loans					83	92	100
Financial leases	Dollars	-	2014	1	1	1	1
					84	**93**	**101**
PDVSA Petróleo, S.A. and subsidiaries:							
PDVSA Cerro Negro, S.A. - Secured bonds	Dollars	7,33% - 8,03%	2020	3	3	3	3
PetroAnzoátegui, S.A. - Secured bonds	Dollars	8,22% - 8,37%	2017 - 2022	-	-	-	10
Credit facility	Dollars	8.70%	2019	966	966	478	-
					969	**481**	**13**
Corporación Venezolana de Petróleo, S.A. (CVP) and subsidiaries:							
Petrolera Sinovensa, S.A. - Credit facility	Dollars	LIBOR + 5,8%	2023	291	291	-	-
Petroboscán, S.A. - Credit facility	Dollars	LIBOR + 4,5%	2023	120	120	-	-
PetroAnzoátegui, S.A. - Secured bonds	Dollars	8,22% - 8,37%	2017 - 2022	6	6	7	-
					417	**7**	**-**
PDV Marina, S.A. and subsidiaries:							
Panavenflot Corp. - Credit facility	Yens	CIRR 1,77% + 3,12%	2023 - 2024	185	158	212	186
Financial leases	Dollars	-	2019	197	197	-	-
					355	**212**	**186**
PDVSA Industrial, S.A. and subsidiaries:							
VHICOA - Unsecured loan	Bolivars	9.50%	2018	113	113	-	-
VHICOA - Unsecured loan	Bolivars	13.50%	2015	5	5	-	-
VHICOA - Unsecured loan	Bolivars	13.50%	2014	3	3	10	-
Carbones del Guasare, S.A.- Unsecured loan	Bolivars	15.00%	2018	13	8	-	-
Carbones del Guasare, S.A.- Unsecured loan	Bolivars	15.00%	2019	7	4	-	-
					133	**10**	**-**
Carbones de la Guajira, S.A. - Financial leases	Bolivars	-	2014	1	1	-	-
					134	**10**	**-**
PDVSA Naval, S.A and subsidiaries:							
Credit facility	Euros	Euribor + 3,80%	2020	19	19	18	17
Refinería Isla (Curacao), B.V. and subsidiaries:							
Financial leases	Dollars	-	2019	118	118	132	144
					43,384	40,026	34,892
Less current portion					7,031	4,379	2,396
Non-current portion					**36,353**	**35,647**	**32,496**

Future maturities of the non-current portion of consolidated financial debt at December 31, 2013 are as follow (in millions of dollars):

Years -	
2015	5,412
2016	5,178
2017	7,784
2018	1,439
2019	1,215
Remaining years	15,325
	36,353

Petróleos de Venezuela, S.A. (Parent Company)

Unsecured Bonds

Petrobonos 2013

In November 2010, the Company completed the swap process of the zero-coupon bonds issued in July 2009 with maturity in 2011, for a new bond with maturity in 2013. In this process was used an exchange ratio of 1.125, $550 million of bonds with maturity in 2011 were redeemed with $618 million of new bonds with maturity in 2013, resulted in a discount of $104 million and a gain of $36 million. The swap process and the issuance of the new bond were authorized by the National Securities Superintendence (SNV by its Spanish acronym) of the Bolivarian Republic of Venezuela.

In July 2011, the Company reopened Petrobonos 2013 with a total of $1,372 million, resulting in a discount of $93 million and gains of $208 million, recognized in finance income in the consolidated statement of comprehensive income (see note 12). These bonds were awarded in favor of BCV.

In September 2011, the Company reopened Petrobonos 2013 for $406 million, resulting in a discount of $38 million and gains of $6 million, recognized in finance income in the consolidated statement of comprehensive income (see note 12). These bonds were awarded to related non-financial settle institutions to promissory notes (see note 25).

In November 2013, the Petrobonos 2013 matured. On the same date, the Company swapped $440 million of these bonds that were held by the Fund of Active Workers and Pensioned Workers of PDVSA, for Petrobonos 2016, reopened in November 2013. The remaining bonds and corresponding interests of $705 million, were paid in cash to the remaining investors.

Petrobonos 2014, 2015 and 2016

In October 2009, PDVSA completed the public offering bonds amounting to $1,413 million, $1,413 million and $435 million with maturity in 2014, 2015 and 2016, respectively. This offer was made in coordination with the BCV and the Ministry of People's Power for Economy and Finance and was exempted from the application of the scope of the Securities Market Law. Also, was exeempted and from payment of income tax applicable to interests earned by these bonds. As a result of this issuance, the Company received from domestic buyers the equivalent in bolivars as of the date of the transaction of $4,501 million.

In August 2010, the Company reopened Petrobonos 2014 for $1,587 million, generating a discount of $592 million and a loss of $278 million, recognized in finance expenses in the consolidated statement of comprehensive income. These bonds were fully-awarded to the BCV, receiving $345 million in cash and settling of promissory notes in favor of that entity for $372 million.

In November 2013, the Company reopened Petrobonos 2016 for $565 million. All these bonds were swapped by Bonos PDVSA 2013, which were held by the Fund of Active Workers and Pensioned Workers of PDVSA, resulting in a discount of $126 million in this transaction.

PDVSA Agrícola 2015, 2016 and 2017 Bonds

In July 2012, the Company completed the issuance of agricultural bonds for $140 million, $279 million and $279 million, with maturity in 2015, 2016 and 2017, respectively, at an interest rate determined by applying a fix reference percentage of 70% to the interest rate applicable to loans referred to in Article 7 of the Decree-Law on Loans for the Agricultural Sector in Venezuela. This issuance was carried out in coordination with the BCV and the Ministry of People's Power for Economy and Finance and was wholly awarded to national banks by public auctions, resulting in a premium in the bond issuance of $11 million. The new bond issue was authorized by the SNV in accordance to Article 2 of the Securities Market Law.

PDVSA Bonds 2017

In October 2010, the Company completed the public offering of bonds for $3,000 million, with annual principal amortizations in U.S. dollars of $1,000 million for the years 2015, 2016 and 2017. These bonds were issued at par value. The issuance of these bonds was authorized by the SNV and was exempt from the payment of income tax applicable to interests earned by these bonds.

In January 2011, the Company reopened PDVSA 2017 bonds for $3,150 million, placing these bonds with a face value of $2,844 million, and generating a discount of $954 million and gains of $99 million, presented in finance income in the consolidated statement of comprehensive income (see note 12). These bonds were awarded to the BCV and related non-financial institutions for the settlement of promissory notes (see note 26). Remain reopened bonds were awarded to the BCV and other non-financial institutions on September 19, 2011, resulting in a discount of $92 million and gains of $37 million, included in finance income in the consolidated statement of comprehensive income (see note 12).

PDVSA 2017, 2027 and 2037 Bonds

In April and May 2007, the Company completed the public tender of bonds for $7,500 million with maturity in 10, 20 and 30 years (2017, 2027 and 2037), resulting in a premium of $413 million. This issuance was led and regulated by the BCV and was exempted from the scope of application of the Securities Market Law and exempt from the payment of income tax applicable to interests earned by these bonds.

PDVSA 2021 Bonds

In November 2011, the Company completed the private placement process of these bonds for $2,394 million. This issuance was fully-awarded to the BCV, receiving $435 million in cash and swapping the difference for previously issued bonds with maturity in 2013, resulting in a discount of $867 million and gains of $96 million (see note 12). This issuance was exempted from the scope of application of the Securities Market Law and from the payment of income tax applicable to earned interests.

PDVSA 2022 Bonds

In February 2011, the Company completed the public offering of these bonds for $3,000 million. These bonds were issued at par value. The issuance of these bonds was authorized by the SNV.

PDVSA 2026 Bonds

In November 2013, the issuance of public offering of bonds was approved for $4,500 million. The amount of $900 million was awarded at their pair value in favor of BCV, $800 million to suppliers and contractors of PDVSA to pay accounts payable. Additionally, $116 million were awarded to suppliers of Corporación de Abastecimiento y Servicios Agrícolas, S.A. as part of the contributions made by PDVSA to social and integral development of the country. The rest of the non-used bonds are held in treasury for their future uses. This issuance was authorized by SNV.

PDVSA 2035 Bonds

In May 2012, the Company completed the issuance of bonds for $3,000 million with maturity in 2035, generating a discount in the bond issue for $150 million. This issuance was performed in coordination with the BCV and the Ministry of the People's Power for Economy and Finance. The issuance was mainly awarded to the BCV and public banks and was authorized by the SNV according to Article 2 of the Securities Market Law.

Investment Certificates

During 2012, the Company issued in favor of Banco de Venezuela, S.A. Universal Bank (Banco de Venezuela) two renewable investment certificates denominated in bolivars amounting to $465 million with maturity in 2013 and monthly payable interest. In November 2013, investment certificates were renewed under similar terms and conditions and maturity in 2014.

During 2011 and 2010, the Company issued in favor of Banco del Tesoro, C.A. Universal Bank (Banco del Tesoro) renewable investment certificates denominated in bolivars for $721 million and $465 million, respectively, with monthly payable interests. In 2012, the Company settle one of the investment certificates for $116 million and renewed the remaining amount under the same terms and conditions and with maturity in 2013. In October and November 2013, investment certificates were renewed under the same terms and conditions, and maturity in 2014.

In February 2009, the Company issued investment certificates to Fondo de Protección Social de los Depósitos Bancarios (formerly Fondo de Garantía de Depósitos y Protección Bancaria (FOGADE)), amounting to $1,000 million. These certificates were denominated in bolivars with principal indexed to the official exchange rate of bolivars to U.S. dollars for payments of the non-oil public sector and with an original term of 18 months renewable for equal terms. In 2010, the Company amortized $500 million, at the exchange rate in effect as of the payment dates, and renewed the remaining amount under the same terms and conditions, maturing in February 2012. Upon maturity, the Company renewed the whole debt, eliminating the indexation condition, with maturity in August 2014.

Credit Facilities

In March 2013, the Company entered into a credit facility with Banco de Venezuela for 2013 denominated in bolivars for $1,587 million, at a yearly variable interest rate initially of 9.50%, earmarked for the agroindustrial sector destination. During 2013, the Company has used $1,475 million of this credit facility. At December 31, 2013, the outstanding balance for this credit totaled $1,309 million.

In March 2013, the Company entered into a credit facility with Banco del Tesoro denominated in bolivars for $635 million at a yearly variable interest rate initially of 9.50% for the agroindustrial sector destination. At December 31, 2013, the full amount has been used, and the outstanding balance totaled $582 million.

In November 2012, ENI Investments PLC approved a credit facility of $1,742 million in favor of Petróleos de Venezuela, S.A., which will be used to finance new developments in the Orinoco Oil Belt Hugo Chávez Frías of Mixed Companies Petrojunín, S.A. and Petrobicentenario, S.A. in which PDVSA has a controlling interest. This financing will accrue interests at LIBOR plus 5.0% anually. At December 31, 2013, the Company has used $109 million of the amount agreed.

In February 2012, the Company entered into with a loan agreement China Development Bank Corporation (CDBC) for the purchase of oil goods and services for $500 million. This loan includes options of payment in cash or through the delivery of crude oil and products at market prices. At December 31, 2013, the Company has used $460 million of the amount agreed.

In September 2011, Banco Nacional de Desenvolvimento Económico e Social (BNDES) approved a credit facility with a nominal value of up to $638 million in favor of the Company, related to the financing of the construction of Astillero del Alba, a project managed by PDVSA’s subsidiary PDVSA Naval, S.A. This credit facility will bear interest at five-year LIBOR plus 2.2% per annum and maturity in 2024. At December 31, 2013, the Company has used $191 million of the amount agreed. At December 31, 2012 and 2011, PDVSA does not have any debt associated with this loan.

In June 2010, the Company entered into a credit facility with Deutsche Bank, S.A.E. for up to €59 million, equivalent to $78 million, earmarked to finance investments in the domestic refining sector. At December 31, 2013, 2012 and 2011, $72 million, $45 million and $22 million, respectively, of the amount agreed upon for this loan has been used.

In April 2010, the Company entered into a syndicated credit agreement with CDBC, Banco Espirito Santo S.A. (BES) and other banking institutions, establishing a credit facility of $1,500 million, with quarterly principal and interest amortizations and a grace period of nine months. This credit facility includes options of payment in cash or through shipments of crude oil and byproducts at market prices. At December 31, 2012, the whole amount agreed was used. During 2013, this debt was fully repaid.

Loans

In November 2013, the Company entered into a trade loan with Banco Bicentenario Banco Universal, C.A. (Banco Bicentenario) denominated in bolivars for $79 million at a yearly variable interest rate initially of 9.50%, with maturity date in 2018.

In September 2013, the Company entered into loans agreements with Banco del Tesoro denominated in bolivars for $317 million, at a yearly initial variable interest rate of 12.00%, with maturity date in 2018. At December 31, 2013, the outstanding balance associated with these loans totaled $307 million.

In January 2012, the Company received a loan from Banco del Tesoro denominated in bolivars for $116 million at a yearly variable interest rate, initially fixed at 9.5%, without exceeding interest rates fixed by the BCV for credit portfolio of the agricultural sector. At December 31, 2013 the outstanding balance associated with this loan totaled $79 million.

In November 2011, Banco del Tesoro granted two loans to the Company denominated in bolivars amounting to $116 million each, with quarterly payable interests, variable capital amortizations and a grace period of 12 months. At December 31, 2013 the outstanding balance associated with this loan totaled $141 million.

During 2013, the Company entered into loan agreements with Banco de Venezuela denominated in bolivars under the following terms and conditions:

- Loan for $476 million, received in December, at a yearly variable interest rate initially of 12%.
- Loan for $635 million, received in September and October, at a variable yearly interest rate of 12%, At December 31, 2013, the outstanding balance of these loans totaled $629 million.
- Loans for $167 million, received in May, at a yearly variable interest rate initially of 9.5%.

In 2012, the Company received loans with Banco de Venezuela denominated in bolivars under the following terms and conditions:

- Loan for $140 million, received in December, at a variable yearly interest rate of 9.5%, payable upon maturity. During 2013, this loan was paid.
- Loan for $105 million, received in September, at a variable yearly interest rate of 9.5%, payable upon maturity. During 2013, this loan was paid.
- Loan for $465 million, received in March, at a yearly interest rate of 9.5%, variable every quarterly, variable principal payments, and a grace period of six months. As of December 31, 2013, the outstanding balance associated with this loan totaled $222 million.
- Loan for $465 million, received in March, at a yearly interest rate of 9.5%, variable every quarter without exceeding interest rates fixed by the BCV for credit portfolios of the manufacturing sector, variable principal amortizations and a period of grace of 30 months.

In 2011, the Company signed with Banco de Venezuela, loans denominated in bolivars under the following conditions:

- Loan for $465 million, received in December, at a yearly interest rate of 9.5%, variable every quarterly, without exceeding rates fixed by the BCV for credit portfolios of the manufacturing sector, and with variable capital amortizations and a grace period of 12 months. As of December 31, 2013, the outstanding balance relative to this loan totaled $270 million.
- Loan for $465 million, received in November, at a yearly interest rate of 9.5%, variable every quarter without exceeding interest rates fixed by the BCV for credit portfolios of the manufacturing sector, variable principal amortizations and a period of grace of 24 months. As of December 31, 2013, the outstanding balance relative to this loan totaled $317 million.
- Loan for $70 million received in November, at a yearly interest rate of 9.5% payable upon maturity. During 2013, this loan was paid.
- Two loans for a total of $930 million, received in June, at a yearly interest rate of 9.5%, variable every quarter without exceeding rates fixed by the BCV for credit portfolios of the agricultural and manufacturing sector, variable principal amortizations and a grace period of 24 months. As of December 31, 2013, the outstanding balance related to this loan totaled $629 million.

In November 2011, the Company entered into loan agreement with CDBC for $1,500 million at LIBOR plus 5% and maturing in 2014. This agreement includes options of payment in cash or through deliveries of crude oil and products at market prices. As of December 31, 2013, the outstanding balance of this loan totaled $600 million.

In August 2011, a group of banks, led by Japan Bank for International Cooperation (JBIC), signed a loan with the Company for $1,500 million, at LIBOR plus 1.5% less 8.75% and maturing in 2026. This loan includes options of payment in cash or through deliveries of crude oil and products at market prices. As of December 31, 2013, the outstanding balance of this loan totaled $1,250 million.

In February 2007, a group of banks led by JBIC signed a loan with the Company for $3,500 million. This loan includes options of payment in cash or deliveries of crude oil and products at market prices, subject to an agreement of minimum amounts, revised every three years. As of December 31, 2013, the outstanding balance of this loan totaled $1,926 million.

In December 2001, the Company entered into a loan with JBIC for ¥45.706 million, equivalent to $385 million, with principal and interest amortizations every six months. As of December 31, 2011, the debt balance was ¥2.688 million, equivalent to $35 million, respectively. As of December 31, 2012, this loan was paid.

CITGO

Secured Bonds

In June 2010, CITGO issued bonds at face value of $300 million and interest payable every six months.

Tax-Exempt Bonds

Through government entities of the United States of America, CITGO has obtained funds with a face value of $3 million, $50 million, $25 million and $30 million maturing in 2023, 2025, 2028 and 2032, respectively, related debt with tax-exempt industrial bonds for financing environmental projects.

In October 2012, one of these bonds for $50 million, with maturity in 2025 and at an interest rate of 7.5%, was scheduled for redemption or placement on the market. CITGO placed this bond on the market at par plus accrued interests as of September 30, 2012. The new fix interest rate is 4.875%.

Secured Credit Facilities

Secured Revolving Credit Facility – For a face value of $750 million and maturing in June 2013. In July 2012, CITGO extended this credit facility until June 2015. As of December 31 2013, 2012 and 2011, CITGO does not maintain any financial debt under this concept. The unused portion of the credit facility less the amount of credit lines issued under this facility, amounting $11 million as of December 31, 2012, is subject to quarterly payments ranging from 0.50% to 1.25%, depending on its credit rating, which on that date resulted in an applicable rate of 0.625%.

The extension signed in July 2012 included: (i) CITGO may obtain up to $750 million under this facility maturing in June 2015; (ii) as of June 2013, interest spreads were reduced by 1.25% ranging between 2.25% and 4% in the case of LIBOR and 1.25% and 3% in the case of the base rate; these spreads depend on credit rating of this loan. Additionally, as of June 25, 2013, the quarterly payment for the unused portion moved from the 0.5%-1.25% range to the 0.5%-0.875% range.

Type B Credit Facility – For a nominal value of $350 million. The optional interest rate applicable to this credit line is, (i) the base rate with a minimum floor of 3% plus an applicable spread of 5%; or (ii) LIBOR with a minimum floor of 2% plus an applicable spread of 6%. As of December 31, 2013, 2012 and 2011, the applied rate was LIBOR with a minimum floor of 2% plus an applicable spread of 6%, equivalent to 8%. This credit line has annual amortizations equivalent to 5% of the initial principal amount, payable on a quarterly basis and in equal amounts. The remaining portion of this debt is payable upon maturity. In March 2011, CITGO made a voluntary advanced payment of $200 million of the principal amount, additional to the quarterly payment.

Type C Credit Facility – For a nominal value of $700 million. The optional interest rate applicable to this credit facility is, (i) the base rate with a minimum floor of 3% plus an applicable spread of 6%; or (ii) LIBOR with a minimum floor of 2% plus an applicable spread of 7%. As of December 31, 2012 and 2011, the rate applied was LIBOR with a minimum floor of 2% plus an applicable spread of 7%, equivalent to 9%. This credit facility has annual amortizations equivalent to 1% of the initial principal amount, payable on a quarterly basis and in equal amounts. The remaining portion of this debt is payable upon maturity. In November 2012, CITGO made payments of $85 million to principal; this payment did not give raise to any penalty.

Secured credit facility, secured bonds and tax-free industrial bonds are secured by CITGO’s interests in its refineries in Lake Charles (Louisiana), Corpus Christi (Texas), and Lemont (Illinois) and CITGO’s accounts receivable that have not been used as collateral for other credit facilities and inventories; furthermore, they are subject to typical agreements for this type of secured financing.

Credit Line Secured by Accounts Receivable

In September 2008, a group of banks led by BNP Paribas approved a credit facility with a nominal value of up to $450 million, secured by certain trade accounts receivable of CITGO. This facility matures annually with a renegotiation option for equal terms, at an interest rate applicable to Trade Papers plus 1.5%. In 2013, CITGO extended maturity until June 2014. In 2013, CITGO used $294 million of the amount agreed. As of December 31, 2013, debt balance amounted to $220 million.

PDVSA América, S.A. and subsidiaries

During 2009, Trocana World Inc. and Tovase Development Corp., indirect subsidiaries of PDVSA América, S.A., acquired Panamax vessels through financing from BANDES using loans with fifteen (15) year terms, for $61 million each, with the principal and interest amortized every six months.

PDVSA Petróleo, S.A. and subsidiaries

PDVSA Cerro Negro, S.A. (PDVSA Cerro Negro)

In June 1998, Cerro Negro Finance, Ltd., a non-consolidated special-purpose non-affiliate company of the former Association Agreement of the Orinoco Oil Belt Hugo Chávez Frías, issued secured bonds for $600 million. PDVSA Cerro Negro's share (a partner to this agreement) was 50%. In December 2007, PDVSA paid $501 million for 99% of the bonds issued by this special-purpose company.

PDVSA Petróleo, S.A.

On June 27, 2012, PDVSA Petróleo, S.A. signed a credit facility with Credit Suisse AG (Credit Suisse) for $1,000 million with principal amortizations every six months and a grace period of 30 months, earmarked to modify and expand Puerto La Cruz Refinery. At December 31, 2013 and 2012, PDVSA Petróleo, S.A. had used $966 million and $478 million, respectively, of the total amount of this credit facility.

Corporación Venezolana del Petróleo, S.A. (CVP) and subsidiaries

In September 2008, PDVSA completed the public tender for the purchase of bonds issued by Petrozuata Finance, Inc. (subsidiary of PetroAnzoátegui, S.A., former Petrolera Zuata, PetroZuata, C.A., affiliate of CVP), paying $740 million for 97.96% of bonds outstanding on that date, with a face value of $1,000 million. As a result of the restructuring carried out throughout the year ending on December 31, 2012, shares of PetroAnzoátegui, S.A. (former Petrolera Zuata, PetroZuata, S.A.), were transferred from PDVSA Petróleo, S.A. to CVP.

Petrolera Sinovensa, S.A. (Petrolera Sinovensa)

In June 2013, CDBC approved a credit facility with a nominal value of $4,015 million in favor of Mixed Company Petrolera Sinovensa, at initial variable interest rate of LIBOR plus 5.8%. This loan will be used in projects to increase hydrocarbon production of Petrolera Sinovensa. At December 31, 2013, $291 million of the agreed amount of this facility have been used.

Petroboscán, S.A. (Petroboscán)

In May 2013, Chevron Boscan Finance B.V. approved a credit facility with a nominal value of up to $2,000 million in favor of Mixed Company Petroboscán, at LIBOR plus 4.5% per annum. The loan is earmarked for projects to increase hydrocarbon production. As of December 31, 2013, $120 million of the agreed amount of this loan have been used.

PDV Marina, S.A.

In February 2011, Panavenflot Corp., a subsidiary of PDV Marina, S.A., entered into a credit facility with JBIC for ¥20,000 million, equivalent to $257 million, earmarked to finance the construction of Aframax vessels.

PDVSA Industrial, S.A. and subsidiaries

In May and January 2013, Venezuelan Heavy Industries, C.A. (VHICOA), a subsidiary of PDVSA Industrial, S.A., received from Banco de Venezuela two commercial loans denominated in bolivars for $127 million and $8 million, respectively, at a variable yearly interest rate initially of 9.50% and 13.50%, respectively. As of December 31, 2013, the outstanding balance of these loans totaled $113 million and $5 million, respectively.

In July 2012, VHICOA, entered with Banco de Venezuela into a loan agreement denominated in bolivars for $12 million at a variable yearly interest rate of 13.50%. As of December 31, 2013, the outstanding balance of this loan totaled $3 million.

During 2011, Carbones del Guasare, S.A. and Carbones de la Guajira, S.A. (subsidiaries of PDVSA Industrial, acquired in 2013), entered into loan agreements with Banco del Tesoro for $8 million and $4 million, respectively, at a variable yearly interest rate initially of 15%.

PDVSA Naval, S.A.

In February 2011, PDVSA Naval, S.A. entered into a credit facility with the BES for €136 million, equivalent to $176 million, to finance the construction of Asphalt tankers. At December 31, 2013, 2012 and 2011, $19 million, $18 million and $17 million, respectively, of the amount agreed upon in this credit facility has been used.

Contractual Clauses

Several credit facilities establish contractual clauses restricting the capacity of PDVSA to receive additional debt, pay dividends, mortgage property and sell certain assets. PDVSA has acomplished to these clauses at December 31, 2013, 2012 and 2011.

Obligations under financial Leases

At December 31, 2013, 2012 and 2011, obligations on the purchase of certain assets, mainly refining and related equipment acquired under leases were maintained and recognized as property, plant and equipment (see note 15).

At December 31, 2013, future lease payments are summarized as follows (in millions of dollars):

Years -	
2014	91
2015	88
2016	88
2017	88
2018	88
Subsequent years	365
Estimated future lease payments	808
Less interests	234
Total finance lease	574

(24) Employee Benefits and Other Post-employment Benefits

A detail of liabilities for employee termination benefit, pension and other postemployment benefits, follows (in millions of dollars):

	December 31,		
	2013	2012 (restated)	2011 (restated)
Employee termination benefits	1,890	2,208	325
Pension plans	3,354	2,403	2,428
Other postemployment benefits other than pension plans	12,428	10,196	8,244
	17,672	14,807	10,997
Less current portion	1,048	1,010	805
Non-current portion	**16,624**	**13,797**	**10,192**

PDVSA has the following employee benefit plans:

(a) Savings Plans

PDVSA's employees maintain savings funds and PDVSA guarantees contributions to the members' accounts. At December 31, 2013, 2012 and 2011, the amount secured by PDVSA and its subsidiaries, in the savings funds totaled $219 million, $253 million and $213 million, respectively.

The costs associated with this plan are recognized in profit or loss as the services is provided by the employee.

(b) Employee Termination Benefits

PDVSA's labor force is classified into employee belonging to contractual payroll, who are covered by the PDVSA Employee Collective Contract in force from 2011 to 2013; the remaining employees are included in the non-contractual payroll and are covered by the relevant lawns.

On May 7, 2012, date of entering into force of LOTTT, PDVSA assessed the financial impact of the new Law on the employee termination benefit system of all its employees in Venezuela, concluding that the retrospective effect of the employee termination benefit represents a benefit defined in accordance with IAS 19 *Employee Benefits*; therefore, an actuarial analysis was conducted to determine net liabilities and the corresponding expense. The analysis consisted of determining the difference between the projected cumulative termination payment balance at the age the employee might have by the actual retirement date, and the balance obtained from making the retrospective calculation of employee termination benefits based on the last projected wage at the age the employee might have by the actual retirement date.

Net liability related to employee termination benefits is presented below (in millions of dollars):

	December 31,								
	2013	2012	2011	2013	2012	2011	2013	2012	2011
	Present value of the obligation			Fair value of plan assets			Presented value of the obligation, net		
Balance at January 1	**2,208**	**325**	**181**	**-**	**-**	**-**	**2,208**	**325**	**181**
Current service cost	127	347	144	-	-	-	127	347	144
Past service cost	1	1,536	-	-	-	-	1	1,536	-
Finance cost	217	-	-	-	-	-	217	-	-
Remeasurement losses	491	-	-	-	-	-	491	-	-
Effect of exchange rate variation	(697)	-	-	-	-	-	(697)	-	-
Benefits paid by the Company	(457)	-	-	457	-	-	-	-	-
Contributions paid by the Company	-	-	-	(457)	-	-	(457)	-	-
Balance at December 31	**1,890**	**2,208**	**325**	**-**	**-**	**-**	**1,890**	**2,208**	**325**

Actuarial assumptions used are as follows:

	Year ended December 31,	
	2013	2012
	%	
Venezuela:		
Discount rate	32.05	20.67
Wage increase rate	28.00	18.00
Inflation rate	28.00	18.00

(c) Pension Plans and Other Post-employment Benefits

Most Venezuelan and foreign subsidiaries have pension plans and other benefits in place, covering employees and eligible former employees (retired). These plans, among other conditions, are based on time of service, age and salary.

According to the collective labor contract, PDVSA and most of its Venezuelan subsidiaries have a retirement plan that covers both employees and retired employees. There are pension funds with their respective independent organizations that manage financial assets. The legal framework sets forth for the Board of Director of each pension fund to pursue the best interest of the employees covered by the plan; therefore, they are responsible for establishing certain policies for the fund, including investment, contribution and indexation.

The financing of the pension plan for Venezuelan employees is based on a contribution system, with monthly mandatory contributions based on 3% of normal salary by the employee and 9% by PDVSA, managed under individual capitalization accounts for each employee.

For employees joining PDVSA after October 1, 2000, a pension benefit equivalent to the accumulated balance in the individual capitalization account at the time of retirement is granted. If required, PDVSA will make additional contributions to ensure the minimum payment of the pension benefit, according to the contractual plan.

For employees that joined PDVSA before September 30, 2000, the calculation of the pension benefit takes into account the greater of (a) the pension amount obtained based on the cumulative balance in the individual capitalization account, (b) the pension amount according to the defined benefit plan effective until that date and (c) the minimum pension contractually defined.

In addition to retirement pension plans, PDVSA grants health and dental care plans, funeral insurance and electronic cards for meals. These benefits are funded by PDVSA on the cash method basis.

On June 27, 2012, a Collective Labor Contract effective until September 2013 was signed; this Contract introduces wage and social benefit improvements for employees included in the contractual payroll in Venezuela. In February 2014, was renewed collective agreement with retrospective effect from October 1, 2013 (see note 38-h).

Until April 2, 2013, CITGO sponsored three qualified defined contribution retirement and savings plans covering substantially all eligible salaried and hourly employees. As from April 2013, three retirement and defined contribution savings plans were merged into the two remaining qualified plans. CITGO recognized $24 million, $23 million and $23 million as expense for its contribution to those plans for the years ended December 31, 2013, 2012 and 2011, respectively.

In addition to pension plans, CITGO also provides certain postretirement life insurance and health insurance benefits for eligible salaried and hourly employees at retirement. These benefits are subject to deductibles, copayment and other limitations and are funded on a pay-as-you-go basis. CITGO reserves the right to modify or terminate these benefits at any time. CITGO changed the postretirement benefit plan, effective as from January 1, 2013, and, as such, the health insurance benefit for retired employees older than 65 years of age, ended as of December 31, 2012. As a result of the change, eligible retired employees older than 65 years of age and their eligible spouses will receive a subsidy from CITGO, which will be deposited in a retired employee reimbursement account intended to purchase an individual coverage of a selected health insurance provider. Individuals older than 65 years of age depending on eligible retired employees younger than 65 years of age will continue to receive the corresponding benefits through the benefit plans for salaried and hourly employees. The obligation to CITGO held December 31, 2012 decreased $ 344 million as a result of these changes in benefits.

The situation of pension plans and other retirement post–employment plans is summarized below (in millions of dollars):

	December 31,					
	2013	2012	2011	2013	2012	2011
		(restated)			(restated)	
	Pension plans			Other post-employment benefits		
Present value of the obligation	6,782	5,967	4,683	12,429	10,197	8,245
Fair value of plan assets	(3,428)	(3,564)	(2,255)	(1)	(1)	(1)
Present value of obligation, net	**3,354**	**2,403**	**2,428**	**12,428**	**10,196**	**8,244**

Changes in net liabilities for pension plans follow (in millions of dollars):

	December 31,								
	2013	2012	2011	2013	2012	2011	2013	2012	2011
		(Restated)						(Restated)	
	Present value of the obligation			Fair value of plan assets			Present value of the obligation, net		
Balance at January 1	**5,967**	**4,683**	**4,033**	**(3,564)**	**(2,255)**	**(2,017)**	**2,403**	**2,428**	**2,016**
Current service cost	120	186	143	-	-	-	120	186	143
Finance cost	738	810	578	-	-	-	738	810	578
Remeasurement	1,622	608	163	257	(847)	28	1,879	(239)	191
Expected return on plan assets	-	-	-	(521)	(489)	(279)	(521)	(489)	(279)
Effect of exchange rate variation	(1,378)	-	-	909	-	-	(469)	-	-
Benefits paid by the Company	(287)	(320)	(233)	287	320	233	-	-	-
Contributions paid by the Company	-	-	-	(693)	(228)	(167)	(693)	(228)	(167)
Contributions paid by workers	-	-	-	(103)	(65)	(53)	(103)	(65)	(53)
Balance at December 31	**6,782**	**5,967**	**4,683**	**(3,428)**	**(3,564)**	**(2,255)**	**3,354**	**2,403**	**2,428**

A summary of the pension plan assets portfolio follows (in millions of dollars):

	December 31,		
	2013	2012	2011
Fixed rate interest instruments	2,881	3,145	1,990
Mixed rate interest instruments	212	231	146
Cash and cash equivalents	22	24	15
Other	313	164	104
Total	**3,428**	**3,564**	**2,255**

Change in net liabilities for other post-employment benefits follows (in millions of dollars):

	December 31,								
	2013	2012 (Restated)	2011	2013	2012	2011	2013	2012 (Restated)	2011
	Present value of the obligation			Fair value of plan assets			Present value of the obligation, net		
Balance at January 1	**10,197**	**8,245**	**7,173**	**(1)**	**(1)**	**(1)**	**10,196**	**8,244**	**7,172**
Current service cost	221	289	220	-	-	-	221	289	220
Past service cost	183	320	-	-	-	-	183	320	-
Finace cost	1,394	2,253	1,019	-	-	-	1,394	2,253	1,019
Remeasurement losses (gains)	3,911	(553)	78	-	-	-	3,911	(553)	78
Effect of exchange rate variation	(3,135)	-	-	-	-	-	(3,135)	-	-
Benefits paid by the Company	(342)	(357)	(245)	342	357	245	-	-	-
Contributions paid by the Company	-	-	-	(342)	(357)	(245)	(342)	(357)	(245)
Balance at December 31	**12,429**	**10,197**	**8,245**	**(1)**	**(1)**	**(1)**	**12,428**	**10,196**	**8,244**

During the years ended December 31, 2013 and 2011, remeasurement losses totaled $6,281 million and $269 million, respectively, presented as other comprehensive income, net of deferred income tax of $2,457 million at 2013. During the year ended December 2012, remeasurement gain totaled $792 million, presented as other comprehensive income (see notes 3-f and 14-f).

Presumed Trends and Premises

Trends of the inflation rates for medical plans have an effect on the amounts reported. A change of a percentage point in the medical inflation rate assumed considering that other actuarial premises remain constant may give rise to the following effects (in millions of dollars):

	One percentage point of	
	Increase	**Decrease**
Effect on cost components of total service and interest	8.050	5.932
Effect on the benefit of the obligation	3.027	2.133

PDVSA expects to pay approximately $697 million in contribution to pension plans and other post-employment benefits in 2014.

Actuarial assumptions used follow:

	Year ended December 31,					
	2013	**2012**	**2011**	**2013**	**2012**	**2011**
	Pension plans			**Other post-employment benefits**		
	%					
Venezuela:						
Discount rate	32.05	20.67	29.30	32.05	20.67	29.30
Salary increase rate	28.00	18.00	22.67	28.00	18.00	22.67
Minimum pension increase rate	28.00	18.00	25.36	-	-	-
Medical inflation rate	-	-	-	32.20	20.70	25.43
Inflation rate	28.00	18.00	22.11	28.00	18.00	22.11
Food inflation rate	-	-	-	35.48	22.74	28.25
Estimated return rate on plan assets	25.30	17.44	27.01	-	-	-
Abroad:						
Discount rate	5.31	4.44	5.13	5.18	4.20	5.21
Wage increase rate	3.93	3.93	3.96	3.89	3.89	3.89
Estimated return rate on plan assets	5.23	7.06	7.46	-	-	-

The assumptions relating to future mortality rates are based on PDVSA own statistics and mortality rate indexes, which establish that the average life expectancy in Venezuela of a retired person aged 60 is 23 years. Overseas, each country use mortality rate indexes pursuant to its current laws according to the type of postemployment benefits granted in each country.

The long-term expected rate of return on plan assets for pension plans and other postemployment benefits is 25.30%, in Venezuela and 5.23% abroad. The return is based exclusively on the expectancy of the return on investments that PDVSA has made in foreign funds to finance future pensions according to the post-employment plan. This rate is determined based on the entire investment portfolio.

(25) Provisions

Provisions are summarized below (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Assets retirement obligations	4,438	4,877	2,999
Litigation and other claims (see notes 11 y 31-c)	983	1,244	1,097
Environmental issues (see note 31-d)	924	1,148	1,093
	6,345	7,269	5,189
Less current portion	788	2,590	2,090
Non-current portion	**5,557**	**4,679**	**3,099**

Movement of provisions during 2013 follows (in millions of dollars):

	Assets retirement obligation	**Litigations and other claims**	**Environmental issues**	**Total**
Balances at December 31, 2010	**2,728**	**1,042**	**1,061**	**4,831**
Increases	276	156	217	649
Payments and reversals	(5)	(101)	(185)	(291)
Balances at December 31, 2011	**2,999**	**1,097**	**1,093**	**5,189**
Increases	1,878	284	176	2,338
Payments and reversals	-	(137)	(121)	(258)
Balances at December 31, 2012	**4,877**	**1,244**	**1,148**	**7,269**
Increases	1,179	183	206	1,568
Payments and reversals	(1,618)	(132)	(110)	(1,860)
Effect of exchange rate variation	-	(312)	(320)	(632)
Balances at December 31, 2013	**4,438**	**983**	**924**	**6,345**
Less current portion	51	451	286	788
Non-current portion	**4,387**	**532**	**638**	**5,557**

(26) Accruals and Other Liabilities

Accruals and other liabilities consist of the following (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Accounts payable to related parties (see note 32)	14,937	35,607	22,998
Accruals payable to contractors	10,749	10,513	6,573
Withholdings and contributions payable (see note 32)	2,579	2,496	2,055
Production tax and other taxes payable (see note 32)	3,386	3,376	2,964
Withholdings for the "Empresas de Propiedad Social (EPS)" program	1,442	1,206	785
Accounts payable to employees	1,356	1,073	710
Advances received from customers	1,066	1,112	1,669
Accounts payable from legal matters (see note 31-c)	644	-	757
Accounts payable for assets acquisition (see note 15)	362	468	497
Interest payable (see note 23)	605	695	401
VAT (see note 32)	450	361	265
Accounts payable to non-controlling interests	4	310	564
Accounts payable from purchase of subsidiaries (see note 10-b)	133	139	219
Dividends payable on non-controlling interests (see note 22)	2,544	1,750	796
Other	2,053	1,989	810
	42,310	61,095	42,063
Less current portion	24,839	44,067	24,914
Non-current portion	**17,471**	**17,028**	**17,149**

Accounts Payable to Stockholders and to Related Parties

Promissory Notes to ONT

As of December 31, 2013, 2012 and 2011, accounts payable to related parties include $13,483 million, $27,751 million and $16,926 million, respectively, corresponding to promissory notes issued in favor of ONT.

During 2013, as a result of the fluctuation in the exchange rate, PDVSA recognized a decrease in liabilities for promissory notes denominated in bolivars of $6,770 million. Also, during 2013, promissory notes for $36,064 million were issued, with maturity dates from 2015 to 2022, at annual interest rates ranging from 0.50% to 1,5%, payable upon maturity. In addition, during 2013 PDVSA refinanced $15,579 million of promissory notes and paid promissory notes totaling $6,459 million.

In December 2013, PDVSA offset promissory notes for $21.524 million by way of payment method of the sale to BCV of 40% of the PDVSA’s interest in Empresa Nacional Aurífera, S.A. (see notes 10-a and 12).

In 2012, PDVSA issued promissory notes to the ONT for $17,777 million, denominated in bolivars, with maturity dates from 2013 to 2020, at annual interest rates ranging from 0.50% to 2%, payable upon maturity. Likewise, in 2012, PDVSA paid a total of $6,952 million. In 2011, PDVSA issued promissory notes in bolivars to ONT amounting to $18,561 million, with maturity date between 2011 and 2013, and annual interest at rates ranging from 1.00% to 1.50%, payable upon maturity. Between July and September 2011, PDVSA paid $837 million related to the promissory notes issued during 2011 to ONT. In addition, in January 2011, PDVSA paid $1,280 million and $709 million for promissory notes to ONT and other related non-financial institutions, issued in December 2009 and December 2010, respectively, through the reopening of bonds maturing in the years 2015, 2016 and 2017.

Fondo Simón Bolívar para la Reconstrucción, S.A.

During 2013, PDVSA received a loan from the Fund “Fondo Simón Bolívar para la Reconstrucción, S.A.” (Fondo Simón Bolívar) for $2,857 million and in the same year PDVSA paid $1,190 million, resulting in an account payable at December 31, 2013 of $1,666 million. As of December 31, 2013 this loan was offset with accounts receivables from Fondo Simón Bolívar para la Reconstrucción, S.A. (see note 32).

At December 31, 2012 and 2011, the accounts payable to related parties include $5,270 million and $4,640 million, respectively, relating to funds received by PDVSA, acting by and on behalf of the Bolivarian Republic of Venezuela, as administrator of the Fondo Simón Bolívar (see note 32-e). During 2013, these funds were transferred to Fondo Simón Bolívar para la Reconstrucción, S.A.

Bolivarian Republic of Venezuela

In 2007, PDVSA received from the Republic the net assets of partners of the joint controlled entities of the Faja Petrolífera del Orinoco and exploration agreements which decided not to migrate to Mixed Companies, recognizing a net liability with the Bolivarian Republic of Venezuela as of December 31, 2013, 2012 and 2011 for $466 million, $682 million and $850 million, respectively, which is included in accounts payable to related parties.

Repurchase Operation

Between September and October 2012, PDVSA performed repurchase operation denominated in bolivars with financial institutions for $1,200 million, which are reported as part of accounts payable to related parties as of December 31, 2012. These accounts payable mature upon 180 days, extendable for another 180 days and at yearly interest rate ranging from 4.8% and 9.5%, payable upon maturity. During 2013, PDVSA paid these obligations.

At December 31, 2013, accounts payable to related entities, include investment certificates with Civil Association "Administradora de los Fondos de Pensiones de los Jubilados de Petróleos de Venezuela, S.A" for $618 million, with short term maturity and interest rate between 9.05% and 14.50%.

At December 31, 2013, 2012 and 2011, accounts payable to related entities include $370 million, $704 million and $582 million, respectively, related principally to liabilities for social contributions projects no yet completed.

Withholdings for the "Empresas de Propiedad Social" (EPS) Program

As of December 31, 2013, 2012 and 2011, accruals and other liabilities include $1,442 million, $1,206 million and $785 million, respectively, to withholdings by PDVSA from its contractors for the social fund established within "Empresas de Propiedad Social" (EPS) program. These withholdings are required under PDVSA's service and work contracting plan and are earmarked for the development of social projects or works for the benefit of communities.

Accounts Payable to Non-Controlling Interests

At December 31, 2012 and 2011, accounts payable to non-controlling interests are comprised of settlement agreements deriving from the migration process to the Mixed Company status with ENI Dación, B.V. for $305 million and $429 million, respectively. At December 31, 2013, there is not accounts payable regarding this settlement. In addition, these include the interest generated by Total Venezuela, SA, under the settlement agreement at December 31, 2013, 2012 and 2011, for $4 million, $5 million and $11 million, respectively; as well as debt for working capital contributed by stockholders Statoil Sincor AS and Total Venezuela, S.A., with a share of 24% and 76%, respectively, amounting to $124 million as of December 31, 2011.

At December 31, 2013, 2012 and 2011, PDVSA entered into payment agreements with ENI Dación BV to pay, through the supply of crude oil and products, the portions corresponding to the settlement agreement executed in February 2008 between the parties involved in the control of the Dación field. During the years ended December 31, 2012 and 2011, PDVSA supplied ENI Dación B.V. with products equivalent to $124 million and $208 million, respectively, within the framework of these agreements. During the year ended December 31, 2013, no supplies were placed in relation to these agreements.

(27) Accounts Payable

Accounts payable include the following (in millions of dollars):

	December 31,		
	2013	2012	2011
Trade (see note 28)	21,389	16,725	12,316
Related parties (see note 32)	15	22	60
	21,404	**16,747**	**12,376**

Exposure to liquidity risk related to accounts payable to suppliers is included in note 28-a.

(28) Financial Instruments

(a) Financial Risks Management

PDVSA has exposure to the following risks arising from financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.

This note presents information about PDVSA's exposure to each of the above risks, PDVSA's objectives, policies and procedures for measuring and managing risks and PDVSA's management of capital.

PDVSA's Board of Directors is responsible for establishing and overseeing the PDVSA's risk management framework. In the strategic planning and budget processes, the impact of business risks is estimated to gain a comprehensive understanding of their impact on PDVSA.

Risk management policies are established to identify and analyze the risks faced by PDVSA, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and PDVSA's activities.

(i) Credit Risk

Risk of financial loss faced by PDVSA if a customer or counterparty to a financial instrument fails to meet their contractual obligations, and arises mainly from PDVSA's notes and accounts receivable from sales, restricted cash, as well as cash and cash equivalents. For the purpose of mitigating credit risk:

- Recoverable value-added tax is rights acquired by PDVSA based on Venezuelan legislation and the recovery is considered highly probable because they are risk-free instruments.
- Accounts receivable from transactions with the Republic are considered risk-free instruments.
- Notes and accounts receivable are distributed throughout a broad and reliable customer global portfolio and, periodically, their financial position is evaluated. As a result of this evaluation, an allowance for impairment is recognized in the consolidated financial statements (see note 20).
- Cash and cash equivalents are comprised of high-quality financial instruments placed on various financial institutions selected by PDVSA, with a view to diversifying credit risk related to them.

Exposure to Credit Risk

The carrying amounts of financial assets represent the maximum credit risk exposure, which is detailed as follows (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Notes and accounts receivable (see note 20)	36,020	41,706	31,576
Cash and cash equivalents	9,133	8,233	8,610
Recoverable value-added tax (see note 14-l)	7,907	9,272	6,435
Non-current accounts receivable (see note 17)	7,810	7,780	5,780
Restricted cash (see note 18)	1,554	2,330	2,028
Total	**62,424**	**69,321**	**54,429**

The maximum exposure to credit risk for accounts receivable by geographic region follows (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
United States of America and Canada	3,346	3,446	3,711
Central America and the Caribbean	804	913	1,397
Venezuela	2,519	1,536	791
Asia	715	1,054	737
South America	380	469	522
Europe	1,251	1,746	405
Total current portion (see note 20)	**9,015**	**9,164**	**7,563**
Central America and the Caribbean	3,260	2,243	825
South America	1,346	1,743	1,277
Europe	1,481	1,359	1,147
Total non-current portion (see note 17)	**6,087**	**5,345**	**3,249**

The maximum exposure to credit risk for accounts receivable by type of customer follows (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Trade	8,874	8,851	6,673
Energy Agreements	141	313	890
Total current portion (see note 20)	**9,015**	**9,164**	**7,563**
Energy Agreements	6,087	5,345	3,249
Total non-current portion (see note 17)	**6,087**	**5,345**	**3,249**

Impairment Losses

The aging of notes and current trade accounts receivable follows (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Less than 30 days	4,817	5,781	4,768
From 31 to 180 days	2,001	1,777	1,568
From 181 days to one year	1,660	1,099	807
More than one year	537	507	420
	9,015	**9,164**	**7,563**
Less allowance for doubtful accounts (see note 20)	537	507	420
Total	**8,478**	**8,657**	**7,143**

The maximum exposure to credit risk is concentrated in trade accounts receivable. PDVSA estimates the allowance for doubtful accounts receivable based on the aging of the balances and on the results of the evaluations of the customer portfolio.

The movement in the allowance for doubtful accounts during the years ended December 31, 2013, 2012 and 2011 follows (in millions of dollars):

	Year ended December 31,		
	2013	**2012**	**2011**
Balances at January 1	507	420	275
Increases	30	87	145
Balances at December 31 (see note 20)	**537**	**507**	**420**

Based on historical delinquency indices, PDVSA management believes that an allowance for doubtful accounts is not required for current trade accounts receivable or for those aged less than one year. Trade accounts receivable are distributed throughout an extensive and reliable customer portfolio worldwide.

(ii) Liquidity Risk

Is the risk that PDVSA encounter difficulty in meeting the obligations associated with its financial liabilities. PDVSA's approach to managing liquidity is to guarantee, to the maximum extent possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to PDVSA's reputation.

As a fundamental policy, PDVSA ensure to have enough cash available to meet its obligations, including payment of its financial obligations. This excludes the possible impact of extreme circumstances that may not be reasonably foreseen, such as natural disasters. Furthermore, PDVSA maintains credit facilities, which are also available to meet cash requirements. At December 31, 2013, PDVSA has funds available of $9,196 million unused (see note 23).

Contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements are presented below (in millions of dollars):

	Carrying ammount	Contractual cash flow	6 months or less	From 6 to 12 months	From 1 to 2 years	Between 2 to 5 years	More than 5 years
December 31, 2013 -							
Non-derivative financial liabilities:							
Financial debt (see note 23)	42,810	65,000	4,128	6,165	15,896	15,313	23,498
Liabilities for financial leases (see note 23)	574	808	45	46	176	176	365
Total debt	43,384	65,808	4,173	6,211	16,072	15,489	23,863
Other liabilities (included in accruals and other liabilities - see note 26) (1)	33,205	33,205	17,404	6,267	-	9,534	-
Accounts payable to related parties (see notes 26 and 32)	15	15	15	-	-	-	-
Trade accounts payable (see note 27)	21,389	21,389	21,389	-	-	-	-
Derivative financial liabilities:							
Future exchange contracts:							
Capital outflows	4	186	176	7	3	-	-
Capital inflow	(3)	(203)	(202)	-	-	-	-
Total financial liabilities	**97,994**	**120,400**	**42,955**	**12,485**	**16,075**	**25,023**	**23,863**
December 31, 2012 -							
Non-derivative financial liabilities:							
Financial debt (see note 23)	39,625	61,982	3,593	3,689	14,886	16,606	23,208
Liabilities for financial leases (see note 23)	401	617	26	26	104	104	357
Total debt	40,026	62,599	3,619	3,715	14,990	16,710	23,565
Other liabilities (included in accruals and other liabilities - see note 26) (1)	53,965	53,965	25,884	14,773	1,473	7,333	4,502
Accounts payable to related parties (see notes 26 y 32)	22	22	22	-	-	-	-
Trade accounts payable (see note 27)	16,725	16,725	16,067	658	-	-	-
Derivative financial liabilities:							
Future exchange contracts:							
Capital outflows	4	164	163	1	-	-	-
Capital inflow	(2)	(200)	(191)	(9)	-	-	-
Total financial liabilities	**110,740**	**133,275**	**45,564**	**19,138**	**16,463**	**24,043**	**28,067**
December 31, 2011 -							
Non-derivative financial liabilities:							
Financial debt (see note 23)	34,468	51,980	2,798	2,041	11,403	18,283	17,455
Liabilities for financial leases (see note 23)	424	674	28	28	105	104	409
Total debt	34,892	52,654	2,826	2,069	11,508	18,387	17,864
Other liabilities (included in accruals and other liabilities (see note 26) (1)	36,536	36,536	17,122	4,561	13,045	1,808	-
Accounts payable to related parties (see notes 26 y 32)	60	60	60	-	-	-	-
Trade accounts payable (see note 27)	12,316	12,316	12,316	-	-	-	-
Derivative financial liabilities:							
Future exchange contracts:							
Capital outflows	7	78	77	1	-	-	-
Capital inflow	(5)	(219)	(197)	(21)	(1)	-	-
Total financial liabilities	**83,806**	**101,425**	**32,204**	**6,610**	**24,552**	**20,195**	**17,864**

(1) Includes accounts payable to related parties, accruals payable to contractors, production tax and other taxes payable, withholding and contributions payable, accounts payable from assets acquisition, accounts payable for purchase of subsidiaries, interest payable and VAT.

(iii) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates or sales prices, will affect PDVSA's income or the value of the financial instruments. The purpose of market risk management is to manage and control exposure to this risk within acceptable parameters and, at the same time, optimizing the return.

The activities of PDVSA, its financial condition and the results of its operations depend mainly on export volumes and crude oil and product prices. These prices are cyclical and tend to be unstable; therefore, the primary risk of this business is volatility of crude oil and product prices.

PDVSA constantly assess market conditions to ensure, the optimal placement of its crude oil and products. Furthermore, the Republic is a member of the Organization of the Petroleum Exporting Countries (OPEC), according to agreements aimed at stabilizing prices for crude oil and other products.

PDVSA's subsidiary CITGO uses derivative financial instruments to manage market risks. At December 31, 2013, 2012 and 2011, and for the years then ended, PDVSA has not classified derivatives as hedging instruments to operations in Venezuela (see note 4-j).

PDVSA is exposed to exchange risk on sales, purchases, assets and liabilities in currency other than the functional currencies of PDVSA entities. Foreign currency transactions are mainly denominated in bolivars, and PDVSA's policy is to manage the net position of monetary assets and liabilities in that currency to lower the possible impact of PDVSA due to exchange rate fluctuations in respect of the functional currency (see note 5).

Foreign Currency Risk

PDVSA holds the following monetary assets and liabilities denominated in currencies other than its functional currency, which are converted into U.S. dollar at the exchange rate effective on the date of the consolidated financial position (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Monetary assets:			
Bolivars	65,423	54,443	51,669
Euros	3,028	2,360	1,841
Other currencies	154	450	-
	68,605	**57,253**	**53,510**
Monetary liabilities:			
Bolivars	87,041	79,493	59,137
Yens	158	245	229
Other currencies	73	104	110
	87,272	**79,842**	**59,476**
Net monetary liability position	**(18,667)**	**(22,589)**	**(5,966)**

Exchange rates with respect to U.S. dollar at the reporting date and the average annual exchange rates are detailed in note 4-b.

Interest Rate Risk

An analysis by the type of interest rate on financial instruments of PDVSA follows (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Fixed rate instruments -			
Time deposit	1,267	2,053	2,079
Financial debt (see note 23)	(37,282)	(33,703)	(27,423)
Accounts payable to related parties (see note 26)	(14,937)	(35,607)	(22,998)
	(50,952)	(67,257)	(48,342)
Variable rate instruments -			
Financial debt (see note 23)	(6,102)	(6,323)	(7,469)
Total	**(57,054)**	**(73,580)**	**(55,811)**

Fair Value Sensitivity Analysis for Fixed Rate Instruments

A change in fixed interest rates would not affect consolidated income statement of PDVSA, since PDVSA does not account for fixed rate financial assets and liabilities using the fair value hedge accounting model, and it has not designated derivatives as hedging instruments.

Cash Flow Sensitivity Analysis for Long-Term Debt at Variable Rates

A change of one percent in the interest rate as of the reporting date of the consolidated financial statements would have increased (decreased) in profit or loss before income tax by the amounts presented below. This analysis assumes that all other variables remain constant and is performed using the same bases as in 2012 and 2011 (in millions of dollars):

	Results	
	Increase by one percent	**Decrease by one percent**
December 31, 2013 -		
Financial debt	73	(76)
December 31, 2012 -		
Financial debt	63	70
December 31, 2011 -		
Financial debt	48	(57)

(iv) Capital Management

As the Venezuelan national oil and gas company, PDVSA's approach is to manage equity by safeguarding the company's ability to continue as a going concern for it to continue to be the strength and drive for national development and the integral transformation of the country. The equity consists of the capital stock, retained earnings, additional contributions from the Stockholder and non-controlling interests.

PDVSA's strategy has been to progressively strengthen its equity position, through management decisions, based on changes in economic conditions and operational risks characteristics. To strengthen its capital structure, PDVSA may decide about strategies for dividend payments, the creation or transfer of reserves and the sale of assets.

(b) Classification and Fair Value of Financial Instruments

Fair values of financial assets and liabilities, together with carrying values presented in consolidated statements of financial position are as follows (in millions of dollars):

	Note	Designated at fair value	Loans and accounts receivable	Other financial liabilities	Total carrying value	Fair value Level 2
December 31, 2013 -						
Non-current accounts receivable	17	698	7,112	-	7,810	698
Recoverable value-added tax	14	7,907	-	-	7,907	7,907
Notes and accounts receivable	20	-	36,020	-	36,020	-
Derivative assets (included in prepaid expenses and other assets)	21	3	-	-	3	3
Restricted cash	18	-	1,554	-	1,554	-
Tradable securities (included in prepaid expenses and other assets)	21	70	-	-	70	70
Investments at cost	21	-	10	-	10	-
Cash and cash equivalents		-	9,133	-	9,133	-
Financial debt	23	-	-	(43,384)	(43,384)	(37,931)
Accounts payable to suppliers	27	-	-	(21,404)	(21,404)	-
Other liabilities (included in accruals and other liabilities) (1)	26	-	-	(32,843)	(32,843)	-
Derivative liabilities (included in accruals and other liabilities)	26	(15)	-	-	(15)	(15)
December 31, 2012 -						
Non-current accounts receivable	17	729	7,051	-	7,780	729
Recoverable value-added tax	14	9,272	-	-	9,272	9,272
Notes and accounts receivable	20	-	41,706	-	41,706	-
Derivative assets (included in prepaid expenses and other assets)	21	7	-	-	7	7
Restricted cash	18	-	2,330	-	2,330	-
Tradable securities (included in prepaid expenses and other assets)	21	39	-	-	39	39
Investments at cost	21	-	14	-	14	-
Cash and cash equivalents		-	8,233	-	8,233	-
Financial debt	23	-	-	(40,026)	(40,026)	(37,219)
Accounts payable to suppliers	27	-	-	(16,747)	(16,747)	-
Other liabilities (included in accruals and other liabilities) (1)	26	-	-	(53,965)	(53,965)	-
Derivative liabilities (included in accruals and other liabilities)	26	(7)	-	-	(7)	(7)
December 31, 2011 -						
Non-current accounts receivable	17	720	5,060	-	5,780	720
Recoverable value-added tax	14	6,435	-	-	6,435	6,435
Notes and accounts receivable	20	-	31,576	-	31,576	-
Derivative assets (included in prepaid expenses and advance and other assets)	21	8	-	-	8	8
Restricted cash	18	-	2,028	-	2,028	-
Tradable securities (included in prepaid expenses and other assets)	21	190	-	-	190	190
Investments at cost	21	-	14	-	14	-
Cash and cash equivalents		-	8,610	-	8,610	-
Debt	23	-	-	(34,892)	(34,892)	(28,539)
Accounts payable to suppliers	27	-	-	(12,376)	(12,376)	-
Other liabilities (included in accruals and other liabilities)(1)	26	-	-	(36,536)	(36,536)	-
Derivative liabilities (included in accruals and other liabilities)	26	(7)	-	-	(7)	(7)

(1) Includes accounts payable to related parties, accruals payable to contractors, production tax and other taxes payable, withholding and contributions payable, accounts payable for assets acquisition, accounts payable from purchase of subsidiaries, interest payable and VAT.

(2) Fair values presented were determined on Level 2. PDVSA does not have financial instruments in Levels 1 and 3.

The methods used to measure fair values are discussed in notes 6 and 28-c.

(c) Measurement of Fair Values

The valuation techniques used in measuring level 2 fair value, as well as the significant unobservable inputs used are summarized as follows:

Financial instrument measured at fair value -

Type	Valuation Techniques	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Non-current accounts receivable	*Discounted cash flows*: The valuation model considers the present value of the expected payments, discounted using a risk-adjusted discount rate, similar instruments payable in the original currency of the transaction. The expected payment of this receivables is determined by considering an expected date of payment of the accounts receivable.	Risk-adjusted discount rate (10,837% in 2013). Based on estimates of discount rates.	The estimated fair value would increase (decrease) if: ▪ Assumption changes at recovery date. ▪ Discounted rate adjusted for risk were lower (higher). Usually, changes in annual discount rate impact the cash flow.
Recoverable value - added tax	*Discounted cash flows*: The valuation model considers the present value of the expected payments, discounted using a risk-adjusted discount rate, similar instruments payable in the original currency of the transaction. The expected payment is determined considering an expected settlement date tax credits, and the authorized amount by the tax administration.	Risk-adjusted discount rate (8,777% in 2013). Based on estimates of discount rates.	The estimated fair value would increase (decrease) if: ▪ New information about approvals or rejections of applications for tax credits by the tax authorities. ▪ Estimates on the date of cancellation of future Tax Credits recover, may change the effects on the discounted of cash flows. ▪ The discount rate adjusted for risk is lower (higher). Usually, a change in the annual discount rate impacts on the cash flows discounted.
Derivative assets (included in prepaid expenses and other assets)	*Fair value at acquisition date.*	Not applicable	Not applicable
Tradable assets (included in prepaid expenses and other assets)	*Market comparison techniques*: The fair values are based on quoted prices. Similar contracts are traded in an active market and the prices reflect actual transactions in similar instruments.	Not applicable	Not applicable
Derivative liabilities (included in accruals and other liabilities)	*Market comparison techniques:* The fair values are based on quoted prices. Similar contracts are traded in an active market and the prices reflect actual transactions in similar instruments.	Not applicable	Not applicable

Financial instrument not measured at fair value -

Type	Valuation technique	Significant unobservable inputs
Financial debt	Discounted cash flow	Not applicable
Accounts payable to suppliers	Cost	Not applicable
Other liabilities (included in accruals and other liabilities) (1)	Cost	Not applicable

(1) Includes accounts payable to related parties, accruals payable to contractors, production tax and other taxes payable, withholding and contributions payable, accounts payable for assets acquisition, accounts payable for purchase of subsidiaries, interest payable and VAT.

(29) Operating Leases

Future leases payments follows (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Maturity -			
Less than one year	232	171	136
From one to five years	342	354	292
More than five years	142	164	191
Estimated future lease payments	**716**	**689**	**619**

Leases expense incurred under operating leases in 2013, 2012 and 2011 was approximately $189 million, $197 million and $181 million, respectively, corresponding mainly to terminals, buildings and heavy-load vehicles. For the years ended December 31, 2013, 2012 and 2011, this cost is included in operating expenses in the consolidated statement of comprehensive income.

(30) Government Grants

During the years ended December 31, 2013 and 2012, PDVSA received government grants, through FONDEN, from expenses already incurred totaling $5,241 million and $6,683 million, respectively, which were recognized as a reduction of special contribution expenses in the consolidated statements of comprehensive income (see note 13).

At December 31, 2013, the Republic awarded to PDVSA the right to develop gold exploration and exploitation activities (see note 37-g) for a nominal value of $30,000 million, establishing the conditions must be complied by PDVSA for the exploration and exploitation of gold mining and related activities. PDVSA recognized these rights as a government grant in an accounts receivable and other assets in consolidated statement of financial position (see note 17) as of December 31, 2013. PDVSA deducted the grant from the nominal value of the rights awarded by the Republic (see notes 17, 26 and 32). Based on preliminary analysis as of December 31, 2013, PDVSA recognized these rights at their nominal value and is in the process of determining the fair value.

(31) Commitments and Contingencies

(a) Guarantees

At December 31, 2013, some of PDVSA's subsidiaries have construction completion guarantees related to debt and financing arrangements of joint projects. A summary of the guarantee obligations undertaken by PDVSA follows (in millions of dollars):

	Guarantee obligations	**Completion year**
Companies -		
CITGO	6	2014
PDVSA Petróleo	32	2014

At December 31, 2013, 2012 and 2011, PDVSA has not recognized liabilities for these guarantees; historically, claims resulting from guarantees have not been significant.

During 2013, 2012 and 2011, CITGO has guaranteed debts of subsidiaries, including letters of credit and financings for the acquisition of commercialization equipment.

PDVSA Petróleo has a global environmental guarantee with the Ministry of People's Power for the Environment (MINAMB), which guarantees the implementation of environmental measurements in accordance with current laws.

(b) Agreements with the Organization of the Petroleum Exporting Countries (OPEC)

The Republic is a member of OPEC, an organization whose main purpose is to establish agreements to maintain stable crude oil prices through production quotas. To date, the reduction in the production of crude oil as a result of changes in the production quotas established by OPEC has not had a significant effect on PDVSA's consolidated financial position, results of operations and cash flows.

(c) Litigation and Claims

Arbitration in the International Chamber of Commerce (ICC)

Mobil Cerro Negro Ltd.

In December 2011, the Court of the International Chamber of Commerce (ICC) issued an award on the arbitration initiated by Mobil Cerro Negro Ltd. (a subsidiary of Exxon Mobil) against PDVSA and PDVSA Cerro Negro, S.A. The award established an indemnity in favor of Exxon Mobil of approximately $907 million, which involved recognition of an obligation of $640 million in the 2011 consolidated financial statements, in addition to previously recognized liabilities related to this contingency, which is presented forming part of accruals and other liabilities (see note 26).

Of the indemnity amount, a series of credits recognized in the award in favor of PDVSA and cash that was embargoed in PDVSA Cerro Negro accounts with The Bank of New York Mellon were discounted (see note 18). In February 2012, PDVSA made the final payment in favor of Exxon Mobil for $251 million.

Conoco Phillips Petrozuata and Phillips Petroleum Company

In September 2012, was issued the award related to the arbitration request filed by Conoco Phillips Petrozuata B.V. and Phillips Petroleum Company Limited against PDVSA, corresponding to Petrozuata and Hamaca projects. The arbitration award determined a compensation of $67 million, pursuant to a private document subscribed between Conoco Orinoco Inc. and Maraven, S.A. president, in which Maraven, S.A. was obliged to meet from its own production any cutback requirement that could impact Petrozuata project. The compensation amount was paid by PDVSA in November 2012.

Gulmar Offshore Middle East LLC and Kaplan Industry Inc.

In November 2013, the award related to the arbitration request filed by Gulmar Offshore Middle East LLC and Kaplan Industry Inc. was issued against PDVSA, corresponding to early unilateral termination of contract by PDVSA. The award established a compensation of $644 million. This amount is presented in the consolidated statement of financial position forming part of accruals and other liabilities as of December 31, 2013 (see note 26).

Other Litigation and Claims

At December 31, 2013, PDVSA is involved in other claims and legal actions arising in the normal course of business amounting to $2,120 million. In the opinion of management and its legal attorneys, the outcome of these claims will not have a materially adverse effect on PDVSA’s financial position, results of operations or liquidity.

At December 31, 2013, 2012 and 2011, based on an analysis of the available information, an estimate of $983 million, $1,244 million and $1,097 million, respectively, is included as provisions (see note 25). Although it is not possible to anticipate the outcome of these matters, management, based in part on advice of its legal attorneys, does not believe that it is probable that losses associated with the legal proceedings discussed above, that exceed amounts already recognized, will be incurred in amounts that would be material to PDVSA’s financial position or results of operations.

(d) Environmental Compliance

The majority of PDVSA’s subsidiaries, both in Venezuela and abroad, are subject to various environmental laws and regulations which may require significant expenditures to modify facilities and prevent or remedy the environmental impact of waste disposal and spills of pollutants. In the United States of America and Europe, operations are subject to various federal, state and local laws and regulations, which may require companies to take action to remedy or alleviate the impact on the environment of early plant decommissioning or spills of pollutants.

PDVSA has invested approximately $42 million to complete the implementation of its Integral Risk Management System (SIR-PDVSA®). Additionally, PDVSA has an investment plan in place to meet environmental regulations in Venezuela, through which $56 million were executed in 2013, in environmental compliance and for other investments related to the environment and occupational health. CITGO estimates investments of approximately $477 million for projects regulating environmental risks from 2014 to 2018. Furthermore, at December 31, 2013, 2012 and 2011, provisions are held to cover costs to remediate environmental issues (see note 25).

Additionally, and as part of its environmental responsibility, PDVSA has designed a plan for environmental remediation and restoration in relation to obligations generated until 2004. The plan consider the remediation of pits and out-of-specification mud and crude oil, hazardous materials and waste, facilities, abandoned equipment and equipment to be dismantled, areas impacted by oil-related activities and radioactive sources. Based on the analysis of detailed information available, PDVSA estimated its obligation relating to remediation and restoration of the environment and recognized, as operating expenses in the consolidated statement of comprehensive income during the years ended 2013, 2012 and 2011, $206 million, $176 million and $217 million, respectively (see note 25).

CITGO has received various notices of violation from the United State of America Environmental Protection Agency (EPA) and other regulatory agencies, which include notices under the United States of America's Clean Air Act, and could be designated as a Potentially Responsible Parties (PRP) jointly with other companies with respect to sites under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). These notices are being reviewed, and, in some cases, remediation action is being taken. CITGO is committed to negotiate agreements with the previously mentioned authorities.

Conditions that require additional expenditures at various sites may exist, including, but not limited to, PDVSA's operating complexes, service stations and crude oil and petroleum storage terminals. Management believes that these matters, in the normal course of business, will not have a material effect on the consolidated financial position, liquidity or operations of PDVSA.

(32) Related Parties

PDVSA considers its Stockholder, its subsidiaries, jointly controlled entities, the Company´s directors and executives and their relatives, employee retirement fund, companies owned by the Stockholder and other government institutions as related parties. PDVSA as the national oil company owned by the Bolivarian Republic of Venezuela, and pursuant to its corporate purposes and specific responsibilities, perform significant transactions with its Stockholder, government and other related entities, resulting in significant effects on the consolidated financial statements. These transactions relate mainly to:

- Support management agreements and contracts signed by the Republic and the compliance with the obligations deriving thereof by supplying crude oil and products (see notes 8 and bullet (a) of this note).
- Contributions for social development and the FONDEN (see note 13).
- Fiscal obligations, including production tax and taxes (see note 14).
- Financial and investment operations with the BCV and financial institutions of the Republic (see note 26 and bullet (e) of this note).
- Transactions related to the administration of the Fondo Simón Bolívar para la Reconstrucción, S.A. (see bullet (e) of this note).
- Government grant (see note 30).

A summary of transactions and balances with related parties follows (in millions of dollars):

	Year ended December 31,		
	2013	**2012**	**2011**
Activities of the year:			
Income:			
Sales:			
Companies owned by the Stockholder and other government institutions	314	443	376
Equity-accounted investees	2,534	3,720	8,997
Costs and expenses:			
Purchases of crude oil and products, net	169	302	4,165
Other operating, selling, administrative and general expenses	224	560	309
Production tax, extraction tax and other taxes (see note 14)	19,262	17,730	17,671
Share of loss (profit) of equity-accounted investees	33	(64)	278
Other expenses, net (see note 11):			
Cost from unrecoverable value-added tax (VAT)	297	191	231
Legal contributions (see notes 11, 37-s, 37-t and 37-u)	840	872	599
Finance cost (see note 12):			
Gain from sale of promissory notes	-	(209)	-
Gain from sale of interest in subsidary	(9,524)	-	-
Contributions for social development (see note 13):			
Contributions for social development	7,829	9,025	15,604
Contributions to FONDEN	10,435	14,994	14,475
Goverment grant received through FONDEN	(5,241)	(6,683)	-
Estimated income tax expenses in Venezuela (see note 14)	12,213	4,589	4,802
Deferred taxes (benefit) expense in Venezuela (see note 14)	(5,157)	2,252	(3,309)

	December 31,		
	2013	**2012**	**2011**
Balances at year end:			
Equity-accounted investees (see note 16)	1,712	1,522	1,564
Buildlings used by government entities (see note 17)	119	108	109
Recoverable value-added tax (see note 14-l)	7,907	9,272	6,435
Funds for execution of social development projects (see note 18)	526	1,034	1,216
Special contributions advance (see note 21)	565	453	463
Income tax paid in excess (see note 21)	101	252	502
Income tax payable in Venezuela	9,668	2,224	4,302
Financial debt (see note 23)	7,129	5,498	3,751
Accruals and other liabilities (see note 26):			
Account payable to related parties	14,937	35,607	22,998
Withholdings and contributions payable	2,579	2,496	2,055
Production tax and other taxes payable	3,386	3,376	2,964
VAT	450	361	265
Accounts payable (see note 27)	15	22	60
Right to develop gold exploration and mining activities (see notes 17 and 30)	30,000	-	-
Government grant (see notes 17 and 30)	(30,000)	-	-
Notes and accounts receivable:			
Equity-accounted investees	1,642	1,412	1,569
Stockholder, companies owned by the Stockholder and other government institutions (see notes 17 and 20)	26,043	31,303	23,724
	27,685	32,715	25,293
Less current portion (see note 20)	26,760	31,351	23,582
Non-current portion (see note 17)	**925**	**1,364**	**1,711**

(a) Balances and Transactions with the Stockholder

During the years ended December 31, 2013, 2012 and 2011, production tax was paid in cash to the Republic totaling $11,637 million, $11,756 million and $12,473 million, respectively.

During the years ended December 31, 2013, 2012 and 2011, PDVSA delivered crude oil and products totaling 302 TBPD, 328 TBPD and 332 TBPD, respectively, within the framework of the Energy Cooperation Agreements (see note 8-b), of which 116 TBPD, 122 TBPD and 106 TBPD, with a value of $3,214 million, $2,728 million and $2,382 million, respectively, corresponding 50% of the long-term financed portion, subject to offsetting and deposited in a trust funds of these agreements (see notes 14-g, 17 and 20).

During the years ended December 31, 2013, 2012 and 2011, PDVSA delivered crude oil and products of 485 TBPD, 451 TBPD and 415 TBPD, amounting to $16,559 million, $16,213 million and $14,637 million, respectively, under the Supply Agreement entered into with the People's Republic of China (see note 8-c). Collection on the volumes delivered by PDVSA are received by BANDES to secure compliance with the commitments accorded by the Bolivarian Republic of Venezuela with respect to such agreement and surpluses are transferred to PDVSA as collection of accounts from the Bolivarian Republic of Venezuela. During the years ended December 31, 2013, 2012 and 2011, BANDES transferred PDVSA $9,640 million, $12,445 million and $6,724 million, respectively, corresponding to collections received.

(b) Stockholder, Companies owned by the Stockholder and other Government Institutions

During the years ended December 31, 2013, 2012 and 2011, PDVSA made sales to companies owned by the Stockholder and other government institutions, as summarized below (in millions of dollars):

	Year ended December 31,		
	2013	**2012**	**2011**
CORPOELEC	76	126	77
PEQUIVEN	133	165	149
Corporación Venezolana de Guayana	34	44	39
Fertilizantes Nitrogenados de Venezuela, C.E.C. (Fertinitro)	41	61	79
Other	30	47	32
Total	**314**	**443**	**376**

Notes and accounts receivable from the Stockholder, companies owned by the Stockholder and other government institutions include (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Bolivarian Republic of Venezuela	18,991	22,199	19,147
CORPOELEC	2,857	2,676	2,093
Fondo Simón Bolívar para la Reconstrucción, S.A.	-	2,612	-
PEQUIVEN	2,055	1,722	1,138
Corporación Venezolana de Guayana	901	1,220	628
BANDES	90	90	90
Civil Association "Administradora de los Fondos de Pensiones de los Jubilados de Petróleos de Venezuela, S.A."	913	279	138
Other	236	505	490
Total	**26,043**	**31,303**	**23,724**

Accounts receivable from the Republic originated main from sales of crude oil and products on behalf of the Republic under contracts and agreements signed with governments of other countries (see notes 8-b and 8-c).

At December 31, 2013, 2012 and 2011, CORPOELEC accounts receivable include mainly operations carried out by PDVSA Petróleo to supply light diesel and provide financial support for the purchase of equipment for the national electric system, which may be offset against the energy supply service provided by CORPOELEC. In this regard, during 2013, 2012 and 2011, PDVSA Petróleo offset accounts receivable from CORPOELEC for $4 million, $8 million and $7 million, respectively. Likewise, during 2011, PDVSA offset accounts receivable from CORPOELEC for $37 million, corresponding to property, plant and equipment received.

During the year ended December 31, 2010, PDVSA received from FONDEN $1,232 million to support the activities of the electricity sector. Part of this amount has been used to offset accounts receivable from CORPOELEC, generated from loan for the execution of electrical projects. At December 31, 2013, 2012 and 2011, the remaining balance of $646 million is presented offsetting accounts receivables from the Republic related to the domestic electric sector for each year (see note 20).

In order to comply with the guidelines established by the Ministry and the strategic plans of PDVSA, in 2013, 2012 and 2011, PDVSA continued supporting the activities of PEQUIVEN through discounts in methane gas prices and financing accounts receivable up to 180 days. During 2013, 2012 and 2011, PDVSA provided PEQUIVEN with funds for $776 million, $542 million and $776 million, respectively, to be used as working capital, as of December 31, 2013, 2012 and 2011, are included in non-current accounts receivable from related parties (see notes 17 and 20).

Accounts receivable from the Simon Bolivar Fund for Reconstruction are originate mainly from disbursements made by PDVSA acting as administrator of funds from external financing sources of GMVV since its creation on March 27, 2012, and from disbursements made for the purchase of goods and services to be used by the Simon Bolivar Fund for Reconstruction. In November 2012, PDVSA sold promissory notes to BCV, related to these accounts receivable for a total of $4,110 million, at their current value.

Balances of accounts receivable with companies owned by the Stockholder and other government institutions will be recovered through recovery plans agreed upon with the Stockholder in the short term; accordingly, these are presented as part of current assets.

(c) Gain from Sale of Interest in Subsidiary

In December 2013, PDVSA offset the amount of the account receivable from BCV for $12,000 million related to the sale of 40% interest in ENA, with part of accounts payable to ONT denominated in bolivars (see note 26). Based on Article 1 of Exchange Agreement N° 24, which indicates that the purchases exchange rate applicable by PDVSA to sell currencies from activities or operations other than export and / or sale of hydrocarbons will be equal to the exchange rate resulting from the last foreign currency grant by the SICAD. The offsetting of these balances was made at the exchange rate of Bs.11,30 per U.S. dollar, resulting in a gain of $9,524 million recognized as finance income in the consolidated financial statement of comprehensive income (see note 12).

(d) Balances and Transactions with Equity-accounted Investees

During the years ended December 31, 2013, 2012 and 2011, PDVSA made sales to non-consolidated investees and jointly controlled entities which are summarized below (in millions of dollars):

	Year ended December 31,		
	2013	**2012**	**2011**
Hovensa L.L.C. (see note 16)	-	524	6,414
Nynas AB (see note 16)	1,203	1,307	1,357
Chalmette Refining (see note 16)	53	504	-
Petrojam Limited (see note 16)	848	1,029	908
Mount Vernon Phenol Plant Partnership (Mt Vernon)	430	356	318
Total	**2,534**	**3,720**	**8,997**

Notes and accounts receivable from equity-accounted investees comprise the following (in millions of dollars):

	December 31,		
	2013	**2012**	**2011**
Hovensa L.L.C. (see note 16)	698	729	720
Chalmette Refining (see note 16)	651	269	51
Nynas AB (see note 16)	-	-	171
CV Shipping Ltd.	101	94	88
TCP Petcoke Corporation	24	28	37
Mount Vernon Phenol Plant Partnership (Mt. Vernon)	60	44	31
Petrojam Limited (see note 16)	108	152	375
Operaciones Río Napo C.E.M. (see note 16)	-	96	96
Total	**1,642**	**1,412**	**1,569**

During the years ended December 31, 2013, 2012 and 2011, CITGO purchased refined products from several equity-accounted investees, under long-term agreements (see note 16). These purchases for $169 million in 2013, $302 million in 2012, and $4,165 million in 2011, are included in the consolidated statements of comprehensive income of each year as crude oil and product purchases. At December 2013, 2012 and 2011, accounts payable to suppliers include $15 million, $22 million and $49 million, respectively, related to these operations.

(e) Simon Bolivar Fund for Reconstruction

As part of a State policy to cover emergencies in terms of housing requirements, the Simon Bolivar Fund for Reconstruction (Fondo Simón Bolívar para la Reconstrucción) was created by the President of the Bolivarian Republic of Venezuela through Decree N° 7,936 in Full Force and Effect of Organic Law Creating the Fondo Simón Bolívar, published in Official Gazette N° 39,583 of December 29, 2010.

In Resolution N° 045 of the Ministry, published in Official Gazette N° 39,624 dated February 25, 2011, PDVSA was appointed as the entity in charge of the administration of the Simon Bolivar Fund. On March 27, 2012, the state-owned company Fondo Simón Bolívar para la Reconstrucción, S.A. was created through Official Gazette N° 39,892. This company will be the successor of Simon Bolivar Fund including all rights and obligations of that Fund.

A summary of the funds received by the Simon Bolivar Fund for Reconstruction and administered by PDVSA for the execution of housing projects as of December 31, 2013, 2012 and 2011 follows (in millions of dollars):

	Balances
Contributions received in 2011 from:	
Private banking	2,021
Banco Nacional de Vivienda y Hábitat (BANAVIH)	1,395
Banco de Venezuela	69
Companies owned by the Stockholder and other government entities	1,224
Total contributions received in 2011	**4,709**
Payments made	(3,879)
Funds available at December 31, 2011 (see note 18)	**830**
Contributions received in 2012 from:	
Banco Nacional de Vivienda y Hábitat (BANAVIH)	510
Banco de Venezuela	336
Companies owned by the Stockholder and other government entities	774
Total contributions received in 2012	**1,620**
Payments made	(2,283)
Funds available at December 31, 2012 (see note 18)	**167**
Payments made	(41)
Finance expense	(52)
Effect of exchange rate variation	(40)
Total payments and finance expense in 2013	**(133)**
Funds available at December 31, 2013 (see note 18)	**34**

Funds Received

During 2012 and 2011, PDVSA as the designated entity and following orders and acting on behalf of the Republic for the administration of the Simon Bolivar Fund, received funds from financial institutions and other government entities to be used in the GMVV project. During 2013, no contributions were received. Balances resulting from these activities are included in accounts payable to related parties in accruals and other liabilities as of December 31, 2012 and 2011. A summary of the funds received follows:

Private Banks

During 2011, pursuant to the cooperation agreement between the Republic and some Venezuelan banking institutions and within the framework of the GMVV project, the issuance of Dematerialized Trust Certificates was agreed (Certificados de Participación Desmaterializados – CPD by its Spanish acronym) for $2,021 million, maturing in June 2014, with an annual interest rate of 3.75% and payable semiannually. Those funds were deposited in the trust entered into with BANDES. In September 2011, PDVSA as administrator of the Trust, confirmed its commitment to transfer to said trust the amounts necessary to meet the obligations related to the payment of the CPD and interests, up to the amount of $2,251 million. During 2013, these obligations were transferred to Fondo Simón Bolívar para la Reconstrucción, S.A.

BANAVIH

During 2012, PDVSA received funds from BANAVIH for $510 million, in relation to the II framework agreement on “trust commission” signed between the parties, earmarked for the administration, investment and implementation of plans, programs, projects and works for the construction of housing units within the framework of the GMVV project. During 2011, BANAVIH, with resources from the Mandatory Savings Fund for Housing (FAOV), issued Special Mortgage Bonds (VHE by its Spanish acronym) for $1,395 million maturing in December 2021 with a variable annual interest rate of 2%, payable on a monthly basis, based on the average of the FAOV investment portfolio, these bonds were transferred to PDVSA as the administrating entity of Simon Bolivar Fund, in accordance with the agreement of “trust commission.”. These resources will be reimbursed in accordance with a schedule to be subsequently established. At December 31, 2013, these funds were transferred to Fondo Simón Bolívar para la Reconstrucción, S.A.

Banco de Venezuela

In 2012, PDVSA received financing in bolivars through secured loans from Banco de Venezuela, which were used to purchase goods and services to be used by the Simon Bolivar Fund. This financing was received under the following conditions:

- Loan for $465 million, signed in March, of which $231 million were used for Simon Bolivar Fund activities (see note 23).
- Loan for $105 million, signed in April, with annual interest rate of 9.5%, payable in the short term. At December 31, 2012, this loan was fully paid.

At December 31, 2013, the balance due for this item totaled $111 million, corresponding to exchange rate variation.

Companies owned by the Stockholder and other Government Institutions

During 2012 and 2011, PDVSA received contributions from FONDEN, BANDES and the Joint Chinese-Venezuelan Incorporation Fund for the acquisition of goods and services earmarked for the GMVV project. At December 31, 2012, PDVSA paid $43 million and $611 million, respectively, corresponding to contributions received from FONDEN and the Joint Chinese-Venezuelan Fund, respectively. In 2013, PDVSA did not receive any contribution for this concept. At December 31, 2013, these funds were transferred to Fondo Simón Bolívar para la Reconstrucción, S.A.

(f) Balances and Transactions with Key Management Personnel

During 2013, 2012 and 2011, compensation paid by PDVSA to its directors for the concept of salaries and social security were totaled approximately $1.63 million, $2.02 million and $1.59 million, respectively.

In addition to salaries and social security contributions, PDVSA grants non-monetary benefits to its directors, as well as employee benefits and postemployment benefits. Under the terms of internal regulations of PDVSA, directors have the same rights as all other employees, with respect to eligibility for retirement plan and postemployment benefits other than pension plans. At December 31, 2013, 2012 and 2011, liabilities recognized in this regard amount to approximately $1.93 million, $1.14 million and $1.62 million, respectively (see note 24).

Certain directors of PDVSA hold key positions in other related parties, and some of their powers include influencing the operating and financial policies of those companies.

Transaction conducted with related parties during the years ended December 31, 2013, 2012 and 2011 do not necessarily show the results that would have been obtained had these transactions been conducted with third parties.

(33) PDVSA's Entities

The most significant PDVSA's entities include the following:

	Country	Percentage interest %
PDVSA Petróleo, S.A.	Venezuela	100
Corporación Venezolana del Petróleo, S.A. (CVP)	Venezuela	100
PDVSA Gas, S.A.	Venezuela	100
PDV Marina, S.A. (PDV Marina)	Venezuela	100
PDVSA Servicios, S.A. (PDVSA Servicios)	Venezuela	100
PDVSA América, S.A.	Venezuela	100
Bariven, S.A.	Venezuela	100
PDVSA Industrial, S.A.	Venezuela	100
PDV Holding, Inc.	United States of America	100

Significant part of exploration, production and refining activities on the Republic, as well as marketing and supply to the domestic and international markets are conducted by PDVSA Petróleo.

Businesses related to petroleum activities performed by PDVSA, in association with oil companies of national or foreign capital, within the national territory, are managed and administered by CVP and its subsidiaries which are in charge of exploration, production, crude oil upgrading and marketing activities in the Orinoco Oil Belt Hugo Chávez Frías, as well as the exploration and production of crude oil in traditional areas.

PDVSA Servicios is responsible for supplying specialized exploration and production services, such as operation and maintenance of drilling rigs, seismic surveys, drilling fluids and other related services.

Implementation and monitoring of regional energy cooperation activities by PDVSA, together with the National Government, are mainly conducted through PDVSA América, S.A. and its subsidiaries located in Central and South America (see note 8-c).

Bariven is engaged in the procurement of material and equipment required for PDVSA activities and is responsible for administering and managing inventories, warehouses and sale of unused assets.

PDVSA Industrial and its subsidiaries are engaged in service and technical support activities in the manufacture of equipment, industrial materials and goods for the development of the petroleum industry. Additionally, will develop and implement mining activities, and acquire and participate in mining projects through Corporación Venezolana de Minería.

The main refining and marketing operation of PDVSA in the United States of America is represented by CITGO, which is wholly owned by PDV America (a subsidiary of PDV Holding, Inc.).

(34) Non-controlling Interests

In December 2013, was formed the Empresa Nacional Aurífera, S.A (see note 10-a). Following its incorporation, PDVSA sold 40% of the shares of this subsidiary to the BCV for Bs.135,600 million equivalents to $12,000 million (see notes 12, 22, 26 and 32).

At December 31, 2013, 2012 and 2011, there are significant non-controlling interests in CVP, equivalent to 29%, 30% and 31%, respectively. The information on CVP's significant non-controlling interests before eliminating transactions between subsidiaries is summarized below:

	December 31,		
	2013	**2012**	**2011**
Financial situation:			
Non-current assets	34,455	33,615	29,335
Current assets	64,811	46,602	24,267
Non-current liabilities	(3,093)	(2,183)	(1,208)
Current liabilities	(58,132)	(44,067)	(18,398)
Equity	**38,041**	**33,967**	**33,996**
Equity attributable to non-controlling interests	10,614	10,293	10,565

	Year ended December 31,		
	2013	**2012**	**2011**
Comprehensive income for the year:			
Sales	41,842	37,887	30,033
Net profits	5,563	868	7,216
Comprehensive income	**5,563**	**868**	**7,216**
Net profits attributable to non-controlling interests	1,803	625	2,757
Net cash provided by operational activities	9,880	6,042	6,036
Net cash used in investment activities	(4,352)	(4,576)	(2,819)
Net cash used in financing activities	(5,111)	(1,257)	(3,696)
Net increase (decrease) in cash and cash equivalents	417	209	(479)

(35) Information on Crude Oil and Natural Liquid Gas (NLG) Production, Refining and Exports

A summary of operating data, relating to production, refining and export of crude oil and NLG, based on sub-ledgers of PDVSA and production reports verified by the Ministry follows (expressed in thousands of barrels per day - TBPD):

	Year ended December 31,		
	2013	**2012**	**2011**
Oil and NLG production (per geographic area):			
Eastern division	964	1,061	1,106
Western division	777	799	810
Orinoco Oil Belt Hugo Chávez Frías	1,274	1,174	1,213
Country's total production (1)	**3,015**	**3,034**	**3,129**
Refining capacity (unaudited):			
National sector (2)	1,303	1,303	1,303
International sector (3)	1,519	1,519	1,519
Total refining capacity	**2,822**	**2,822**	**2,822**
Crude oil volume processed in refineries (unaudited):			
National sector	952	932	991
International sector	991	955	1,183
Total crude oil volume processed in refineries	**1,943**	**1,887**	**2,174**
Own exports:			
Crude oil	1,935	2,060	1,916
Products	490	508	553
Country's exports (4 and 5)	**2,425**	**2,568**	**2,469**

(1) Includes plant's condensed crude oil of 5 TBPD, 5 TBPD and 6 TBPD for the years 2013, 2012 and 2011, respectively, and NLG for 117 TBPD, 124 TBPD and 138 TBPD for years 2013, 2012 and 2011, respectively.

(2) Includes national sector refineries: Paraguaná Refining Complex– PRC (Amuay, Cardón and Bajo Grande), El Palito, Puerto La Cruz and San Roque.

(3) Includes the aliquot corresponding to PDVSA on international refineries (AB Nynas Petroleum and Chalmette Refining LLC); as well as its 100% interest in Isla, Lake Charles, Lemont and Corpus Christi refineries.

(4) Includes sales to Empresa Pública de Hidrocarburos del Ecuador (EP Petroecuador) of 7 TBPD in 2013, 3 TBPD in 2012 and 17 TBPD in 2011, which are reported in the consolidated financial statements offset with purchases under the existing energy agreement between PDVSA and EP Petroecuador.

(5) Includes 302 TBPD, 328 TBPD and 332 TBPD from sales made within the framework of Energy Cooperation Agreements in 2013, 2012 and 2011, respectively, and 476 TBPD, 449 TBPD and 415 TBPD for sales under the Joint Chinese-Venezuelan Incorporation Fund in 2013, 2012 and 2011, respectively, supplied pursuant to agreements between the Republic and the countries that are parties to those agreements (see notes 8-b and 8-c).

Accident in Amuay Refinery

On August 25, 2012, an accident occurred at PDVSA's Amuay Refinery, upon which control and safety procedures in place were activated to face the situation. The normal refining capacity during 2012 was equal to that at the end of 2013 and 2011.

According to the accident preliminary reports, insurance policies contracted by PDVSA cover the whole amount that has to be disbursed to reestablish affected assets and meet commitments related to civil liability, less $30 million, in respect of deducible payment and the risk portion assumed by PDVSA.

During the days elapsed between the accident and the restart of operations, PDVSA imported fuel additives for $1,572 million, which were reported as crude oil and product purchases the consolidated statement of comprehensive income for the year ended December 31, 2012.

(36) Financial Information for National and International Sectors

A consolidated summary of PDVSA financial information, per sectors and activities, is presented below in compliance with Article 20 of the Hydrocarbons Organic Law (in millions of dollars):

	Year ended December 31, 2013							
	National Sector							
	Exploration and production	Gas	Refining trade, supply and others	Eliminations (1)	Total National Sector (2)	International Sector	Eliminations, adjustments and reclassifications (3)	Consolidated
Continuing operations:								
Revenue:								
Sales of crude oil, products and others	104,715	2,804	18,956	(31,457)	95,018	53,801	(34,840)	113,979
Finance income	5,145	1,620	12,987	-	19,752	595	-	20,347
	109,860	**4,424**	**31,943**	**(31,457)**	**114,770**	**54,396**	**(34,840)**	**134,326**
Costs and expenses:								
Purchases of crude oil and products, net	28,743	1,592	23,924	(31,457)	22,802	48,866	(34,651)	37,017
Operating expenses	16,918	1,418	1,020	-	19,356	3,336	(148)	22,544
Exploration expenses	140	-	-	-	140	36	-	176
Depreciation and amortization	5,518	544	1,616	-	7,678	657	-	8,335
Selling, administrative and general expenses	422	270	2,946	-	3,638	579	-	4,217
Production tax, extraction tax and other taxes	18,936	259	67	-	19,262	-	-	19,262
Finance cost	796	335	1,582	-	2,713	221	-	2,934
Share of loss (profit) of equity accounted investees	-	(6)	(10)	-	(16)	49	-	33
Other expenses, net	1,363	(125)	1,862	-	3,100	(14)	19	3,105
	72,836	4,287	33,007	(31,457)	78,673	53,730	(34,780)	97,623
Profit before contributions for social development and income tax	**37,024**	**137**	**(1,064)**	**-**	**36,097**	**666**	**(60)**	**36,703**
Contributions for social development	5,194	51	7,761	-	13,006	17	-	13,023
Profit before income tax	**31,830**	**86**	**(8,825)**	**-**	**23,091**	**649**	**(60)**	**23,680**
Income tax:								
Current tax expense	10,656	280	1,285	-	12,221	739	(21)	12,939
Deferred tax (benefit) expense	(3,447)	(68)	(1,634)	-	(5,149)	55	-	(5,094)
	7,209	212	(349)	-	7,072	794	(21)	7,845
Profit	**24,621**	**(126)**	**(8,476)**	**-**	**16,019**	**(145)**	**(39)**	**15,835**
Other comprehensive income:								
Remeasurements of employee defined benefit liability, net of tax	(1,717)	(344)	(1,932)	-	(3,993)	169	-	(3,824)
Foreign currency translation differences	-	-	896	-	896	-	-	896
Other comprehensive income	**(1,717)**	**(344)**	**(1,036)**	**-**	**(3,097)**	**169**	**-**	**(2,928)**
Total comprehensive income	**22,904**	**(470)**	**(9,512)**	**-**	**12,922**	**24**	**(39)**	**12,907**

(1) Represents eliminations of sales, purchases and costs among activities.
(2) The national sector mainly consists of the following subsidiaries PDVSA Gas, PDVSA Petróleo, Corporación Venezolana del Petróleo, PDVSA Industrial, PDVSA Agrícola and PDV Marina.
(3) Represents eliminations, adjustments and reclassifications of sales, purchases and others between national and international sectors for purposes of consolidation of financial statements.

	Year ended December 31, 2012 (restated [4])							
	National Sector							
	Exploration and production	Gas	Refining trade, supply and others	Eliminations [1]	Total National Sector [2]	International Sector	Eliminations, adjustments and reclassifications [3]	Consolidated
Continuing operations:								
Revenue:								
Sales of crude oil, products and others	101,190	3,402	31,881	(29,759)	106,714	54,681	(36,936)	124,459
Finance income	142	-	3,010	-	3,152	-	-	3,152
	101,332	**3,402**	**34,891**	**(29,759)**	**109,866**	**54,681**	**(36,936)**	**127,611**
Costs and expenses:								
Purchases of crude oil and products, net	26,996	1,449	27,655	(29,759)	26,341	50,500	(36,829)	40,012
Operating expenses	15,075	1,427	3,976	-	20,478	2,654	(158)	22,974
Exploration expenses	304	-	-	-	304	188	-	492
Depreciation and amortization	4,385	395	1,689	-	6,469	636	-	7,105
Selling, administrative and general expenses	740	272	2,487	-	3,499	499	-	3,998
Production tax, extraction tax and other taxes	17,367	323	40	-	17,730	-	-	17,730
Finance cost	1,039	4	2,158	-	3,201	200	-	3,401
Share of loss (profit) of equity accounted investees	-	(46)	(11)	-	(57)	(7)	-	(64)
Other expenses, net	1,048	610	738	-	2,396	608	9	3,013
	66,954	4,434	38,732	(29,759)	80,361	55,278	(36,978)	98,661
Profit before contributions for social development and income tax	**34,378**	**(1,032)**	**(3,841)**	**-**	**29,505**	**(597)**	**42**	**28,950**
Contributions for social development	7,998	313	8,959	-	17,270	66	-	17,336
Profit before income tax	**26,380**	**(1,345)**	**(12,800)**	**-**	**12,235**	**(663)**	**42**	**11,614**
Income tax:								
Current tax expense	4,075	38	476	-	4,589	393	-	4,982
Deferred tax (benefit) expense	3,632	(132)	(1,247)	-	2,253	26	18	2,297
	7,707	(94)	(771)	-	6,842	419	18	7,279
Profit	**18,673**	**(1,251)**	**(12,029)**	**-**	**5,393**	**(1,082)**	**24**	**4,335**
Other comprehensive income:								
Remeasurements of employee defined benefit liability, net of tax	315	68	383	-	766	26	-	792
Foreign currency translation differences	-	-	-	-	-	22	-	22
Other comprehensive income	**315**	**68**	**383**	**-**	**766**	**48**	**-**	**814**
Total comprehensive income	**18,988**	**(1,183)**	**(11,646)**	**-**	**6,159**	**(1,034)**	**24**	**5,149**

(1) Represents eliminations of sales, purchases and costs among activities.
(2) The national sector mainly consists of the following subsidiaries: PDVSA Gas, PDVSA Petróleo, Corporación Venezolana del Petróleo, PDVSA Industrial, PDVSA Agrícola and PDV Marina.
(3) Represents eliminations, adjustments and reclassifications of sales, purchases and others between national and international sectors for purposes of consolidation of financial statements.
(4) See note 3-f.

	Year ended December 31, 2011 (restated [4])							
	National Sector							
	Exploration and production	Gas	Refining trade, supply and others	Eliminations [1]	Total National Sector [2]	International Sector	Eliminations, adjustments and reclassifications [3]	Consolidated
Continuing operations:								
Revenue:								
Sales of crude oil, products and others	83,633	3,342	30,352	(19,558)	97,769	58,074	(31,089)	124,754
Finance income	-	-	765	-	765	-	-	765
	83,633	**3,342**	**31,117**	**(19,558)**	**98,534**	**58,074**	**(31,089)**	**125,519**
Costs and expenses:								
Purchases of crude oil and products, net	16,954	1,138	19,420	(19,558)	17,954	52,292	(30,463)	39,783
Operating expenses	9,863	953	884	-	11,700	2,963	(152)	14,511
Exploration expenses	163	-	-	-	163	-	-	163
Depreciation and amortization	4,371	483	1,411	-	6,265	606	-	6,871
Selling, administrative and general expenses	461	182	2,535	-	3,178	557	(5)	3,730
Production tax, extraction tax and other taxes	17,349	265	57	-	17,671	-	-	17,671
Finance cost	1,067	-	2,195	-	3,262	387	-	3,649
Share of loss (profit) of equity accounted investees	-	(53)	(5)	-	(58)	336	-	278
Other expenses, net	3,264	194	(120)	-	3,338	269	(106)	3,501
	53,492	3,162	26,377	(19,558)	63,473	57,410	(30,726)	90,157
Profit before contributions for social development and income tax	**30,141**	**180**	**4,740**	**-**	**35,061**	**664**	**(363)**	**35,362**
Contributions for social development	14,214	261	15,466	-	29,941	138	-	30,079
Profit before income tax	**15,927**	**(81)**	**(10,726)**	**-**	**5,120**	**526**	**(363)**	**5,283**
Income tax:								
Current tax expense	4,490	33	279	-	4,802	369	-	5,171
Deferred tax (benefit) expense	(5,156)	(11)	1,858	-	(3,309)	216	(71)	(3,164)
	(666)	22	2,137	-	1,493	585	(71)	2,007
Profit from continuing operations	**16,593**	**(103)**	**(12,863)**	**-**	**3,627**	**(59)**	**(292)**	**3,276**
Discontinued operations:								
Profit from discontinued operations, net of income tax	-	-	-	-	-	1,353	-	1,353
Profit	**16,593**	**(103)**	**(12,863)**	**-**	**3,627**	**1,294**	**(292)**	**4,629**
Other comprehensive income:								
Remeasurements of employee defined benefit liability, net of tax	(107)	(23)	(130)	-	(260)	(9)	-	(269)
Foreign currency translation differences	-	-	-	-	-	87	-	87
Other comprehensive income	**(107)**	**(23)**	**(130)**	**-**	**(260)**	**78**	**-**	**(182)**
Total comprehensive income	**16,486**	**(126)**	**(12,993)**	**-**	**3,367**	**1,372**	**(292)**	**4,447**

(1) Represents eliminations of sales, purchases and costs among activitie
(2) The national sector mainly consists of the following subsidiaries: PDVSA Gas, PDVSA Petróleo, Corporación Venezolana del Petróleo, PDVSA Industrial, PDVSA Agrícola and PDV Marina.
(3) Represents eliminations, adjustments and reclassifications of sales, purchases and others between national and international sectors for purposes of consolidation of financial statements.
(4) See note 3-f.

	December 31, 2013						
	National Sector						
	Exploration and production	Gas	Refining, trade, supply and others	Total National Sector (1)	International Sector	Eliminations, adjustments and reclassifications (2)	Consolidated
Assets							
Property, plant and equipment, net	76,769	16,922	29,533	123,224	6,607	-	129,831
Equity-accounted investees	-	108	47	155	1,557	-	1,712
Deferred tax assets	12,177	776	4,269	17,222	-	272	17,494
Accounts receivable and other assets	6,405	71	3,210	9,686	6,174	(6,759)	9,101
Recoverable value-added tax	3,524	-	1,476	5,000	23	-	5,023
Restricted cash	148	-	10	158	69	-	227
Non-current assets	**99,023**	**17,877**	**38,545**	**155,445**	**14,430**	**(6,487)**	**163,388**
Inventories	2,179	802	6,047	9,028	4,726	(791)	12,963
Recoverable value-added tax	2,438	311	135	2,884	-	-	2,884
Notes and accounts receivable	6,854	1,459	25,087	33,400	2,620	-	36,020
Prepaid expenses and other assets	2,708	1,828	12,274	16,810	5,881	(17,286)	5,405
Restricted cash	854	-	473	1,327	-	-	1,327
Cash and cash equivalents	1,503	101	6,144	7,748	1,385	-	9,133
Current assets	**16,536**	**4,501**	**50,160**	**71,197**	**14,612**	**(18,077)**	**67,732**
Total assets	**115,559**	**22,378**	**88,705**	**226,642**	**29,042**	**(24,564)**	**231,120**
Equity	**55,865**	**17,540**	**2,704**	**76,109**	**7,302**	**1,075**	**84,486**
Liabilities							
Financial debt	18,487	-	16,394	34,881	1,472	-	36,353
Employee benefits and other post-employment benefits	10,846	203	5,058	16,107	517	-	16,624
Deferred tax liabilities	1,988	-	1,531	3,519	1,151	733	5,403
Provisions	4,942	302	105	5,349	208	-	5,557
Accruals and other liabilities	2,528	-	22,553	25,081	1,474	(9,084)	17,471
Non-current liabilities	**38,791**	**505**	**45,641**	**84,937**	**4,822**	**(8,351)**	**81,408**
Financial debt	3,043	-	3,720	6,763	268	-	7,031
Employee benefits and other post-employment benefits	23	470	544	1,037	11	-	1,048
Trade accounts payable	6,094	1,871	9,154	17,119	4,593	(308)	21,404
Income tax payable	5,854	351	3,463	9,668	434	14	10,116
Provisions	485	179	124	788	-	-	788
Accruals and other liabilities	5,404	1,462	23,355	30,221	11,612	(16,994)	24,839
Current liabilities	**20,903**	**4,333**	**40,360**	**65,596**	**16,918**	**(17,288)**	**65,226**
Total liabilities	**59,694**	**4,838**	**86,001**	**150,533**	**21,740**	**(25,639)**	**146,634**
Total equity and liabilities	**115,559**	**22,378**	**88,705**	**226,642**	**29,042**	**(24,564)**	**231,120**

(1) The national sector mainly consists of the following subsidiaries: PDVSA Gas, PDVSA Petróleo, Corporación Venezolana del Petróleo, PDVSA Industrial, PDVSA Agrícola and PDV Marina.
(2) Represents eliminations, adjustments and reclassifications between national and international sectors for purposes of financial statement consolidation.

	December 31, 2012 (restated [3])						
	National Sector						
	Exploration and production	Gas	Refining, trade, supply and others	Total National Sector [1]	International Sector	Eliminations, adjustments and reclassifications [2]	Consolidated
Assets							
Property, plant and equipment, net	67,812	14,681	26,742	109,235	6,670	-	115,905
Equity-accounted investees	-	179	32	211	1,311	-	1,522
Deferred tax assets	6,995	740	3,617	11,352	20	255	11,627
Accounts receivable and other assets	6,967	226	3,329	10,522	3,838	(5,137)	9,223
Recoverable value-added tax	4,203	-	820	5,023	24	-	5,047
Restricted cash	139	-	11	150	68	-	218
Non-current assets	**86,116**	**15,826**	**34,551**	**136,493**	**11,931**	**(4,882)**	**143,542**
Inventories	3,375	677	3,938	7,990	4,357	(741)	11,606
Recoverable value-added tax	3,630	244	351	4,225	-	-	4,225
Notes and accounts receivable	3,234	1,582	33,859	38,675	3,031	-	41,706
Prepaid expenses and other assets	1,788	1,104	13,380	16,272	9,699	(18,971)	7,000
Restricted cash	1,668	-	444	2,112	-	-	2,112
Cash and cash equivalents	259	23	6,415	6,697	1,536	-	8,233
Current assets	**13,954**	**3,630**	**58,387**	**75,971**	**18,623**	**(19,712)**	**74,882**
Total assets	**100,070**	**19,456**	**92,938**	**212,464**	**30,554**	**(24,594)**	**218,424**
Equity	**49,540**	**6,176**	**11,225**	**66,941**	**6,958**	**(1,413)**	**72,486**
Liabilities							
Financial debt	18,088	-	16,040	34,128	1,519	-	35,647
Employee benefits and other post-employment benefits	5,822	713	6,917	13,452	345	-	13,797
Deferred tax liabilities	1,404	-	453	1,857	1,870	-	3,727
Provisions	3,550	875	17	4,442	237	-	4,679
Accruals and other liabilities	506	4,834	13,212	18,552	2,602	(4,126)	17,028
Non-current liabilities	**29,370**	**6,422**	**36,639**	**72,431**	**6,573**	**(4,126)**	**74,878**
Financial debt	1,956	-	2,390	4,346	33	-	4,379
Employee benefits and other post-employment benefits	52	563	359	974	36	-	1,010
Trade accounts payable	6,671	1,212	5,222	13,105	3,954	(312)	16,747
Income tax payable	1,054	103	1,067	2,224	43	-	2,267
Provisions	1,956	272	362	2,590	-	-	2,590
Accruals and other liabilities	9,471	4,708	35,674	49,853	12,957	(18,743)	44,067
Current liabilities	**21,160**	**6,858**	**45,074**	**73,092**	**17,023**	**(19,055)**	**71,060**
Total liabilities	**50,530**	**13,280**	**81,713**	**145,523**	**23,596**	**(23,181)**	**145,938**
Total equity and liabilities	**100,070**	**19,456**	**92,938**	**212,464**	**30,554**	**(24,594)**	**218,424**

(1) The national sector mainly consists of the following subsidiaries: PDVSA Gas, PDVSA Petróleo, Corporación Venezolana del Petróleo, PDVSA Industrial, PDVSA Agrícola and PDV Marina.
(2) Represents eliminations, adjustments and reclassifications between national and international sectors for purposes of financial statement consolidation.
(3) See note 3-f.

	December 31, 2011 (restated [3])						
	National Sector						
	Exploration and production	Gas	Refining, trade, supply and others	Total National Sector [1]	International Sector	Eliminations, adjustments and reclassifications [2]	Consolidated
Assets							
Property, plant and equipment, net	57,339	14,385	19,724	91,448	6,773	-	98,221
Equity-accounted investees	-	115	35	150	1,414	-	1,564
Deferred tax assets	9,056	410	3,015	12,481	-	272	12,753
Accounts receivable and other assets	4,571	69	4,026	8,666	3,001	(4,659)	7,008
Recoverable value-added tax	3,797	-	1,816	5,613	-	-	5,613
Restricted cash	249	-	11	260	54	-	314
Non-current assets	**75,012**	**14,979**	**28,627**	**118,618**	**11,242**	**(4,387)**	**125,473**
Inventories	2,712	476	3,382	6,570	4,369	(823)	10,116
Recoverable value-added tax	558	99	137	794	28	-	822
Notes and accounts receivable	3,467	709	25,169	29,345	2,231	-	31,576
Prepaid expenses and other assets	703	664	8,394	9,761	7,626	(13,544)	3,843
Restricted cash	609	-	1,105	1,714	-	-	1,714
Cash and cash equivalents	1,079	5	6,107	7,191	1,419	-	8,610
Current assets	9,128	1,953	44,294	55,375	15,673	(14,367)	56,681
Total assets	**84,140**	**16,932**	**72,921**	**173,993**	**26,915**	**(18,754)**	**182,154**
Equity	**35,774**	**7,109**	**20,352**	**63,235**	**6,503**	**(109)**	**69,629**
Liabilities							
Financial debt	16,341	-	14,492	30,833	1,663	-	32,496
Employee benefits and other post-employment benefits	4,967	797	3,267	9,031	1,161	-	10,192
Deferred tax liabilities	77	-	676	753	1,803	-	2,556
Provisions	2,802	67	-	2,869	230	-	3,099
Accruals and other liabilities	91	3,004	16,394	19,489	2,672	(5,012)	17,149
Non-current liabilities	**24,278**	**3,868**	**34,829**	**62,975**	**7,529**	**(5,012)**	**65,492**
Financial debt	1,060	-	1,296	2,356	40	-	2,396
Employee benefits and other post-employment benefits	427	80	270	777	28	-	805
Trade accounts payable	5,493	1,780	2,294	9,567	2,809	-	12,376
Income tax payable	3,968	229	105	4,302	150	-	4,452
Provisions	1,367	582	141	2,090	-	-	2,090
Accruals and other liabilities	11,773	3,284	13,634	28,691	9,856	(13,633)	24,914
Current liabilities	**24,088**	**5,955**	**17,740**	**47,783**	**12,883**	**(13,633)**	**47,033**
Total liabilities	**48,366**	**9,823**	**52,569**	**110,758**	**20,412**	**(18,645)**	**112,525**
Total equity and liabilities	**84,140**	**16,932**	**72,921**	**173,993**	**26,915**	**(18,754)**	**182,154**

(1) The national sector mainly consists of the following subsidiaries: PDVSA Gas, PDVSA Petróleo, Corporación Venezolana del Petróleo, PDVSA Industrial, PDVSA Agrícola and PDV Marina.
(2) Represents eliminations, adjustments and reclassifications between national and international sectors for purposes of financial statement consolidation.
(3) See note 3-f.

(37) Laws, Resolutions and Legal Contributions

Laws and Resolutions

(a) Resolution N• 120 delimiting the geographic area where PDVSA Petróleo will perform primary activities established in Article 9 of the Hydrocarbons Organic Law

On November 22, 2013, the Official Gazette N° 40,300 was published containing Resolution N° 120 issued by the Ministry, through which PDVSA Petróleo will perform the primary activities established in Article 9 of the Hydrocarbons Organic Law, in the area identified as “Barina Oeste”, located in the Municipalities of Barinas, Obispo, Pedraza, Cruz Paredes and Antonio José de Sucre, Barinas state, and Cardenal Quintero and Libertador Municipalities, Mérida state.

(b) Resolution N• 119 delimiting the geographic area where PDVSA Petróleo will perform the primary activities established in Article 9 of the Hydrocarbons Organic Law

On October 18, 2013, the Official Gazette N° 40,279 was published, containing Resolution N° 119 issued by the Ministry, through which PDVSA Petróleo will perform the primary activities established Article 9 of the Hydrocarbons Organic Law, in the delimited area identified as “Bloque Ayacucho 8”, located in the Municipality of Francisco de Miranda, Miranda state, intended to develop optimum and profitable exploration plans and strategies to increase daily production volumes of Ayacucho Division.

(c) Resolution N• 112 setting freights for the transfer of motor gasoline and motor diesel fuel from supply plants owned by PDVSA

On October 11, 2013, the Official Gazette N° 40,273 was published containing Resolution N° 120 issued by the Ministry setting freight for the transfer of motor gasoline and motor diesel fuel from supply plans owned by PDVSA.

(d) Presidential Decree reserving for the National Government, through the Ministry the exercise of nickel exploration and exploitation activities

On October 1, 2013, the Official Gazette N° 40,265 was published containing Presidential Decree N° 455, which reserves for the National Government, through the Ministry, direct exercise of nickel exploration and exploitation activities, as well as other nickel-related minerals, which are located in the area comprising the former concessions, in the Municipalities of Santos de Michelena and Guaicaipuro of Aragua and Miranda states, respectively.

(e) Ratification of PDVSA Board of Directors

On April 24, 2013, the Official Gazette N° 40,153 was published containing Presidential Decree N° 20, which ratifies the members of the PDVSA’s Board of Directors.

(f) Decree in Full Force and Effect of the Law Creating a Special Contribution for Extraordinary Prices and Exorbitant Prices in the International Hydrocarbons Market

On April 18, 2011, Extraordinary Official Gazette N° 6,022 was published containing the Presidential Decree N° 8,163, which enacted the Decree in Full Force and Effect of the Law creating a Special Contribution for Extraordinary Prices and Exorbitant Prices in the International Hydrocarbons Market, which supersedes the Law on Special Contribution on Extraordinary Prices of International Hydrocarbons Market published in Official Gazette N° 38,910 dated April 15, 2008, and the provisions of the Law of the BCV that govern PDVSA’s contribution to FONDEN, establishing a special contribution to be paid on a monthly basis by those exporting liquid hydrocarbons and products abroad, as well as Mixed Companies selling liquid hydrocarbons and products to PDVSA or any of its subsidiaries.

When extraordinary prices are higher than the price established in the National Budget Law of the respective fiscal year, but equal to or lower than $70 per barrel, an aliquot of 20% of the total amount of the difference between the two prices will be applied.

Similarly, the exorbitant prices aliquot is created, which is determined according to the following tranches:

- When exorbitant prices are higher than $70 per barrel, but lower than $90 per barrel, an aliquot of 80% of the total amount of the difference between the two prices will be applied.
- When exorbitant prices are equal to or higher than $90 per barrel, but lower than $100 per barrel, an aliquot of 90% of the total amount of the difference between the two prices will be applied.

- When exorbitant prices are equal to or higher than $100 per barrel, an aliquot of 95% of the total amount of the difference between the two prices will be applied.

This contribution will be made on every barrel of oil exported or transported abroad and will be paid monthly by the Ministry to FONDEN (see note 13).

This Decree-Law establishes exemptions from the established contributions for the following activities:

- Execution of projects for new deposits development, increases in the production of approved development plans for on-going projects, declared as such by the Ministry, provided their total investment has not been recovered. The Ministry will establish, via resolution, the parameters that will be taken into account by said entity to declare that the investment has been recovered.
- Export of volumes in compliance with international agreements for cooperation or financing.

On February 27, 2012, was published Official Gazette N° 39,871 containing Presidential Decree N° 8,807, which enacted the Decree in Full Force and Effect of the Law on Partial Reform of the Decree in Full Force and Effect of the Law Creating the Special Contribution for Extraordinary Prices and Exorbitant Prices in the International Hydrocarbons Market. This Decree enlarges the purposes for which the resources coming from this contribution can be used, and provides for the possibility of payment in bolivars as per instructions by FONDEN. The terms and conditions of payment of the special contributions established in this Decree-Law will be set by the Ministry of People's Power with competence in petroleum-related matters, through a resolution published in the Official Gazette of the Bolivarian Republic of Venezuela.

On February 20, 2013, was published Official Gazette N° 40,114 containing the Partial Reform of Decree N° 8,807 in Full Force and Effect of the Law Creating the Special Contribution for Exorbitant Prices in the International Hydrocarbons Market. The mentioned Law replaced Decree N° 8,807 of the Law dated February 27, 2012.

Pursuant to this reform, extraordinary prices arise when the monthly average of international quotations of the Venezuelan liquid hydrocarbons price is higher than the price set in the Budget Law of the respective fiscal year, but equal to or lower than $80 per barrel; and exorbitant prices arise when the monthly average of international quotation of the Venezuelan liquid hydrocarbons price is higher $80 per barrel. In relation to the extraordinary price aliquot, it was established that when the monthly average of international quotations of the Venezuelan liquid hydrocarbons price is higher than the price established in the Budget Law of the respective fiscal year, but equal to or lower than $80 per barrel, an aliquot of 20% will be applied on the difference between both prices.

In relation to the exorbitant price aliquot, the Law provided for the following tranches:

- When exorbitant prices are higher than $80 per barrel, but lower than $100 per barrel, an aliquot of 80% of the total amount of the difference between the two prices will be applied.
- When exorbitant prices are equal to or higher than $100 per barrel, but lower than $110 per barrel, an aliquot of 90% of the total amount of the difference between the two prices will be applied.
- When exorbitant prices are equal to or higher than $110 per barrel, an aliquot of 95% of the total amount of the difference between the two prices will be applied.

Furthermore, the following exemptions are ratified in the case of:

- Companies performing activities referred to Articles 6 and 8 of the Law, related to the implementation of project of new development, as well as increasing volumes associated with recovered and upgrading projects, or production remediation projects, declared as such by the Ministry of the People's Power with competence in oil-related activities and mining. Through resolution, the Ministry will establish the criteria to be taken into account to declare volumes exempt from this contribution as such.
- Export of volumes in compliance with international agreements for cooperation or financing.

Likewise, a ceiling of $80 per barrel was established as maximum price for the calculation and payment of production tax, extraction tax and export registration tax as provided for in the Hydrocarbons Organic Law.

Provisions of the Law of BCV, enacted on April 8, 2012 and published in the Official Gazette N° 39,419 dated May 7, 2010, regulating PDVSA's contribution to FONDEN, as well as any other equal or lower hierarchy provision that may collide with the aforementioned Law, were superseded.

(g) Decree transferring PDVSA or the subsidiary it may design, the right to develop Gold Exploration and Mining activities

On February 13, 2013, was published Official Gazette N° 40,109 containing Presidential Decree N° 9,368, which transfer PDVSA, or the subsidiary it may appointed, the right to develop, either directly or through a state-owned entity, Gold Exploration and Mining activities, as well as those related and ancillary activities, which will be carried out in accordance with the principles of sustainable development, preservation of the environment and territorial order, under the technical and economic conditions that may prove to be more convenient for the rational development of the deposit (see notes 10-a, 30, 32, 37-i and 37-p).

(h) Exchange Agreements

On February 8, 2013 was published the Official Gazette N° 40,108, containing the reform of Exchange Agreement N° 14, effective as of February 9, 2013. This reform establishes the exchange rate in Bs.6,2842 per U.S. dollar for the purchase and Bs.6,30 per U.S. dollar for sale. This resolution superseded Exchange Agreement N° 14 of December 30, 2010, Exchange Agreement N° 15, Article 5 of Exchange Agreement N° 12, as well as any other colliding provision.

Furthermore, Official Gazette N° 40,108 published Decree N° 9,381 creating the Higher Entity for the Optimization of the Exchange System (Órgano Superior para la Optimización del Sistema Cambiario in Spanish), which will be responsible for designing, planning and implementing strategies developed by the Republic in exchange-related matters.

On December 30, 2013, the Official Gazette N° 40,324 was published containing the Exchange Agreement N° 24, establishing that the purchase exchange rate applicable to PDVSA for the sale of foreign currency obtained from activities or operations other than export and/or sales of hydrocarbon, will be the same as the exchange rate resulting from the last foreign currency allocation through SICAD, which will be posted on the webpage of this entity, reduced by 0.25%. The same exchange rate will be applicable to the sale of foreign currency of service companies belonging to Conglomerado Nacional Industrial Petrolero, companies selling foreign currency from mining exports and foreign currency managed or received by the People's Savings Fund (see note 37-l). These companies will transfer foreign currency to PDVSA to sell them to the BCV on behalf thereof.

The sale exchange rate applicable to operations described above will be equal to the exchange rate resulting from the last foreign currency allocation through SICAD, which will be posted on its webpage.

The exchange rate applicable to gold purchases operations by the BCV will be the exchange rate described in the above paragraph.

Furthermore, Exchange Agreement N° 24 provides for that assets denominated in foreign currency, represented by exploitation rights, transferred to PDVSA (see note 37-g), as well as other intangible assets and liabilities in foreign currency of the gold sector companies, will be recognized at the exchange rate resulting from the last foreign currency allocation through SICAD.

(i) Resolution N• 177 of Ministry about the delimitation of geographical areas where will be performed activities that reserve to the State the Activities of Gold Exploration and Exploitation

In Extraordinary Official Gazette N° 6,094, dated December 28, 2012, the Ministry published Resolution N° 177 delimiting the geographical areas in which PDVSA or a designated subsidiary, will perform activities established in Article 1 of Organic Law Reserving to the State the Activities of Gold Exploration and Exploitation, as well as those related areas (see notes 10-a, 37-g and 37-p).

(j) Presidential Decree transferring shares of Corporación de Desarrollo de la Región Zuliana (CORPOZULIA) to PDVSA

In Official Gazette N° 39,982 dated August 9, 2012, Presidential Decree N° 9,131 was published, ordering transfer to PDVSA 70% of common, nominative, non-convertible bearer shares currently held by CORPOZULIA, in the state-owned company Carbones del Zulia, S.A. (CARBOZULIA).

(k) Organic Law of Labor and Workers (LOTTT)

In Extraordinary Official Gazette N° 6,076 published on dated May 7, 2012, the Presidential Office published the LOTTT. The Law must be adopted as from that date, except for some aspects, which shall be put into force within one and three years. This Law supersede the Labor Organic Law dated June 19, 1997, published in the Extraordinary Official Gazette N° 5,152, as amended on May 6, 2011 and published in the Extraordinary Official Gazette N° 6,024 (see note 24-b).

(l) Decree in Full Force and Effect of the Organic Law concerning the "Fondo de Ahorro Nacional de la Clase Obrera" and the "Fondo de Ahorro Popular"

In Official Gazette N° 39,915 published on May 4, 2012, the Presidential Decree N° 8,896 was published, issuing the Decree in Full Force and Effect of the Organic Law concerning the "Fondo de Ahorro Nacional de la Clase Obrera" and the "Fondo de Ahorro Popular". The "Fondo de Ahorro Nacional de la Clase Obrera" shall aimed to generate and to manage financial and investment instruments, to manage and to improve further funding sources, required to contribute to the payment of State's social benefit debts to employees, as well as promoting national savings through investment mechanisms, to facilitate the participation of savings banks and funds, workers, companies and general public, which will be linked to the development of national productive sectors. According to the above, the incorporation of the subsidiary PDVSA Social, S.A. was decided. This subsidiary shall own an interest of those Mixed Companies transferred from CVP and dividends generated by these assets shall be transferred to the "Fondo de Ahorro Nacional". The amounts corresponding to 3.33% of the value of liquid hydrocarbons lifted from any deposit that have to paid by Mixed Companies for extraction tax will be transferred to this Fund (see notes 10-a and 21).

(m) Decree N• 8,864 ordering the forced acquisition of movable and immovable property and other properties (Central Azucarero Guanare in Spanish)

In Official Gazette N° 39,892 published on March 27, 2012, the Decree N° 8,864 ordered the forced acquisition of movable and immovable properties and other properties were making up the Guanare Sugar Mill, belonging to Azucarera Guanare, C.A. (AGUACA). These properties shall be used for the urgent execution of the work "Consolidation of Agro-Industrial Infrastructure for the Development of Sugar Producing Potential of the Central-Western Region," which shall have social purposes and will be implemented by PDVSA Agrícola, a subsidiary of PDVSA. At December 31, 2013, legal and financial steps required to take control over operations have not been completed.

(n) Certification of Hydrocarbon Reserves

In Official Gazette N° 39,885 published on March 16, 2012, the Resolution N° 019 of the Ministry was published, which adds 2 million barrels of proved oil reserves, resulting in total proved developed and undeveloped oil reserves of the Venezuelan Nation at December 31, 2011 of 297.571 billion barrels.

(o) Decree in Full Force and Effect of the Law on Fair Costs and Prices

On July 18, 2011, Official Gazette N° 39,715 was published containing Presidential Decree N° 8,331 through which the Decree in Full Force and Effect of the Law on Fair Costs and Prices is used to establish rules, as well as various administration and control mechanisms needed to maintain the stability of prices and promote access to goods and services to all people on equal terms within the framework of an economic and social model that favors the interest of the people and not of capital. On November 17, 2011, Official Gazette N° 39,802 was published containing the Regulations of the aforementioned Law on Fair Costs and Prices, which established that the National Superintendence of Costs and Prices will be the entity in charge of ensuring compliance with said law. At December 31, 2013, 2012 and 2011, the enforcement of this Law has not had any significant effects on PDVSA.

(p) Decree in Full Force and Effect of the Law Reserving the State Gold Activities

On September 16, 2011, Official Gazette N° 39,759 was published containing Presidential Decree N° 8,413, which enacts the Organic Decree in Full Force and Effect of the Law reserving the State gold exploration and development activities.

In Extraordinary Official Gazette N° 6,063 dated December 15, 2011, was published Decree N° 8,683 about the partial reform of the Decree in Full Force and Effect of the Organic Law Reserving the State Gold Exploration and Development Activities, as well as those Related and Ancillary to the said mineral (see notes 10-a, 37-g and 37-i).

(q) Amendment to the Terms and Conditions for Creation and Operation of named Mixed Companies

On September 28, 2009, Official Gazette N° 39,273 was published containing the Amendment to the Agreement for Creation and Operation of Mixed Companies, establishing a new 3.33% percentage for distribution of additional production tax, also known as a "special advantage" that must be paid by Mixed Companies for oil-related activities. The amendment to the Agreement sets forth that this distribution will be carried out as follows: a) 2.22% for a Special Fund for the People's Power (FOPO) directly managed by the National Government and aimed at endogenous development projects established under the framework of the guidelines of the National Development Plan, and b) 1.11% for municipalities where oil-related activities are performed in the country, distributed in 30% for municipalities where the primary activities of the Mixed Company take place, and 70% for the remaining municipalities of the country where oil activities are performed, according to the population and human development index of each municipality (see note 14-i).

Legal Contributions

(r) Partial Regulations No. 1 of the Organic Law on Sports, Physical Activities and Physical Education

On February 28, 2012, Official Gazette N° 39,872 was published containing the Organic Law on Sports, Physical Activities and Physical Education, which establishes the provisions to pay contributions to the National Fund for the Development of Sports. Payments can be made in legal tender or in a combined manner with projects charged in the bank of projects of the National Sports Institute (IND by its Spanish acronym). Payment in projects may not exceed 50% of the corresponding contributions. Returns corresponding to these contributions will be filed within 120 calendar days after the closing of the fiscal year.

The rules establish that submitting estimated returns is mandatory for taxpayers compelled to make this contribution 190 days after the closing of the fiscal year.

(s) Organic Law on Sports, Physical Activities and Physical Education

On August 23, 2011, Official Gazette N° 39,741 was published containing the Organic Law on Sports, Physical Activities and Physical Education. This Law establishes that companies or other private or public organizations performing profit-seeking economic activities in the country must make a contribution of 1% of their net profits or annual accounting income if the latter is greater than 20,000 Tax Units. This contribution will be made in accordance with the parameters defined in the Regulations to the Law or with those issued by the Ministry of People's Power overseeing sports, physical activities and physical education. During the years ended December 31, 2013, 2012 and 2011, PDVSA contributed $156 million, $96 million and $30 million, respectively, included in other expenses, net, in the consolidated statement of comprehensive income (see note 11).

(t) Law on Amendment of the Organic Law on Science, Technology and Innovation (LOCTI by its Spanish acronym)

On December 16, 2010, Official Gazette N° 39,575 was published containing the Law on Amendment of the Organic Law on Science, Technology and Innovation (LOCTI). This reform establishes that private or public legal entities, whether domiciled in the Republic or abroad, performing economic activities within the national territory, will pay on an annual basis an established percentage of their gross income from the previous year based on the business activity they perform as follows:

- 2% when the business area is one of those listed in the Law for the Control of Casinos, Bingo Facilities and Slot Machines, as well as any area relating to the industry and trade of ethyl alcohol, alcoholic beverages and tobacco.
- 1% for private owned companies operating in business areas subject to the LOH and Gas Hydrocarbons Law and activities encompass mining, its processing and distribution.
- 0.5% for public owned companies if the business pursued is one of those listed in LOH and Gas Hydrocarbons Law and encompasses mining, its processing and distribution activities.
- 0.5% for any other business activity.

During the years ending December 31, 2013, 2012 and 2011, PDVSA contributed $546 million, $634 million and $430 million, respectively, reported as part of other expenses, net in the consolidate statement of comprehensive income (see note 11).

(u) Organic Law on Drugs (LOD by its Spanish acronym), supersede the Organic Law against Illegal Trafficking and Consumption of Narcotics and Psychotropic Substances (LOCTICSEP by its Spanish acronym)

On December 2005, the Organic Law against Illegal Trafficking and Consumption of Narcotics and Psychotropic Substances (LOCTICSEP) was published. This Law establishes that all legal entities with fifty or more employees must earmark 1% of the annual net income for integral social prevention programs against trafficking and consumption of illegal drugs, and from this percentage, 0.5% will be used for all-encompassing protection programs for children and adolescents.

Official Gazette N° 39,211 published on dated July 1, 2009, was published containing Presidential Decree N° 6,776 enacting the Partial Regulations of LOCTICSEP intended to define and establish guidelines, mechanisms, modalities, forms and opportunities for legal entities, either public or private, indicated in Articles 96 and 97 of this Law, to comply with the obligation of making the required contributions to National Anti-drugs Board (Ofina Nacional Antidrogas – ONA by its Spanish acronym).

Official Gazette N° 39,336 published on dated December 29, 2009 was published containing ONA Resolutions 007-2009 and 008-2009 which set forth standards and procedures for registration of taxpayers and collection, control and audit of the contributions established in Articles 96 and 97 of that Law, as well as standards regulating the statement and payment of contributions corresponding to fiscal years 2006, 2007 and 2008, clarifying that the taxable base of contributions is the net income before income tax.

On September 15, 2010, Official Gazette N° 39,510 was published containing the Organic Law on Drugs (LOD) which supersedes LOCTICSEP effective as of its publication date. This Law establishes that all legal entities with 50 or more employees are under the obligation to pay the equivalent of 1% of their earnings or profit of the pertinent fiscal year to the National Antidrug Fund within 60 days following the end of the respective fiscal year. For the purpose of this obligation, legal entities that are part of economic groups will be consolidated. During the years ended December 31, 2013, 2012 and 2011, PDVSA recognized expenses for $138 million, $142 million and $148 million, respectively, included in other expenses, net in the consolidate statement of comprehensive income (see note 11).

(38) Subsequent Events

(a) Certification of Hydrocarbon Reserves

In Official Gazette N° 40,392 dated April 11, 2014, was published the Resolution N° 030 of the Ministry, which adds 1.6 million barrels of proved oil reserves, resulting in total proved oil reserves of the Venezuelan Nation at December 31, 2013 of 298,353 million barrels.

(b) Exchange Agreement N• 28

On April 4, 2014, published in Official Gazette N° 40,378 Exchange Agreement N° 28 , which states that the bought exchange rate applicable to PDVSA for selling of currencies provided by financing, financial instruments, capital contributions in cash, assets sale, dividends received, debt collection, service delivery and any other sources provided from activities or transactions different from export and / or sale of hydrocarbons operations shall be equal to the exchange rate resulting from the last foreign exchange allocation made through the Exchange System Alternative Currencies (SICAD II) , that applies to the date of the relevant transaction , reduced by 0.25 %.

The exchange agreement states that the foreign exchange generated by entities that are part of the National Industrial Conglomerate Oil and currencies managed or received by the Popular Savings Fund referred in the Decree with Rank and Force of Law of the National Savings Fund of the Working Class and Popular Savings Fund (see note 37-l), and those that are intended for private investment companies in the oil, gas and petrochemical sectors, may be sold through SICAD II.

The exchange rate applicable of buying gold by BCV, would be the described in the previous paragraph.

Also, Exchange Agreement N° 28 establishes that the assets denominated in foreign currency represented by exploitation rights, which transferred to PDVSA (see note 37-g) and other intangible assets and liabilities in foreign exchange currency from companies in the gold sector, must be recognized at the exchange rate reference SICAD II.

(c) Financing Agreements

In February and March 2014, PDVSA signed certain agreements for funding of the following banks:

- Loan agreement from Banco de Venezuela denominated in bolivars for $476 million, with an annual variable yearly interest rate initially of 12%, payable over 5 years.
- Loan agreement from Banco del Tesoro denominated in bolivars for $476 million, with an annual interest rate initially of 12%, payable over 5 years.
- Loan agreement from Banco Bicentenario denominated in bolivars for $635 million, with an annual interest rate initially of 12%, payable over 5 years.
- Credit facility with Gazprombank Latin América Véntures, B.V for $1,000 in two parts. The first part for $250 million, which as of the date PDVSA has received $178 million, at LIBOR interest rate plus 6.5% payable in 15 months. The remaining $750 million at LIBOR interest tax rate plus 6.9% payable in 5 years.

(d) Exchange Agreement N° 24

According with the Exchange Agreement N° 24 established in the Official Gazette N° 40,324 published on December 30, 2013, until May 2, 2014 PDVSA has sold $1,550 million provided by activities or transactions other than those related to exploitation and / or sale of hydrocarbons through SICAD.

(e) Exchange Agreement N° 27

On March 14, 2014, was published in the Official Gazette N° 40,368, the Exchange Agreement N° 27 which establishes that foreign exchange transactions will be made through the Exchange System Alternative Currencies (SICAD II), administered by the BCV and the Ministry of People's Power for Economy, Finance and Public Bank. These transactions are referred to purchase and to sale, in local currency, foreign currency cash and securities denominated in foreign currency issued by the Republic, its decentralized entities or any other entity, public or private, domestic or foreign, they are assigned and are listed on international markets.

(f) PDVSA 2026 Bond Issue

Between January and March 2014, PDVSA used its bonds PDVSA 2026 for $2,684 million, held in treasury at December 31, 2013. This operation resulted in a discount in the bond issue for $947 million and gains of $8,946 million.

(g) Decree in Full Force and Effect of Law of the Exchange Regime and Exchange Crimes

On February 19, 2014, the Extraordinary Official Gazette N° 6,126 was published containing the Presidential Decree N° 798, issuing the Decree in Full Force and Effect of the Law of the Exchange Regime and Exchange Crimes, which established the fundamentals for the participation of individuals and public entities in the purchase and sale of foreign currency, and the assumptions constituting exchange crimes and their respective penalties. The Decree-Law authorizes PDVSA to participate as foreign currency bidder and determines which other institutions are allowed to operate as agents in exchange operations. The Decree Law appoints "Centro Nacional de Comercio Exterior" as the main regulating entity in exchange-related matters.

(h) Employee Benefits

In February 2014, the Oil Collective Contract for Employee for the 2013-2015 periods was approved. This contract includes wage improvements and other employee benefits which were considered in the calculation of employee benefits (see note 24).

(i) Renewal of Investment Certificates

In January and February 2014, short-term investment certificates with Banco del Tesoro for $730 million, with an annual interest at 8.00% payable on a monthly basis, were renewed.

In February 2014, short-term investment certificates with Banco de Venezuela for $317 million, with an annual interest at 8.00% payable on a monthly basis, were renewed.

(j) Decree in Full Force and effect of the Law Fair Costs and Prices

On January 23, 2014, was published in Official Gazette N° 40,340, the Decree in Full Force and effect of the Law Fair Costs and Prices N° 600. Repealing the Decree Law on Fair Costs and Prices, dated July 18, 2011, to ensure the harmonious, just, equitable, productive and sovereign development of the national economy, through fair pricing of goods and services, by analyzing cost structures, fixing maximum rate of gain and the effective control of economic and commercial activity.

(k) New Accounting Pronouncements

The IASB issued January 30, 2014, the provisional standard IFRS 14 *Regulatory Deferred Accounts*. The objective of this standard is to improve the comparability of financial information of the entities engaged in activities regulated price. This standard is effective for periods beginning on January 1, 2016.

(39) Unrecovered Costs and Expenses for Products Sales in Venezuela

The consolidated statements of comprehensive income for the years ended December 31, 2013, 2012 and 2011 include unrecovered costs and expenses net, for $15,193 million, $15,564 million and $10,245 million, respectively, primarily arising from sales of fuels at regulated prices and from the unrecovered carrying value of certain assets from the refining and supply segments associated to the production and sale of fuels for the domestic market.

Fuels are sold by PDVSA in the domestic market at regulated prices as established by the National Government, which are significantly lower in respect of the production and selling cost. During the years 2013, 2012 and 2011, PDVSA sold in the domestic market 703 TBPD, 681 TBPD and 646 TBPD of fuels, respectively, incurring net unrecovered production and selling costs for the same years for $14,958 million, $14,786 million and $9,981 million, respectively. Revenues and production and selling costs of fuels from the domestic market are included in the corresponding caption in the consolidated statements of comprehensive income for each year presented.

During the years ended December 31, 2013, 2012 and 2011, PDVSA recognized losses as other expenses in the consolidated statements of comprehensive income for $235 million, $778 million and $264 million, respectively. These losses correspond mainly to the identifiable excess resulting from the comparison between the carrying values and the recoverable amounts of certain productive assets of the refining and supply segment, which are mainly used to produce fuels and refined products to be sold in the domestic market at regulated prices (see note 15).

The following tables provide supplementary information on oil and gas exploration, development and production activities. Production activities are carried out only inside Venezuelan territory, mainly by PDVSA Petróleo, PDVSA Gas and CVP's Mixed Companies while exploration activities are carried out both in Venezuelan territory and in the following countries: Bolivia, Ecuador and Cuba.

Table I - Crude Oil and Natural Gas Reserves

All crude oil and natural gas reserves are located in Venezuelan territory and are owned by the Republic. Crude oil and natural gas reserves are estimated by PDVSA and reviewed by the Ministry based on the reserve definitions according to those prescribed by the American Petroleum Institute (API) of the United States of America.

Proved reserves are the estimated quantities of oil and gas in known deposits which, with reasonable certainty, are expected to be recoverable in the future under existing economic and operating conditions. Due to the inherent uncertainties and limited nature of the data relating to deposits, reserve estimates are subject to change over time, as additional information becomes available. Proved reserves do not include additional volumes which may result from the extension of currently explored areas, or from the application of secondary recovery processes not yet tested and determined to be economically feasible.

Proved developed reserves of crude oil and gas include the quantities that can be expected to be recovered from existing wells with equipment and operating methods currently in use. Proved undeveloped reserves are those volumes that are expected to be recovered through investments in the drilling of new wells in undeveloped areas or in the completion of existing wells.

Proved crude oil reserves have been grouped into conventional crude oils (condensed, light, medium and heavy grade crude oils) and extra-heavy crude oil (in millions of barrels):

	Year ended December 31,								
	2013			2012			2011		
	Conventional Crude	Extra-Heavy Crude (including Mixed Companies)	Natural Gas	Conventional Crude	Extra-Heavy Crude (including Mixed Companies)	Natural Gas	Conventional Crude	Extra-Heavy Crude (including Mixed Companies)	Natural Gas
Proved developed reserves	8,595	4,364	6,747	8,927	4,053	6,855	9,307	4,345	6,417
Proved undeveloped reserves	31,460	253,935	32,818	31,671	253,084	32,682	30,880	253,039	32,555
Proved developed and undeveloped oil reserves	**40,054**	**258,299**	**39,565**	**40,598**	**257,137**	**39,537**	**40,187**	**257,384**	**38,972**
Proved developed and undeveloped oil reserves equity accounted investees [1]	**596**	**-**	**-**	**378**	**-**	**-**	**400**	**-**	**-**

(1) Due to 30% share of reserves affiliated

A summary of annual changes in the proved reserves of crude oil and natural gas follows:

(a) Conventional and Extra-Heavy Crude Oil (in millions of barrels)

	Year ended December 31,		
	2013	**2012**	**2011**
Proved developed and undeveloped reserves of conventional crude oil at January 1	40,598	40,187	40,273
Revisions	9	1,086	395
Extensions and new discoveries	162	74	305
Production	(715)	(749)	(786)
Proved developed and undeveloped reserves of conventional crude oil at December 31	40,054	40,598	40,187
Proved developed and undeveloped reserves of extra-heavy crude oil at December 31	258,299	257,137	257,384
Total proved developed and undeveloped reserves at December 31 (1)	**298,353**	**297,735**	**297,571**
Total proved developed reserves, subject to production, including extra-heavy crude oil at December 31 (included in the previous total)	**12,960**	**12,980**	**13,652**

(1) Includes condensed crude oil reserves of 2,384 million barrels, 2,618 million barrels and 2,647 million barrels for 2013, 2012 and 2011, respectively.

Extra-Heavy Crude Oil

Venezuela has significant reserves of extra-heavy crude (less than 8 degrees API), which are being developed in conjunction with several foreign companies through the oil Mixed Companies in the Orinoco Oil Belt Hugo Chávez Frías and through the application of new technologies for refining, crude oil upgrading to obtain an upgraded crude oil aimed to attain an economically viable production.

During 2013, 2012 and 2011, changes in proved developed and undeveloped reserves of extra-heavy crude oil associated with Mixed Companies in the Orinoco Oil Belt Hugo Chávez Frías, as well as changes in total proved developed and undeveloped reserves of extra-heavy crude oil at those dates, reflecting the total amount of the reserves, were as follows (in millions of barrels):

	Year ended December 31,					
	2013		**2012**		**2011**	
	Mixed Companies (1)	**Total (including Mixed Companies)**	**Mixed Companies (1)**	**Total (including Mixed Companies)**	**Mixed Companies (1)**	**Total (including Mixed Companies)**
Proved developed and undeveloped reserves of extra-heavy crude oil at January 1	92,624	257,137	92,405	257,384	52,031	256,228
Revisions	225	1,503	12	12	(892)	1,459
Transfers	21	-	-	-	41,451	-
Development and new discoveries	-	-	50	55	-	-
Production	(206)	(341)	(200)	(314)	(185)	(303)
Proved developed and undeveloped reserves of extra-heavy crude oil at December 31	**92,664**	**258,299**	**92,267**	**257,137**	**92,405**	**257,384**
Proved developed reserves submitted to production of extra-heavy crude oil at December 31	**1,370**	**4,364**	**1,365**	**4,053**	**1,492**	**4,345**

(1) Includes PetroPiar, S.A., PetroCedeño, S.A. and PetroMonagas, S.A., which are oriented to the production of supgraded crude oil. It also includes: Petrolera Sinovensa, S.A. and Petrolera Indovenezolana, S.A., which produce diluted crude oil of 16° API (Merey segregation). In 2011, Petrojunín, S.A., Petromiranda, S.A., Petromacareo, S.A., and PetroUrica, S.A joined with an allocation of undeveloped reserves of 6,925 million barrels, 14,630 million barrels, 8,053 million barrels and 10,838 million barrels, respectively.

In June 2005, the Ministry assigned the Proyecto Orinoco Magna Reserva to CVP to quantify and certify the reserves of the Orinoco Oil Belt Hugo Chávez Frías. The established strategic guidelines aim at transforming the Orinoco Oil Belt Hugo Chávez Frías into an engine of economic, social, industrial, technological and sustainable development for the country, through the valuation and optimal development of its hydrocarbon resources within the current legal framework and the development plan of the Nation.

To quantify and certify the reserves, the Orinoco Oil Belt Hugo Chávez Frías was divided into four large areas: Boyacá, Junín, Ayacucho and Carabobo, and these areas were, in turn, divided into 45 blocks (including the areas allocated to the Mixed Companies), which will be quantified in a joint effort between CVP and the professionals of 24 companies from 19 countries that have signed Agreement of Understanding with the National Government.

During 2013, 2012 and 2011, the total proved crude oil reserves increased by 1,674 million barrels, 1,228 million barrels and 2,159 million barrels, respectively, mainly associated with oil deposits in the Orinoco Oil Belt Hugo Chávez Frías and traditional areas, as summarized below (in million barrels):

	Year ended December 31,		
	2013	**2012**	**2011**
Ayacucho	56	51	943
Junín	758	214	-
Boyacá	-	4	6
Carabobo	212	131	-
Traditional areas	648	828	1,072
Offshore	-	-	138
	1,674	**1,228**	**2,159**

The Orinoco Oil Belt Hugo Chávez Frías contains 1,443,950 million barrels of Original Oil in Place (OOIP), and it is estimated that its recoverable reserves will be 268,560 million barrels, based on the total recovery factor of 20%. Reserves to be certified at the beginning of the project were 235,600 million barrels, of which a total of 57,060 million barrels have been certified until 2007; 73,738 million barrels in 2008; 38,920 million barrels in 2009; 86,282 million barrels in 2010, 949 million barrels in 2011,400 million barrels in 2012 and 1,495 million barrels for 2013 thus raising official reserves to 258,809 million barrels over the past seven years.

(b) Natural Gas Reserves (in billions of cubic feet)

	Year ended December 31,		
	2013	**2012**	**2011**
Proved developed and undeveloped reserves of natural gas at January 1	160,449	159,138	159,415
Revisions	1,052	2,413	984
Extensions and new discoveries	676	328	111
Production	(2,488)	(2,487)	(2,413)
Injection	1,013	1,057	1,041
Proved developed and undeveloped reserves of natural gas at December 31	160,702	160,449	159,138
Proved reserves of natural gas related to reserves of extra-heavy crude oil at December 31	36,387	35,960	36,096
Total proved developed and undeveloped reserves of natural gas at December 31	**197,089**	**196,409**	**195,234**
Total proved developed reserves of natural gas submitted to production, including those related to extra-heavy crude oil at December 31 (included in the previous total)	**39,135**	**39,760**	**37,217**

Production of natural gas is presented on the basis of actual volumes before the extraction of liquefiable hydrocarbons.

Table II - Costs Incurred in Exploration and Development Activities

Exploration costs include the costs incurred in geological, geophysical, drilling and equipping activities of exploratory wells. Development costs include those related to drilling and equipping development wells, enhanced recovery projects and facilities to extract, treat and store crude oil and natural gas. Annual costs, summarized below, include amounts recorded in both expenses and assets accounts related to PDVSA's conventional and extra-heavy crude oil reserves (in millions of dollars):

	Year ended December 31,								
	2013			2012			2011		
	Conventional Crude	Extra-heavy crude	Total	Conventional Crude	Extra-heavy crude	Total	Conventional Crude	Extra-heavy crude	Total
Exploration costs	176	-	176	492	-	492	163	-	163
Development costs	10,171	3,883	14,054	23,085	2,726	25,811	12,863	1,395	14,258
Total	**10,347**	**3,883**	**14,230**	**23,577**	**2,726**	**26,303**	**13,026**	**1,395**	**14,421**

Table III - Costs Recorded as Assets in Oil and Gas Production Activities

The following table summarizes costs recognized as assets in oil and gas production activities and the corresponding accumulated depreciation and amortization at December 31 regarding PDVSA's conventional and extra-heavy crude oil reserves (in millions of dollars):

	Year ended December 31,								
	2013			2012			2011		
	Conventional Crude	Extra-heavy Crude Oil	Total	Conventional Crude	Extra-heavy Crude Oil	Total	Conventional Crude	Extra-heavy Crude Oil	Total
Assets used in production	47,912	14,334	62,246	59,876	5,809	65,685	52,330	4,624	56,954
Equipment and facilities	20,277	8,179	28,456	23,116	10,784	33,900	17,075	10,704	27,779
	68,189	22,513	90,702	82,992	16,593	99,585	69,405	15,328	84,733
Accumulated depreciation	(41,109)	(9,723)	(50,832)	(43,081)	(5,753)	(48,834)	(38,408)	(4,383)	(42,791)
Construction in progress	34,037	9,472	43,509	27,976	3,594	31,570	26,407	2,109	28,516
Net costs capitalized as assets	**61,117**	**22,262**	**83,379**	**67,887**	**14,434**	**82,321**	**57,404**	**13,054**	**70,458**

Table IV - Results of Operations Corresponding to Oil and Gas Production Activities for Each Year (in millions of dollars)

	Year ended December 31,								
	2013			2012			2011		
	Conventional Crude	Extra-heavy Crude Oil	Total	Conventional Crude	Extra-heavy Crude Oil	Total	Conventional Crude	Extra-heavy Crude Oil	Total
Net income from production									
Sales	26,901	22,268	49,169	37,770	20,771	58,541	55,684	16,079	71,763
Transfers	55,094	-	55,094	51,001	-	51,001	38,772	-	38,772
Production costs	(7,588)	(4,705)	(12,293)	(6,108)	(10,349)	(16,457)	(4,431)	(6,429)	(10,860)
Production and extraction taxes	(7,924)	(10,607)	(18,531)	(11,293)	(4,230)	(15,523)	(12,977)	(4,161)	(17,138)
Depreciation	(1,870)	(2,993)	(4,863)	(4,583)	(1,355)	(5,938)	(3,219)	(1,275)	(4,494)
Exploration cost	(176)	-	(176)	(492)	-	(492)	(163)	-	(163)
Income before income tax	64,437	3,963	68,400	66,295	4,837	71,132	73,666	4,214	77,880
Income tax	(32,219)	(1,982)	(34,201)	(33,148)	(2,419)	(35,567)	(36,833)	(2,107)	(38,940)
Income from production operations	**32,218**	**1,981**	**34,199**	**33,147**	**2,418**	**35,565**	**36,833**	**2,107**	**38,940**

Sales from oil production are calculated using international market prices, as if the entire production were sold.

Production costs represent extraction expenses incurred to operate and maintain productive wells and related equipment and facilities, including costs of operating labor, materials and supplies, fuel consumed in operations and the costs of operating natural liquid gas plants incurred by PDVSA and Mixed Companies.

Production costs of extra-heavy crude oil include the expenses incurred to operate and maintain productive wells in Venezuela, as well as transportation and handling expenses.

Exploration costs include those related to the geological and geophysical activities, as well as costs incurred while drilling exploratory wells that ended up being non-productive.

Depreciation expenses correspond to assets used in production activities. Income tax expense is calculated using the statutory rate for the year. For these purposes, results of production operations do not include financing expenses, overhead, or their associated tax effects.

The following table summarizes average prices per unit sales and production costs (in millions of dollars):

	Year ended December 31,		
	2013	**2012**	**2011**
Average sale prices:			
Crude oil, per barrel	98.08	103.42	100.11
Gas basket price, per barrel	28.71	33.25	37.33
Natural gas, per barrel	3.97	4.87	5.24
Average production costs, per equivalent oil barrel	**11.40**	**11.09**	**7.14**
Average production costs, per equivalent oil barrel, excluding Mixed Companies	**10.63**	**10.86**	**6.74**

Table V - Standardized Measure of Discounted Future Net Income Related to Proven Oil and Gas Reserves

As a result of the uncertainties related to the time required for the development of the country's extra-heavy crude oil reserves, only proved conventional crude oil and extra-heavy oil reserves produced by "Mixed Companies" in the Orinoco Oil Belt Hugo Chávez Frías have been considered in the calculation of discounted future net income.

Estimated future cash inflows from production are determinate by applying the 2013, 2012 and 2011 average export prices and the oil and gas year-end quantities of estimated proved reserves. Future income from extra-heavy crude oil production is determined using average export prices and quantities of the upgraded crude oil that will be produced in plants (including PetroPiar, S.A., PetroCedeño, S.A., PetroMonagas, S.A., and Petrolera Sinovensa, S.A.), and for the case of the New Businesses (Mixed Companies in Preoperational Stage located in the Orinoco Oil Belt Hugo Chavéz Frías), extra-heavy crude oil produced is not upgraded. Upgraded crude oil prices at year-end approximate those of conventional crude oil with similar characteristics. Future development and production costs are those considered necessary to add and develop estimated proved reserves at year-end, assuming that the same economic conditions are maintained. Future production and extraction taxes correspond to the total amounts to be paid for Export Registration Tax, Extraction Tax, Production Tax, Special Advantages and the Law Creating the Special Contribution for Extraordinary Prices and Exorbitant Prices in the International Hydrocarbons Market. Future income tax expense is calculated by applying the appropriate year-end statutory tax rates. These rates are applied to estimated future pre-tax net income. This calculation requires annual estimates of when future expenditures will be incurred and when proved reserves will be extracted.

The information provided below does not represent certified estimates of PDVSA's expected future cash flows or an accurate value of proved oil and gas reserves. Proved reserves are inaccurate and may change over time as new information becomes available. Furthermore, probable and possible reserves, which may become proved in the future, are excluded from the calculation. The valuation method requires assumptions of the timing of future extraction of proved reserves and the timing and amount of future development and production costs. The calculations are made at December 31 of each year and should not be relied upon as an indication of PDVSA's future cash flows or the value of the oil and gas reserves (in millions of dollars):

	Year ended December 31,								
	2013			2012			2011		
	Conventional Crude	Extra-heavy crude	Total	Conventional Crude	Extra-heavy Crude	Total	Conventional Crude	Extra-heavy Crude	Total
Future cash flows	4,839,093	7,908,672	12,747,765	5,669,544	7,985,079	13,654,623	5,637,026	6,677,616	12,314,642
Future production costs	(692,297)	(290,714)	(983,011)	(716,600)	(729,452)	(1,446,052)	(488,958)	(390,185)	(879,143)
Future production and extraction tax [1]	(2,501,517)	(3,190,618)	(5,692,135)	(3,033,140)	(3,471,847)	(6,504,987)	(3,345,706)	(2,242,281)	(5,587,987)
Future development costs	(673,296)	(1,753,672)	(2,426,968)	(513,974)	(738,255)	(1,252,229)	(448,499)	(182,820)	(631,319)
Future income tax expenses	(441,254)	(978,666)	(1,419,920)	(654,768)	(1,514,761)	(2,169,529)	(633,723)	(1,807,839)	(2,441,562)
Asset retirement cost	(11,913)	(568)	(12,481)	(14,416)	(318)	(14,734)	(14,416)	(318)	(14,734)
Future net cash flows	**518,816**	**1,694,434**	**2,213,250**	**736,646**	**1,530,446**	**2,267,092**	**705,724**	**2,054,173**	**2,759,897**
Effect of discounting net cash flow at 10% [2]	(404,799)	(1,567,580)	(1,972,379)	(615,609)	(1,402,210)	(2,017,819)	(592,627)	(1,936,246)	(2,528,873)
Future discounted cash flows	**114,017**	**126,854**	**240,871**	**121,037**	**128,236**	**249,273**	**113,097**	**117,927**	**231,024**

(1) The effect of the Law Creating Special Contributions for Extraordinary Prices and Exorbitant Prices in the International Hydrocarbons Market is included in years 2013, 2012 and 2011.

(2) Changes in estimation models related to periods of production of reserves, which significantly increased as a result of new discoveries, are included in 2011.

Table VI - Analysis of Changes in Discounted Future Net Cash Flows Related to Proven Crude Oil and Natural Gas Reserves

The following table analyzes changes for each year (in millions of dollars):

	Year ended December 31,								
	2013			2012			2011		
	Conventional Crude	Extra-heavy Crude	Total	Conventional Crude	Extra-heavy Crude	Total	Conventional Crude	Extra-heavy Crude	Total
Present value at January 1									
Sales, net of production costs and taxes	(60,465)	(8,143)	(68,608)	(71,370)	(6,192)	(77,562)	(77,900)	(5,489)	(83,389)
Value of additional reserves throughout the year due to extensions and discoveries	2,229	-	2,229	276	-	276	1,167	-	1,167
	(58,236)	(8,143)	(66,379)	(71,094)	(6,192)	(77,286)	(76,733)	(5,489)	(82,222)
Changes in the value of reserves of the previous year resulting from:									
Development costs incurred in the year	7,342	1,923	9,265	23,085	2,726	25,811	12,863	1,395	14,258
Changes in future development costs	(36,627)	(62,300)	(98,927)	(14,551)	(40,689)	(55,240)	(18,894)	(5,062)	(23,956)
Net changes in prices and production costs	(67,034)	76,947	9,913	27,269	(1,844)	25,425	(154,631)	(22,987)	(177,618)
Revisions of prior reserve estimates	12,513	21,005	33,518	3,748	9,869	13,617	6,302	2,097	8,399
Net changes in income tax expenses	46,923	34,623	81,546	(3,458)	35,016	31,558	82,436	98,382	180,818
Discount accreditation	12,104	12,824	24,928	11,310	11,793	23,103	21,448	13,776	35,224
Net changes in production tax and others	75,995	(78,261)	(2,266)	31,631	(370)	31,261	25,829	(101,944)	(76,115)
Total change throughout the year	**(7,020)**	**(1,382)**	**(8,402)**	**7,940**	**10,309**	**18,249**	**(101,380)**	**(19,832)**	**(121,212)**