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TEHAR

Caracas

Edificio Atlantic, Piso 6,
Avenida Andrés Bello,
Los Palos Grandes.

Maracaibo

Unicentro Virginia, Piso 2,
Local
2-12. Avenida 3C con
esquina calle 67, Sector La
Lago.

Valencia

Torre Movilnet, Piso 7,
Oficina
No. 3. Avenida Paseo
Cabriales.

Puerto la Cruz

Torre Banco Venezolano
de Crédito (BVC), Piso 6,
Oficina 6-J, Avenida
Intercomunal,
Sector Las Garzas.

Maturín

Centro Comercial
Petrorient (CCP), Nivel
Oficinas 1,
Oficina 01-N, Ala Norte
Pasillo Amarillo,
Avenida Alirio Ugarte
Pelayo.

Energy

PDVSA Gas and the Belarusian organization Belgazstroi executed an agreement to organize a mixed capital company called Venezuelagazstroi, the main purpose of which is to further gas projects in the Venezuelan territory.

A resolution issued by the Ministry of the Popular Power for Energy and Petroleum was published in the Official Gazette of February 3, 2011. Through said resolution, the provisions of the Gaseous Hydrocarbons Organic Law and its Regulations are applied to the associated natural gas reservoirs in a portion of the Tía Juana South area, in Lake Maracaibo, with an area of 295.67km², in order for them to be exploited as non-associated natural gas reservoirs. The reserves of crude or condensates are excepted.

Through a Resolution of the Ministry of the Popular Power for Energy and Petroleum published in the Official Gazette of February 14, 86,411,289 million net barrels were added as new oil proven reserves nationwide as of December 31, 2010.

Two Resolutions of the Ministry of the Popular Power for Energy and Petroleum were published in the Official Gazette of February 25, 2011. Said Resolutions modified some of the conditions of licenses Nos. 370 and 371 granted in October 2005 to the companies Urdaneta-Gazprom-1, S.A. and Urdaneta-Gazprom-2, S.A., in the frame of the redesign of the Rafael Urdaneta Project.

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Exchange Control

According to a note published on CADIVI's web page, the period of time for updating the data of legal persons registered with the Registry of Users of the Foreign Currency Administration System (RUSAD) was extended until April 3, 2011.

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The Superintendency of the Institutions of the Banking Sector issued the “Rules relating to the application and recording of the net benefits derived from the entry into force of Exchange Agreement No. 14, dated December 30, 2010”. The provisions of said Resolution will be considered for the purposes of the closing of the financial statements of January 2011.

Resolution No. 11-02-01 of the Venezuelan Central Bank was published in the Official Gazette of February 10, 2011. Said Resolution establishes that the primary placement, in national currency, of securities denominated in foreign currency issued or to be issued by the Republic, its decentralized entities or any

other entity, may only be made through the System for Primary Placement of Securities in Foreign Currency (“*Sistema de Colocación Primaria de Títulos en Moneda Extranjera*” - SICOTME) of said entity. This Resolution repealed Resolution No. 10-06-02, published in the Official Gazette of June 15, 2010.

Banking

Through Official Notice published in the Official Gazette of February 8, 2011, the Venezuelan Central Bank established the interest rates for the calculation of the indemnity for seniority; the interest rate for the acquisition of vehicles under the “balloon payment” method; the interest rates for transactions with credit cards; and the interest rates for credit transactions intended for the tourism sector.

A Resolution of the Ministry of the Popular Power for Tourism was published in the Official Gazette of February 9, 2011. Said Resolution establishes that commercial and universal banks will use three percent (3%) of the average of the gross credit portfolio as of December 31, 2009 and as of December 31, 2010, for financing tourism-related operations and projects indicated in article 6 of the Law of Credit for the Tourism Sector.

The Superintendency of the Institutions of the Banking Sector issued the Rules relating to the Selection, Hiring, and Removal of the External Auditor of Banks. Said Rules were published in the Official Gazette of February 23, 2011.

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The Rules relating to the Establishment of the Maximum Limits of the Total Funds Placed in Trusts, on the Basis of the Assets of the Trust Banking Institution, were published in the Official Gazette of February 25, 2011. The purpose of said Rules is to “mitigate the risks inherent in the activity”. Said resolution establishes that the total funds placed in trusts may not be more than five times higher than the assets of the trust institution.

The Superintendency of the Institutions of the Banking Sector issued a resolution that established the Requirements for the Processes of Merger and/or Transformation of entities or institutions of the banking sector, for the purposes of their adaptation to the Law of Institutions of the Banking Sector. Said Resolution was published in the Official Gazette of February 28, 2011. It establishes that the mergers / transformations must be carried out in a period of 180 days, extendible one time for an equal period, after the presentation of the adjustment plan prescribed in the Temporary Provisions of the Law of Institutions of the Banking Sector. In addition, it establishes that the mergers and/or transformations will have effect after the publication in the Official Gazette of the relevant authorization of the Superintendency of Institutions of the Banking Sector and that in the case of mergers, the provisions of the Code of Commerce will not apply. This Resolution entered into effect upon its publication in the Official Gazette.

Tax

A Presidential Decree dated February 8, 2011, published in Official Gazette of even date therewith, establishes an exemption from payment of the Value Added Tax (VAT), for a period of five (5) years after February 15, 2011, for the sales of corporeal personal property and the provision of services listed in articles 5° and 6° of said Decree made to State entities or companies engaged exclusively in activities of administration, design, construction, installation, operation, maintenance, functioning, strengthening, modernization, reconstruction, and expansion of the systems for mass transportation of people through underground, raised or grade routes, such as subway, trolley bus, and railroad. Said exemption includes the importation of the corporeal personal property listed in article 5° made by the aforesaid entities or companies.

The value of the Tax Unit was taken from sixty-five Bolivars (Bs. 65.00) to seventy-six Bolivars (Bs. 76). Said readjustment was made through an Administrative Ruling of the National Integrated Services of the Customs and Tax Administration (SENIAT) published in Official Gazette of February 24, 2011. Article

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2 of said Ruling establishes that in the case of taxes that are paid/calculated for annual periods, the applicable Tax Unit will be the one that is in force during at least 183 calendar days of the relevant period and in the case of taxes that are paid/calculated for periods other than annual periods, the applicable tax unit will be the one that is in force at the beginning of the period.

Securities Market

The Rules relating to the Administration and Monitoring of Risks connected with the Crimes of Capital Legalization and Terrorism Financing applicable to the institutions governed by the National Securities Superintendency were issued in a Resolution of said Superintendency published in the Official Gazette of February 15, 2011. Said Rules are intended to regulate the policies, rules and procedures to prevent Capital Legalization and Terrorism Financing with the purpose of mitigating the risks and possibilities that said institutions are used as an instrument for capital legalization and terrorism financing. These Rules provide for the “Know your Investor” and “Know your Employee” policies, among others, as well as for Personnel Training policies. This Resolution entered into force upon its publication in the Official Gazette.

Petróleos de Venezuela, S.A. (PDVSA) made a call for the Public Offer of the PDVSA 2022 Amortizable Bond, with a Par Value of US\$ 3,000,000,000. The companies of the food, health, machinery and equipment, and oil sectors were given priority. As in other similar issues, the total amount of the Orders received (US\$ 9,075.8 million) tripled the amount of the Offer. The maximum amount awarded to individuals was US\$ 10,000. The companies of priority productive sectors (food, health, machinery and equipment and PDVSA’s suppliers) were awarded up to US\$ 20,000,000, while companies not part of priority productive sectors, duly registered with CADIVI, were awarded a maximum amount of US\$ 50,000.

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Telecommunications

CONATEL's web page

(http://www.conatel.gob.ve/files/consulta/proyecto Equipos terminales_publico s2.pdf) published the draft Administrative Ruling that regulates the Obligation of Standard Minimum Cover for the Installation and Maintenance of Public Terminal Equipment by the fixed local telephony operators, which draft was submitted to public Consultation.

Insurance

The Rules for taking the proficiency test in order to obtain the authorization to act as Insurance Agent were published in the Official Gazette of February 10, 2011. Said Rules were issued by the Superintendency of the Insurance Activity.

The Rules to Regulate the Operations of Prepaid Medicine Companies, issued by the Superintendency of the Insurance Activity, were published in the Official Gazette of February 16, 2011. Said Rules regulate the operation, control, and supervision of these companies, as well as the rights and obligations of those who participate in the juridical relationships derived from such activity. Prepaid Medicine Companies are allowed a period of 90 calendar days as from the publication of these rules in the Official Gazette in order to grant the guarantee to the Nation established in the Law of the Insurance Activity, adjust their capital, and establish the technical reserves in the terms prescribed in the Rules.

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Miscellaneous

A Resolution of the National Institute of Civil Aeronautics (INAC) was published in the Official Gazette of February 21, 2011. Said Resolution regulates the approval, publication, and entry into force of the rates for the regular air transportation of passengers within the national territory. It became effective on the same date of its publication.

Ruling No. 0001-2011 of the National Anti-drug Office (ONA) was published in the Official Gazette of February 23, 2011. Said Ruling establishes that the Projects for Integral Prevention of Drug Consumption

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within the work sphere must be filed with the National Anti-drug Fund (FONA) within the period from January 2 to April 30 of each year, by the private legal persons, consortia, and public entities, with or without entrepreneurial purposes, that have a fiscal year ending before the deadline set for the receipt of the projects and after making the relevant 1% contribution.

Resolution No. 030 of the Ministry of the Popular Power for Health was published in the Official Gazette of March 2, 2011. Said Resolution prohibits smoking or maintaining lit tobacco products in the inside areas of public places and at work places, including transportation. This Resolution establishes that the owners or managers of the places where smoking is prohibited must place a notice the dimensions of which must be equal to or higher than 80 cm width and 50 cm length, with the following text:

This is a 100% Smoke-Free Environment as per Resolution of the Ministry of the Popular Power for Health.

The text must be accompanied by the international no-smoking symbol that consists in a burning cigarette enclosed in a red circle with a red bar across it that touches the edge of the circle. Said Resolution will become effective 90 calendar days after its publication in the Official Gazette, that is, on May 31, 2011.

Caracas, March 4, 2011.

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NOTE: THIS NEWSLETTER SHOULD NOT BE CONSTRUED AS LEGAL ADVICE ON ANY SPECIFIC MATTER, AND ITS CONTENTS ARE INTENDED AS A MANAGEMENT ALERT AS TO CURRENT DEVELOPMENTS IN VENEZUELA. ANY SPECIFIC LEGAL QUESTIONS REGARDING THE POSSIBLE APPLICATION OF NEW OR PROPOSED LEGISLATION TO PARTICULAR SITUATIONS SHOULD BE ADDRESSED TO TRAVIESO EVANS ARRIA RENGEL & PAZ.