Summary of Activities
CITGO Petroleum Corporation and CITGO Holding

@ December 31, 2019

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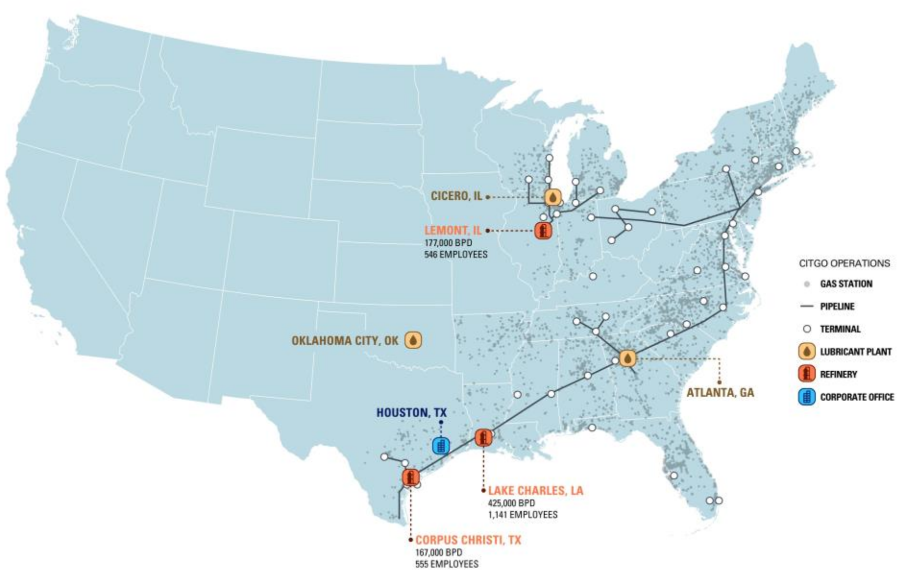
After being appointed by PDVSA's Ad Hoc Administrative Board of Directors, the Boards of Directors for the CITGO entities outlined three fundamental objectives: strengthening the operational and financial stability of the CITGO entities; protecting their assets; and enhancing their corporate governance. During 2019, the Boards of Directors delivered on these priorities. Below is a list of the main achievements for 2019:

- Took actions permitting the refinance of approximately 70% of the consolidated debt of CITGO Holding and CITGO Petroleum Corporation, thereby reducing the financial cost to CITGO Holding by $220 million over the next five years.
- Amended the change of control covenants in all bank and bond debt agreements to significantly reduce the companies' financial vulnerability with respect to ongoing litigation over previous decisions of the Maduro regime.
- Received clean audit opinion regarding both CITGO Petroleum Corporation and CITGO Holding, which provided greater financial credibility and operational stability.
- Received from the United States Government OFAC (Office of Foreign Assets Control) licenses, renewals and clarifications, allowing CITGO to achieve financial and operational stability.
- CITGO Petroleum's credit ratings of B (Fitch) and B3 (Moody's). These ratings have enabled CITGO Petroleum to access the U.S. credit markets and provide support for its positions in those markets.
- Recognized incremental total refining capacity of 20,000 BPD, only the second increase in the company's last 20 years.
- Achieved one of the best years in Environmental and Process Safety indicators over the last five years, earning national awards.
- Increased throughput in the 4th quarter of 2019 by 2% to 848 MBPD relative to the same quarter in 2018, and increased exports in the 4th quarter of 2019 by 7% compared to the 4th quarter of 2018.
- Redirected spending on capital investments and maintenance, which allowed the Company to complete 90% of all planned turnarounds in 14 months since the new board was appointed.
- Increased focus on corporate governance, including: a review of internal controls to guarantee processes and decisions follow industry best practices; restructuring leadership positions and departments as part of the corrective measures resulting from audits and investigations; and restructuring the Compliance department to drive business ethics as a core organizational value.
- Robust legal defense for asset protection.

This was accomplished against the background of significantly adverse refining industry conditions in 2019 compared to 2018 and the effects of actions taken by the Maduro regime before the Boards were appointed. Despite this difficult environment, which has since been compounded by COVID-19, CITGO nonetheless generated more than $1.2 billion of adjusted EBITDA to sustain and improve its business in 2019 and position it to weather challenges resulting from the global pandemic. While the pandemic will no doubt affect near-term financial results for both CITGO and all other refiners, the Boards of Directors took actions in 2019 that they believe will position the CITGO entities to emerge stronger and more competitive than before 2019.

Contents

CITGO ENTITIES OPERATIONS



DISCLAIMER: This presentation contains “forward-looking statements” regarding financial and operating items relating to the CITGO business. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results, developments and business decisions to differ materially from those contemplated by these forward-looking statements. This presentation also contains estimates and projections regarding market and industry data that were obtained from internal company estimates as well as third-party sources believed to be generally reliable. However, market data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data and other limitations and uncertainties inherent in any statistical survey, interpretation or presentation of market data and management’s estimates and projections. This presentation also contains operational metrics and non-GAAP information that have not been audited and are based on management’s estimates, which may be difficult to verify.

Financial and Commercial Executive Summary

The new Boards of Directors of the CITGO entities that were appointed by the Ad Hoc Administrative Board of Petróleos de Venezuela S.A. (PDVSA) of the legitimate government of Venezuela, which is led by the president of the National Assembly, Juan Guaidó, outlined and delivered on three main objectives:

- Strengthen the operational and financial stability of the CITGO entities,
- Protect their assets, and
- Enhance their corporate governance.

At CITGO Petroleum Corporation (CPC) and CITGO Holding, Inc. (CH), the focus was on achieving the financial and operational stability of the entities. At the same time, governance structures and internal controls were strengthened. This improved transparency contributed to the protection and profitability of assets, which helped to maximize shareholder value.

The following is a summary of the main achievements:

In financial terms, 2019 net income was $246 million, which was a decrease from 2018. Two main factors caused this reduction:

1. Market factors. Lower spreads between light and heavy crudes affected not only CPC, but the entire U.S. refining industry, causing reductions in revenue for all Gulf Coast refiners.
2. Irresponsible actions of the Maduro regime caused losses of approximately $90 million, including two primary items: (i) a $60 million loss due to the Maduro regime's unlawful seizure of crude oil owned by CPC on board the Gerd Knutsen tanker; and (ii) a write-down of $30 million due to the liquidation of PDVSA's insurance company, PDVIC.

Aside from these adversities, the prudent and responsible management of CPC under the leadership of the new administration attained the following achievements:

a) Successfully refinanced approximately 70% of the consolidated debt of CPC and CH, with the refinancing at the CH level significantly reducing the financing risk by extending debt maturities while at the same time providing savings of approximately $220 million over a period of five years compared to the refinanced debt that was put in place by the past administration.

b) Successfully replaced credit lines no longer available to the company with liquidity of equal magnitude on the balance sheet to improve working capital.

c) Amended the change of control covenants in all bank and bond debt agreements to significantly reduce the companies' financial vulnerability with respect to ongoing litigation over previous decisions of the Maduro regime.

d) Obtained legal stability within the sanctions environment due to support received from the United States Government as a result of the companies' operations under the new Boards. This provided much needed confidence to creditors and suppliers.

Subsequent to these actions, the debt rating agencies improved their ratings/outlook on CPC debt, which represented a significant achievement and improved CITGO's standing in the credit markets.

In terms of operations, the achievements were equally important:

1. In 2019, recognized incremental gross refining capacity by 20 MBPD, the second increase in refining capacity in 20 years, due to the new Boards' strategic focus on essential investments, maintenance and turnarounds.
2. In 2019, CPC refineries received two awards for safety and environmental excellence. The Lemont refinery received the ELITE GOLD SAFETY award from the American Fuel & Petrochemical Manufacturers (AFPM) in recognition of the best industrial safety performance and innovative programs during the year. The Corpus Christi refinery obtained the ENERGY STAR 2019 designation from the Environmental Protection Agency (EPA). Additionally, our Terminals and Pipelines operations received the ILTA (International Liquid Terminals Association) Platinum Safety Award for the sixth time in the last 14 years.
3. Excellent reliability and availability of refining operations was also achieved, which allowed CPC to quickly and efficiently optimize the crude slate at its refineries.
4. One of CITGO's most important challenges in 2019 was to find solutions for the lack of Venezuelan crude. CPC managed this efficiently in part by shifting the crude slate of its refineries towards domestic light crude to take advantage of the economics provided by the substantial reduction in the light-heavy crude spread.
5. In 2019, the new Board issued guidelines to diversify the commercial counterparties and, as a result, CPC managed a 32% increase in the number of renowned crude producer companies from which it purchases crude.
6. Exports at near-record levels: The location of the refineries in the Gulf Coast, with their storage capacity and terminals, allowed 194 MBPD in exports of high quality refined products in 2019, with exports increasing to a record high 226 MBPD in the fourth quarter.
7. Significant increases in capital investments and maintenance expenses to position the Company for future success.
8. At the same time as the maintenance expenses and capital investments rose in 2019, the operational costs of the company were significantly reduced, thus achieving a rationalization of spending and its reorientation towards much needed capital investments.

Financial results: adverse market conditions

In 2019, CITGO recorded adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) of $1,176 million, which includes non-recurring events, and net income of $246 million. This is a solid financial performance in the face of a significantly more adverse market environment than in prior years, which affected the entire refining industry in the United States.

The income volatility in the refining sector is well known, given the dependence on market conditions exemplified in Table 1, which displays 10 market indicators that significantly affect CPC earnings. Industry earnings are also subject to cycles in which exceptional years, like 2018, are followed by less favorable years like 2019.

Table 1. Relevant Crude Spreads and Cracks to CPC

Indicators ($/bbl)	2018	2019	Variation	Variation (%)
Brent FOB – WTI CUSHING	5.99	7.27	↑	21%
WTI HOUSTON – WTI MIDLAND	11.52	5.56	↓	-52%
WTI HOUSTON – WTI CUSHING	4.34	4.85	↑	12%
USGC Gas Crack BRENT, EX-RVO	6.09	5.54	↓	-9%
USGC ULSD Crack BRENT, EX-RVO	12.96	13.53	↑	4%
BRENT FOB – Maya FOB	8.46	6.57	↓	-23%
WTI CUSHING – WCS HARDISTY	26.91	13.66	↓	-49%
Chicago Gas Crack BRENT, EX-RVO	5.31	5.09	↓	-4%
Chicago ULSD Crack BRENT, EX-RVO	14.08	12.39	↓	-12%
Benzene – Brent	46.03	34.27	↓	-26%

In 2019, there was a number of adverse developments in five key market indicators that are critical for the profitability of our refineries:

1. A reduction of 23% in the heavy to light spread (Brent-Maya) due to the reduced supply of heavy crude.

   Lack of availability of crude from Venezuela and Iran removed important sources of heavy crude from the market, mainly affecting the U.S. Gulf Coast refineries and significantly reducing the spreads with light crude. In 2019, this was reflected in a 23% average reduction relative to 2018 in the spread between Brent and Maya, the marker for the heavy crude (Table 1). This affected CITGO's Corpus Christi refinery, which is a very complex refinery designed to process heavy and extra heavy crudes.

2. A reduction of almost 50% in the discount of heavy Canadian crude to WTI (WTI-WCS).

   In 2018, the annual growth in production of Canadian crude exceeded 300 MBPD (the historical annual average growth had been between 150-200 MBPD). This oversupply in 2018 caused a discount in Western Canada Select (WCS) of more than $30/bbl against WTI Cushing for several months. For all of 2018, Canadian crudes traded at approximately a $27/bbl discount to WTI (Table 1). The amount of Canadian crude processed in our Lemont refinery is substantial. Lemont refines approximately 90 MBPD of heavy crude, and the WCS discount made Lemont exceptionally profitable during 2018. However, this discount almost completely vanished in December 2018, when in an unprecedented move the government of Alberta announced crude production cuts to reduce supply and increase WCS prices. The impact on Lemont was a downward reduction in profitability for 2019, mostly due to this 50% price adjustment.

3. A more than 50% reduction in the discount of WTI prices in Midland with respect to WTI in Houston given the debottlenecking of pipelines in 2019.

   The significant growth of shale production in the Permian in 2018 surpassed transportation capacity and created exceptional discounts in the local crude in the order of $11.52/bbl. These discounts significantly increased the benefits of the Lake Charles refinery in 2018. When planned infrastructure came online shortly thereafter, leading Midland discounts fell by $6/bbl to an average of $5.56/bbl for 2019 (Table 1).

   Given that CITGO processed 100.8 MBPD of Midland crudes, from which 87.4 MBPD went to Lake Charles, this reduction in the discount negatively affected profitability in this refinery by almost 60% when compared to 2018.

4. Gasoline profitability down due to 10% reduction in the gasoline to crude spread.

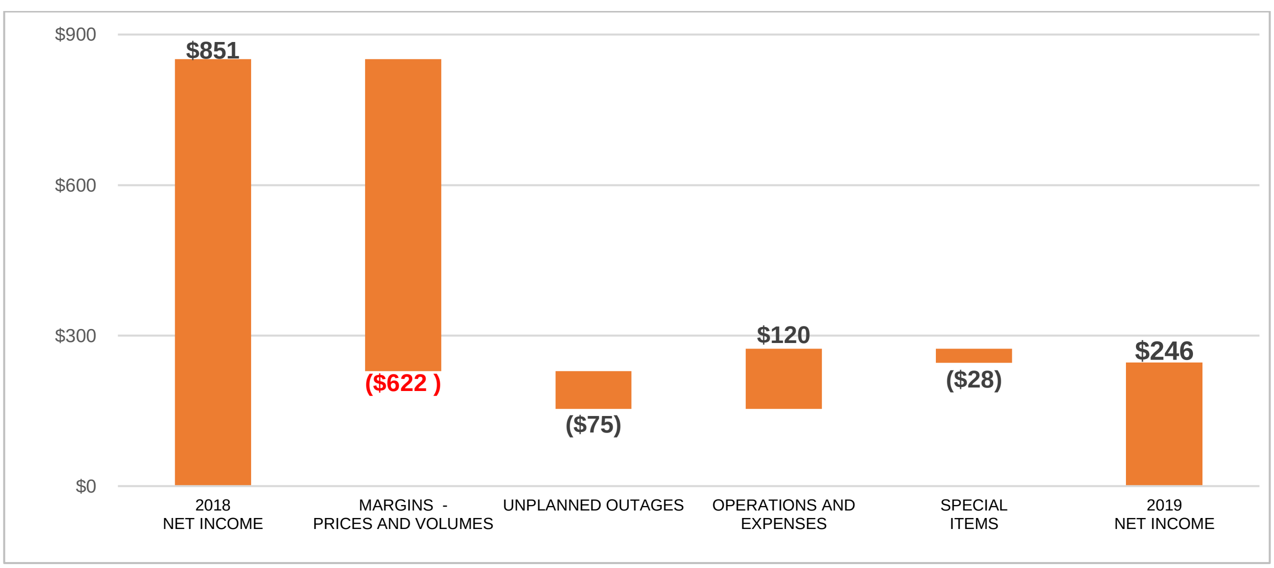
   Even though the majority of the decline in refining margins in 2019 from 2018 is due to input prices, our refineries were also under pressure by the shrinking spread between crude and refined products. Given that 2018 was characterized by high refinery margins, the industry in general increased refinery runs in the 4th quarter resulting in gasoline oversupply at the beginning of 2019. Gasoline inventories rose to their highest levels in 5 years to almost 260 million barrels, putting pressure on and negatively impacting market prices. This translated in a reduction of 9% in the gas to crude spread from 2018 to 2019 as seen in the gasoline cracks in the United States Gulf Coast (Table 1: USGS Gas Cracks). The excess supply of gasoline started in 2019 and in conjunction with the market adversities cited before, created a great challenge for all refiners in the United States, particularly in the second quarter when all gasoline cracks were stretched and at times went even negative. Even though the spread got better in the second quarter given the unplanned turnarounds and the explosion and subsequent fire at the Philadelphia Energy Solutions refinery, these conditions were not enough to compensate for the negative market conditions that affected the first months of the year.

5. USGC distillates profitability up.

   The only group of indicators that did not show a clear adverse trend in 2019 were distillates (Table 1, USGC ULSD Crack). This indicator remained unchanged during 2019 given that inventory levels were relatively small throughout the year. Nonetheless, market projections assumed an important demand surge for ULSD (Ultra-Light Sulfur Diesel) for the IMO implementation looking to reduce Sulphur content across bunkers to less than 0.5%. This expectation did not occur as anticipated for two reasons. First, bunkers preferred VLSFO (Very Low Sulfur Fuel Oil) to Marine Gas Oil, which diminished the expected demand surge for ULSD. Second, a mild winter with warmer temperatures maintained diesel consumption for heating well below expected levels.

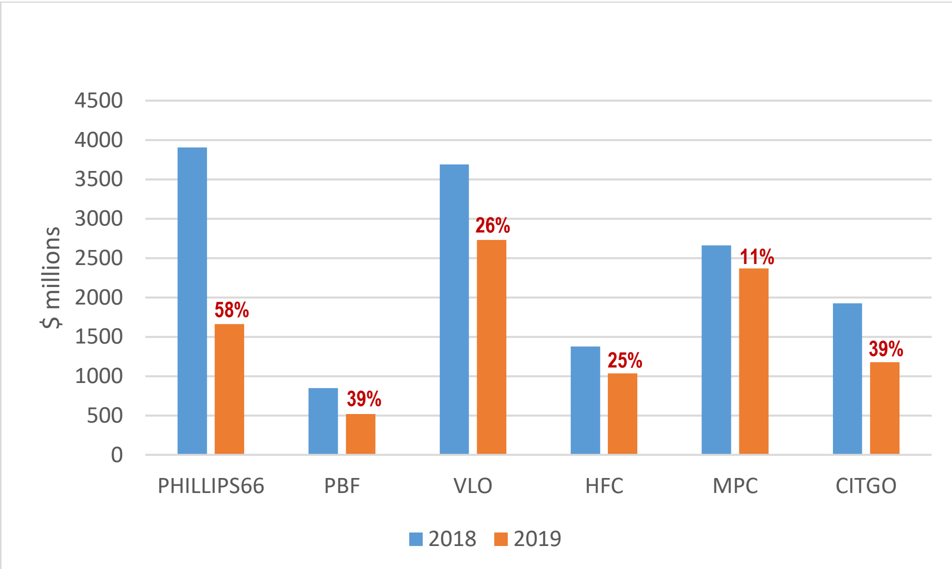
In sum, the $(622) million reduction in net income for CPC in 2019 is mostly due to adverse market conditions which negatively impacted prices and further affected refinery margins with little support from other market events that could have been beneficial (Graph 1). To a lesser extent, there was a small reduction in the total volumes of processed crudes in 2019 due to a significant turnaround at the Corpus Christi refinery.

Graph 1. Net Income 2018 vs 2019 ($ million)



These adverse market conditions not only impacted CPC financial results, but also the entire refining industry in the United States. In Graph 2, significant reductions in adjusted operating income are observed relative to 2018 for CITGO's peers, including a 58% drop in Phillips66; a 39% decline in PBF; a 26% drop in Valero; and a 39% decline for CITGO in its adjusted EBITDA.

Graph 2. Adjusted Operating Income: 2018 vs 2019 Peer Comparison



(a) PBF and CITGO do not separate refining segments
(b) CPC numbers represent adjusted EBITDA

Financial Results: Non recurring events impacted negatively

Besides the unfavorable market conditions already described, CITGO also had to deal with various negative events arising from decisions originating from the Maduro regime. These resulted in a reduction of almost $100 million in earnings, or over a quarter of the potential earnings, for 2019.

The largest was a $60 million loss in the value of our inventory. This was caused by the illegal and forced seizure on February 9, 2020 of almost one million barrels of crude oil on board the Gerd Knutsen tanker, following the detention of that vessel for over one year.

Other cases included a $30 million write-down for receivables related to liability insurance placed through PDVIC, a PDVSA insurance company now in liquidation.

A reconciliation of Net Income to Adjusted EBITDA is shown in Table 2. Adjusted EBITDA in 2019 was $1.176 million. The difference vs 2018 includes both the reduction in Net Income of $605 million explained previously and the various adjustments related to the non-recurring events totaling almost $100 million and mentioned above, all of which had a major effect.

Table 2. Reconciliation of Net Income to Adjusted EBITDA[1]

In millions of U.S. dollars. UNAUDITED.

	Twelve Months Ended December 31,	
	2019	**2018**
Net Income	246	851
Plus (Less)		
Interest expense, including finance lease	185	122
Income tax expense (benefit)	78	242
Depreciation and amortization	608	595
Amortization of loan origination fees in interest expense	(12)	(8)
Loss on early extinguishment of debt	1	-
LIFO liquidation adjustment (a)	(31)	31
Property impairments and loss on retirement of assets	3	10
Gain on sale of assets/investments in affiliates	-	(3)
Inventory write-off (b)	60	-
Litigation judgments (c)	24	64
Insurance write-off (d)	30	-
Litigation recovery (e)	(21)	-
Charitable contributions (f)	5	20
Adjusted EBITDA	**1,176**	**1,924**

[1] Adjusted EBITDA is a non-GAAP financial measure.

(a) LIFO liquidation is the permanent elimination of all or part of the LIFO base or old inventory layers when inventory quantities decrease.
(b) Represents lost crude oil cargo loaded in Venezuela on to the Gerd Knutsen, a CITGO chartered vessel.
(c) Adjustments are related to legal proceedings or claims that we do not believe are indicative of our core operating performance results.
(d) Represents write-offs of previously recognized insurance receivables when collection is no longer probable.
(e) Amounts include recoveries of legal costs previously incurred or proceeds received from insurance recoveries.
(f) Charitable contributions include cash donations to charitable organizations. We adjust for this item in calculating Adjusted EBITDA because we believe excluding this item will enable investors and analysts to compare our performance to our competitors in a more consistent manner.

Key Operational Results

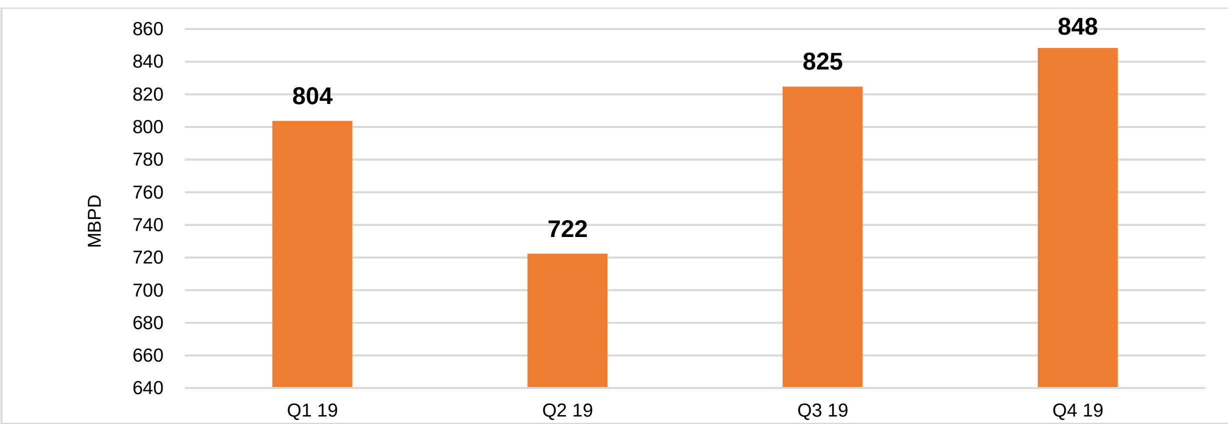
Investing in our refineries

Refinery runs averaged 800 MBPD in 2019, which is 4% below 2018 levels. This slight reduction is mainly a result of a major turnaround at the Corpus Christi refinery and other planned maintenance to various units at the Lemont refinery.

The planned maintenance, particularly in Corpus Christi, had a significant impact on crude processing during the second quarter (Graph 3), which resulted in utilization of rated crude capacity of 89% in 2019. Nevertheless, utilization of rated crude capacity for the 4th quarter increased to 94%, resulting in 848 MBPD and representing an increase of 2% when compared to the 4th quarter of 2018.

As a result of the major turnaround in Corpus Christi, the crude unit capacity was expanded by 10 MBPD, allowing more flexibility in light crude processing capacity. Among CPC refineries, Corpus Christi is the most dependent on heavy and extra heavy crude, with 44% of its supply in 2018 coming from heavy crudes from PDVSA. This expansion in Corpus Christi now allows it to process a major volume of WTI, further increasing its flexibility. Additionally, with similar investments, the Lemont refinery also increased its capacity by 10 MBPD.

Graph 3. CPC quarterly refining throughput in 2019



One area of strategic focus of the new CPC Board continues to be capital investments and maintenance expenses, including turnarounds. These investments and expenses are designed to ensure that CPC operations are safe, reliable and essential to preserve and maximize the value of our assets. In 2019, CITGO increased its planned turnarounds to include major maintenance (100%) of all units at the Corpus Christi West plant as indicated in Table 5. The total capital investment and turnaround expense (including catalyst) was almost 60% higher than 2018 (Table 3).

Table 3. Capital Investments and Turnarounds

$MM	2019	2018	2017	2016	2015	2015
Turnarounds/catalyst	439	218	282	298	210	278
Capital Investments[1]	280	237	237	160	333	203
Total	**719**	**455**	**519**	**458**	**543**	**481**

1 Capital Expenditures expressed as cash in investing activities as reflected in Annual Report as December 31st 2019

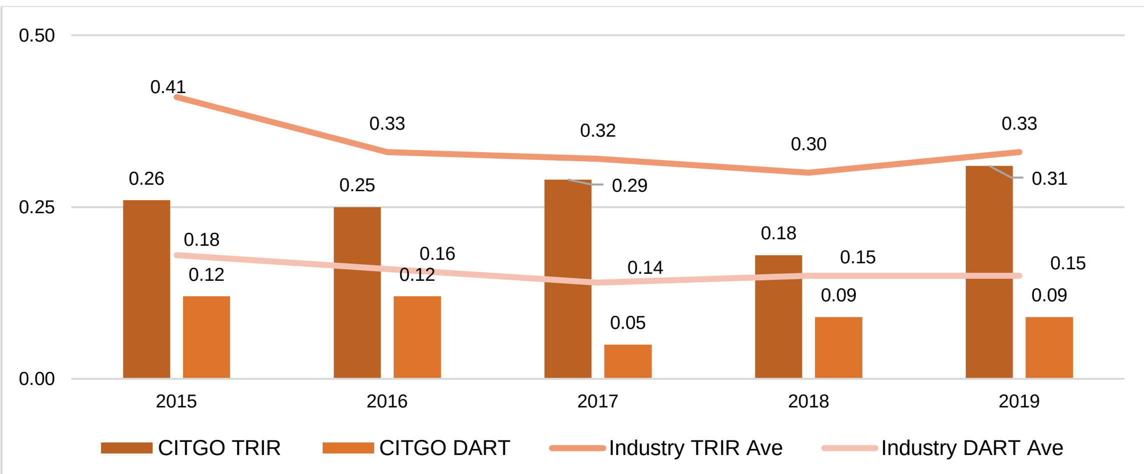
As a result of these capital investments and turnarounds, the nominal refining capacity increased by 20 MBPD in 2019. This is the second time in 20 years that CITGO achieved an increase in refining capacity (Table 4).

Table 4. Refining Capacity (MBPD) 2019 vs 2018

Refinery	2019	2018	Change
Corpus Christi	167	157	+10
Lake Charles	425	425	-
Lemont	177	167	+10
Total	**769**	**749**	**+20**

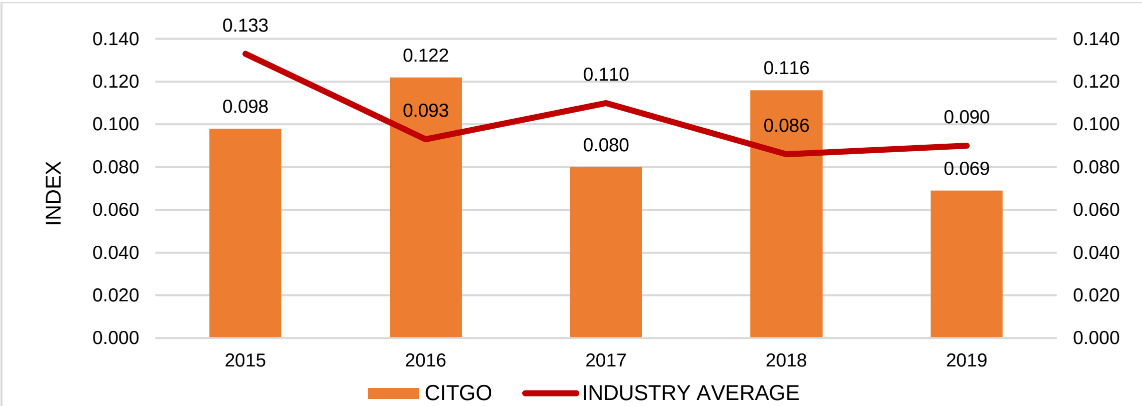
These capital projects were completed while maintaining an industry leadership position in Occupational Safety and Process Safety performance while at the same time achieving our lowest number of environmental release incidents over recent years (Graphs 4-6).

Graph 4. Occupational Safety Performance



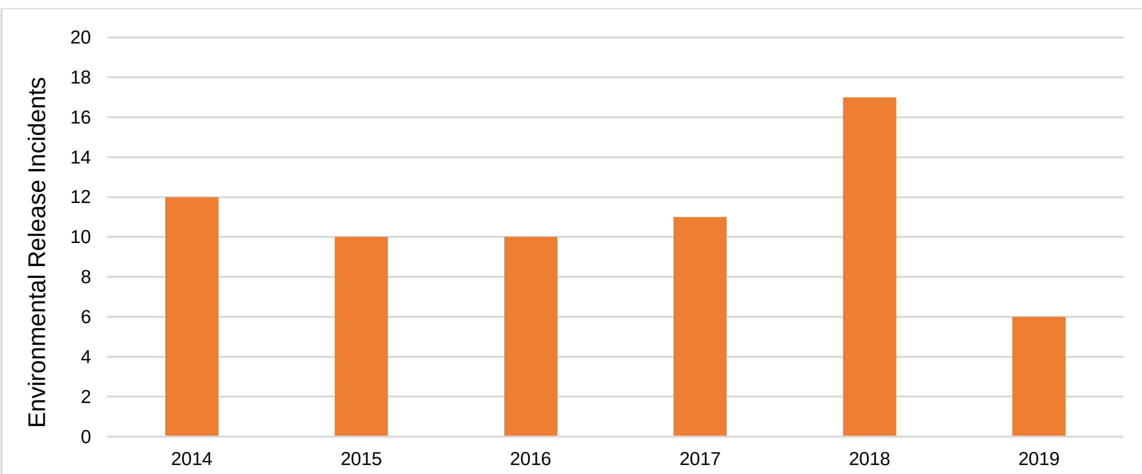
CPC has historically been an industry leader in Occupational Safety. Total Recordable Injury Rate (TRIR)-the number of injuries requiring medical treatment that must be recorded for OSHA (Organization Safety and Health Administration) divided by 200,000 work hours- is below industry average and Days Away Restricted Transfer Rate (DART)-the number of injuries resulting in time off work or work restrictions divided by 200,000 work hours- remains well below industry averages.

Graph 5. Process Safety Performance



Process Safety leadership in the industry translates into improved reliability, sustainability and competitiveness (graph 5). CPC's goal is to prevent any unintended impact to the environment from our operations and the number of environmental release incidents for 2019 was reduced to only six incidents.

Graph 6. Historic Environmental Releases



These results not only represent a substantial improvement in regard to the company's performance in the last five to 10 years, but also industry recognition at a national level. The Lemont refinery was awarded with the *ELITE GOLD SAFETY* award by AFPM (American Fuel & Petrochemical Manufacturers association), for its sustained leadership in safety programs, performance and innovation. Our Terminals and Pipelines operations received the ILTA (International Liquid Terminals Association) Platinum Safety Award six times in the last 14 years, as many times as one company can receive this top distinction. Additionally, the Corpus Christi Refinery achieved the ENERGY STAR 2019 designation from the Environmental Protection Agency (EPA).

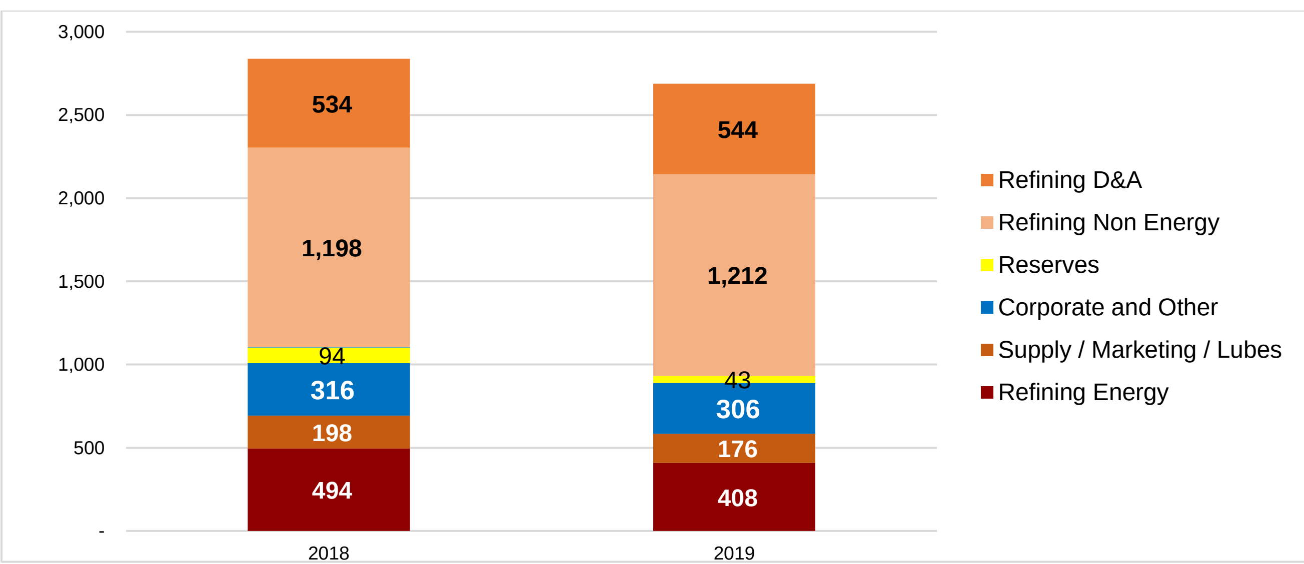
Even though CITGO has excellent process and operations reliability metrics when compared to the industry (Graph 5), there was a strong desire to adjust the frequency of turnarounds to further optimize our performance. In 2019, the new Board approved a significant turnaround for Corpus Christi and a partial turnaround in the Lemont refinery. For 2020, the Board also approved the turnarounds in Lake Charles and what was left in Lemont to meet industry standards with regard to the turnaround frequency (Table 5).

Table 5. Turnaround by Refinery by Unit in 2019 and plan for 2020

Refinery	Unit	Year
Lake Charles	Unicracker	2019
	C-Reformer	2020
	A-CAT	2020
	COKER	2020
	CVU	2020
Lemont	ULSD	2019
	Cat Reformer	2019
	FCC	2020
	ALKY	2020
Corpus Christi	Crude/Sat Gas	2019
	Coker	2019
	#5 Platformer	2019
	SRU	2019
	MDHT	2019
	ULSD	2019

CPC's operational costs and expenses fell $148 million in 2019 from 2018 (Graph 7). Although lower energy costs explain part of this decline, reductions in operational costs and corporate expenses also played a role. The objective in 2019 was to redirect expenses to increase value through capital investments, necessary maintenance and reinforcement of corporate governance principles, all of which are crucial to protecting CPC assets.

Graph 7. Comparison Costs and Operational Expenses 2018 vs. 2019 ($MM)



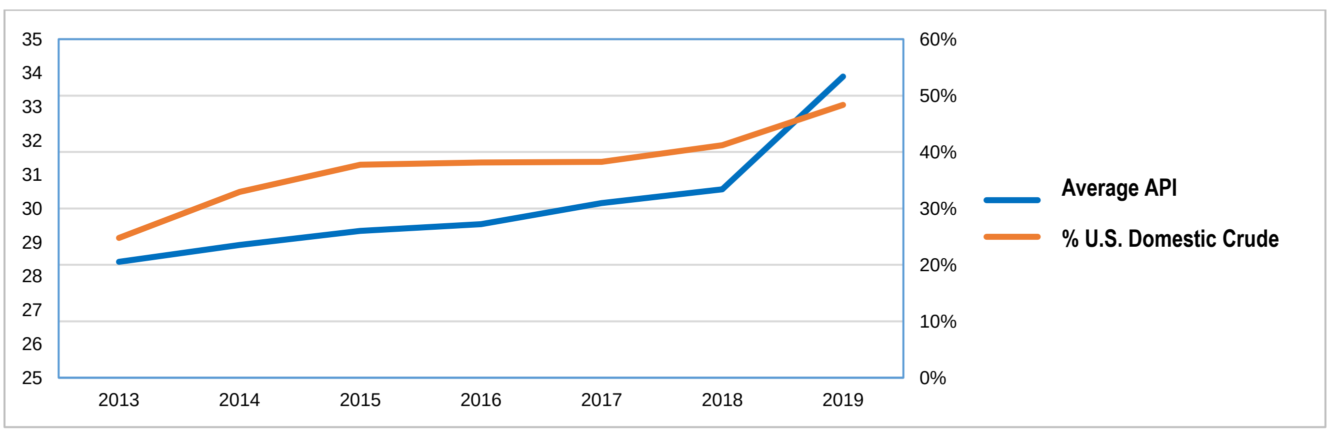
Supply and marketing: Achieving flexibility

One of the first challenges of the Company in 2019 was adjusting to the loss of the crude oil from Venezuela, which in 2018 represented 173 MBPD on average. This amount was already below the original supply contract of 310 MBPD between PDVSA and CPC because of the declines in oil production in Venezuela. Still, it was the biggest supply contract for CPC and its replacement represented a challenge for the company.

The following strategies were adopted to replace Venezuelan crude:

1. In the short term, the reduction in the supply of heavy crude coincided with the Corpus Christi turnaround. The Corpus Christi refinery was the most impacted by the disruption of Venezuelan crude, which represented 50% of its crude runs; however, the timely turnaround of Corpus Christi in Q2 allowed it to temporarily absorb the disruption.
2. Increased purchases of domestic light crude (Graph 8), given the improved economics of the sustained narrow spread between the light and heavy crudes (this spread fell by 23% in 2019). The increase in shale crude production and resulting competitive pricing has been leading to a progressive increase in the share of domestic crudes in the refinery runs of the Gulf Coast. In CITGO's case, the percentage of domestic crude input increased in 2019 to almost 50% of the purchases vs. 25% in 2013. Currently, domestic crude represents 64% of the total load of the Gulf Coast refineries (Lake Charles and Corpus Christi).

Graph 8. Percentage of U.S. domestic crude and average API processed crude



3. Given the loss of Venezuelan crude in January 2019, CITGO focused its efforts in negotiating term contracts with heavy crude producers, and successfully executed several contracts with Latin American producing companies. In addition, other contracts were negotiated with domestic and Canadian producers.

Diversification of commercial counterparties

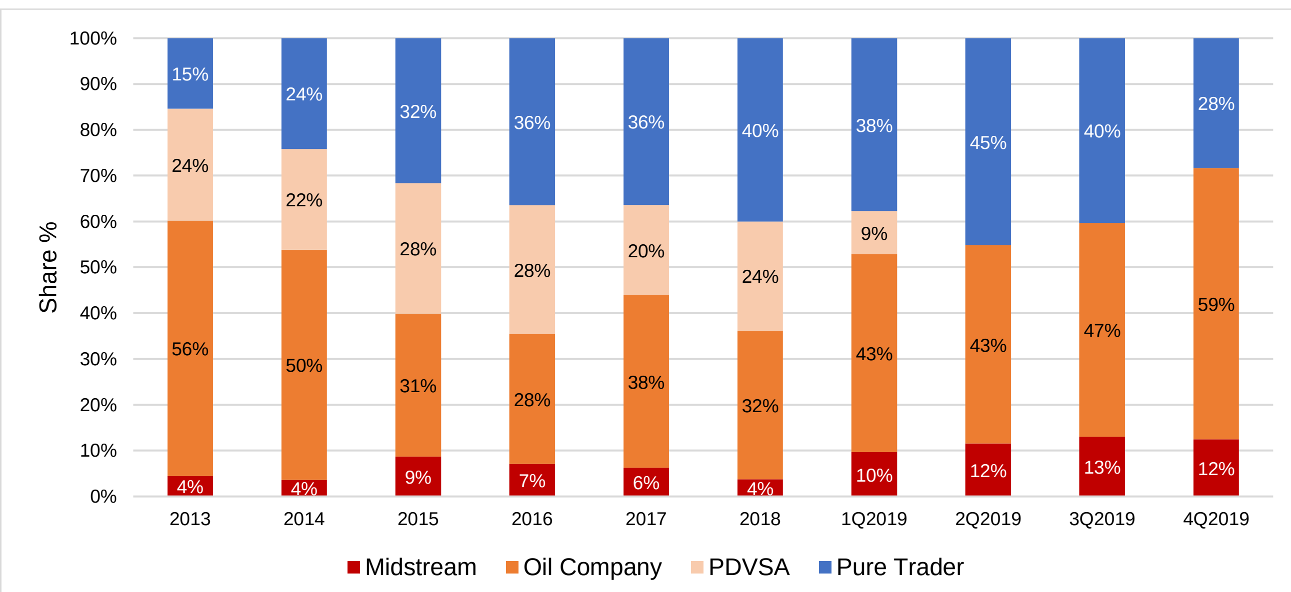
The new Board of Directors also guided the diversification of CPC's commercial counterparties, particularly with regard to crude purchases.

Since 2014, CITGO had reduced the crude purchase by commercial counterparties, from 67 companies in 2014 to approximately 34 in 2018, including PDVSA. This also led to a larger dependency on trading companies during this period, which became more acute with the loss of crude supply from PDVSA.

The new diversification directive that began in 2019 represented a significant commercial effort, but it yielded meaningful results. During 2019, the share of CITGO's crude purchases from direct producers increased to almost 60% of the total from only 32% in 2018, with the number of counterparties increasing by 32% and leading to a substantial diversification (Graph 9).

During this period, commercial relations resumed with companies with whom purchases had stopped, and CITGO renewed or established new relationships with renowned crude producer companies. In relation to Canadian suppliers, significant progress has been made in reestablishing commercial relations negatively impacted during the 2014-2018 period. CITGO continues to work to reestablish or establish commercial relations with new counterparties, which has taken a great effort and significant time given the issues CITGO confronts.

Graph 9. Share of Type of Commercial Counterparties in crude purchases

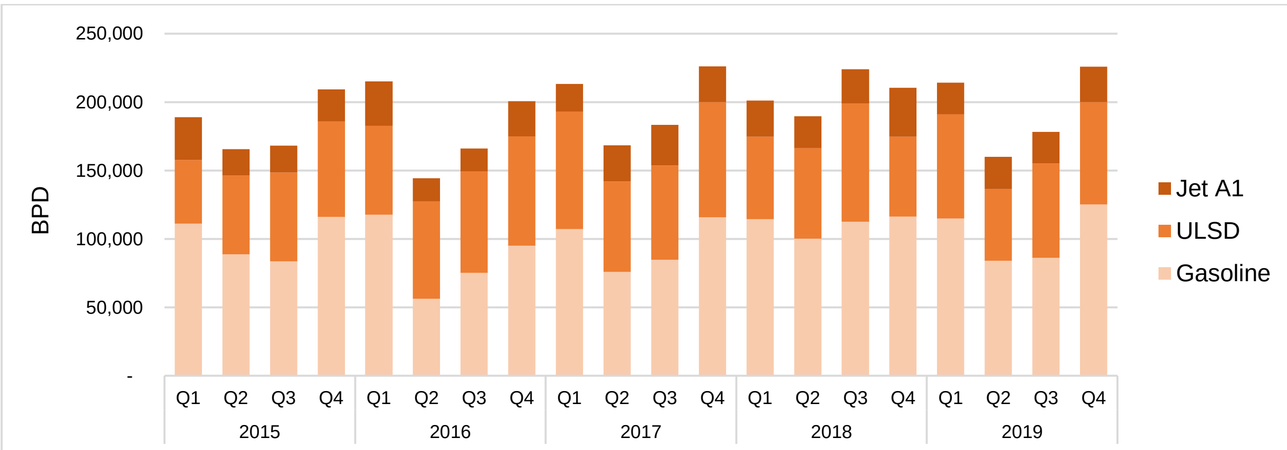


Exports: increasing flexibility

Relative to 2018, exports from the USGC refineries in 2019 remained at similar average volume levels of 194 MBPD, partly due to the major turnaround in Corpus Christi. Nevertheless, during the 4th quarter exports reached 226 MBPD, an increase of 7% compared to that same quarter during 2018 (Graph 10).

CITGO continues to be an important exporter of refined products and exports now represent approximately 30% of products sold by our Gulf Coast refineries. CITGO also represented almost 10% of the exports coming from PADD III, which includes the refineries located on the U.S. Gulf Coast.

Graph 10. Exports from CITGO Gulf Coast Refineries



Strengthening our Supply Network and Image

Our fully and jointly owned pipelines have a combined capacity of 310 MBPD. Sour Lake 20” pipeline is the most profitable transportation pipeline for Canadian and domestic crudes to our Lake Charles refinery.

In order to have storage flexibility and access to markets, CITGO entities have an extensive and complex network of terminals positioned in three PADDs (U.S. Petroleum Administration for Defense Districts) that cover the central and eastern areas of the Unites States (PADDs I, II and III). Storage capacity of 23 million barrels is distributed in 48 crude and product terminals, 34 of which are owned.

CPC relies on a U.S. network of approximately 4,700 independently owned and operated service stations that carry the CITGO brand where CITGO supplies its principal products – branded and unbranded gasoline and diesel. Gasoline distribution was a challenging business in 2019 because wholesale food and merchandise companies such as Walmart, COSTCO and Kroger have penetrated this market and continue to advance. To overcome this market erosion, CITGO initiated an enhanced station image shown below. (Graph 11).

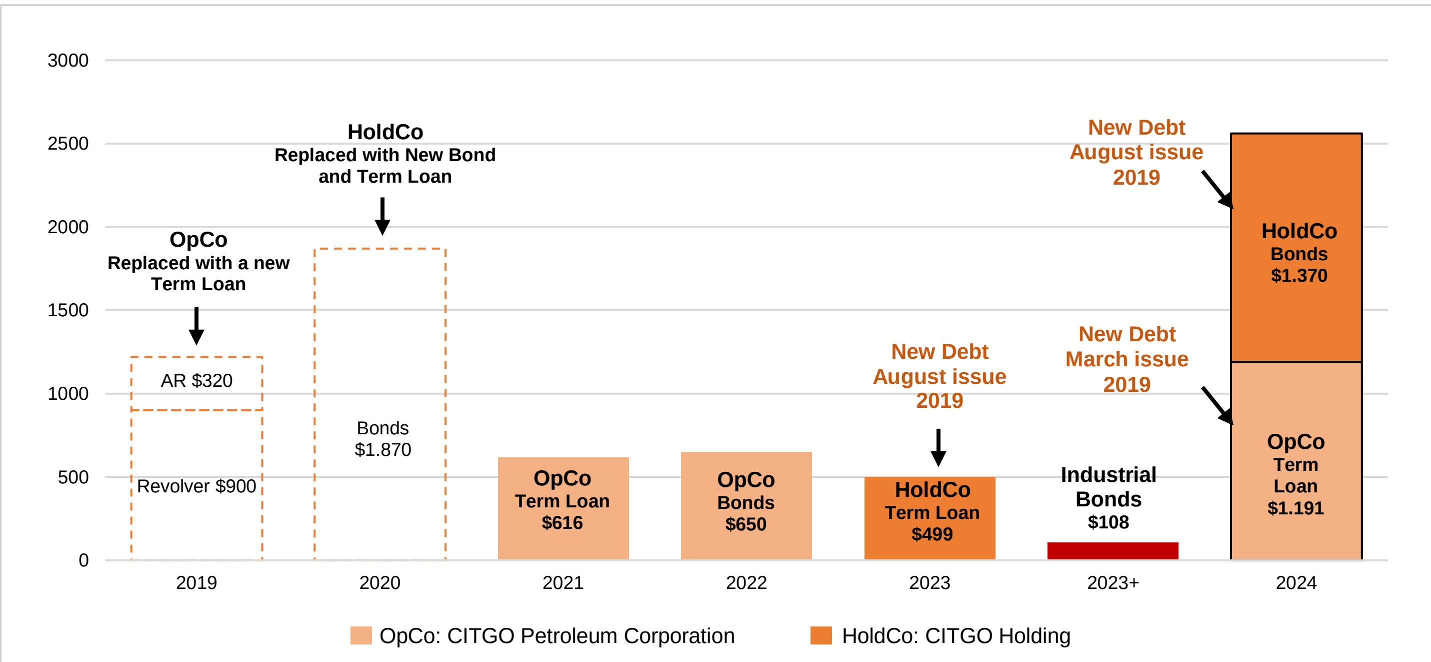
Graph 11. Image in the CITGO Service Stations

Refinancing and changed debt covenants: CITGO Holding reduces debt service

2019 was a very active year financially for CPC and CH. For the last four years, since 2015, CITGO had limited access to the debt markets after the CITGO entities—under the past administration—incurred $2.8 billion in debt on terms that significantly restricted future dividends.

In 2019, 70% of the aggregate debt of CPC and CH was refinanced (Graph 12). Two debt facilities at the CPC level were first replaced with a new $1.2 billion 5-year term loan. In addition, $1.87 billion of maturing bonds at the CH level were replaced with new bond and term loan debt.

Graph 12. Consolidated Debt ($4.43 billion total)



It is important to emphasize that when the new Boards of Directors took control at the end of February 2019, the CITGO entities had been under sanctions administered by the U.S. Office of Foreign Assets Control (OFAC) since the beginning of the year due to PDVSA's ownership. Further, following the introduction of sanctions, OFAC only granted CITGO a license to operate for six months (until the end of July 2019). The new Boards of Directors were also faced with existing CPC credit facilities that expired in the first half of 2019, with traditional bank financing unavailable to refinance that debt. In addition, the new boards were confronted with the risk that certain existing debt agreements could go into technical default at the end of March 2019 due to doubts about whether the CITGO entities could continue operating as going concerns. In one month, the new Boards managed to obtain a special OFAC license, an 18-month authorization that renews automatically on a monthly basis, and managed to replace the maturing CPC credit facilities with the aforementioned $1.2 billion term loan, thereby addressing the risk of a technical default and reducing overall financing risk by extending the maturities of the company's debt.

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With this $1.2 billion term loan, CPC secured the liquidity necessary to fund its operations, which previously had been funded by more traditional credit facilities and cash on its balance sheet. The term loan contained flexible terms that facilitated replacement with more traditional revolving credit facilities once conditions allow.

The second of the 2019 refinancing transactions involved $1.87 billion of debt at the CH level. This successful refinancing, which was oversubscribed, managed to reduce the interest cost of that debt by approximately $140 million in five years, with a reduction in the total carrying cost of the debt of $220 million over the same period[2]. This refinancing was carried out once the interest payment of around $70 million on the PDVSA 2020 bonds was made. This was a major challenge for CITGO because of contested claims that those PDVSA 2020 bonds are secured by CH shares, as a result of a financial transaction not authorized by the national assembly.

The $1.87 billion CH debt that was refinanced was originally issued in 2015 as part of the financing of a historic dividend of $2.2 billion in 2016 to the Maduro regime. In fact, CH was created by reconfiguring PDV America and assigning to the holding company five terminals and 10 million barrels in storage capacity. In order to incur the $2.8 billion of debt necessary to fund the dividend, all of CH's assets were pledged as collateral, including 100% of the shares of CPC and the aforementioned terminal assets and storage capacity. Very restrictive covenants were also required, including the need to significantly reduce debt at the CH level before dividends could be paid to CH's shareholder, PDV Holding.

Without these refinancings, the CITGO entities would have had much more difficulty managing the volatility and uncertainty linked to the PDVSA 2020 bonds and the Crystallex litigation for the following reasons:

- In addition to the liquidity risks that necessitated the refinancing, another important risk to financial stability was the existing debt covenants, which included a change of control covenant that could have required repayment of all of the CITGO entities' debt and even technical default following any change in majority ownership of the CITGO entities.
- If these debt agreements had not been amended, financial instability could have resulted in the third quarter of 2019, with very negative consequences for CPC operations.
- The concerns that CITGO suppliers, creditors and customers had about CPC and CH having to potentially repay its entire $4.4 billion of debt (as of December 31, 2019) could have led each of these stakeholders to substantially reduce or even eliminate their exposure to CPC, creating serious risk for CITGO even before these risks materialized.
- Among the risks related to a potential change of control of the CITGO entities in the second half of 2019 was the Crystallex litigation, which was in the appeals process, and the risk of non-payment of $913 million in principal and interest on the PDVSA 2020 bonds. Both risks were of such magnitude that there were doubts about the CITGO entities' ability to continue as going concerns. This means that there was substantial doubt about whether the companies would be in operation in the next 12 months. The successful completion of the refinancing transactions and the modifications to the change of control covenants in the debt agreements during 2019 (discussed below) were key to stabilizing the CITGO entities.
- CPC and CH negotiated amendments to the change of control covenants in our debt documents to deal with this risk. Specifically, to be considered a change of control of the CITGO entities, the following conditions must occur: a) a 50% decrease in PDVSA's shareholding in CITGO entities and b) Moody's and/or S&P do not confirm the debt ratings of CPC and CH within 90 days. These changes significantly reduced the questions around our risk profile raised by creditors, rating agencies and suppliers, permitting CITGO to navigate this highly turbulent period without major consequences to operations.

[2] The savings includes interest savings and the fact that Bonds were issued at par versus previous Bonds issued al 95% discount

Improvement of debt ratings and market perception

We have already reported that, as a consequence of the aforementioned refinancing and the timely changes to the debt agreements around the change of control covenants, the debt rating agencies took more positive views towards the outlook for the CITGO entities. In particular, Fitch put CPC on negative credit watch on February 25, 2019, due to its complex financial and operational situation around the time the new Boards of Directors were installed. After the first refinancing in late March 2019, Fitch removed the negative outlook at CPC and affirmed its B rating. Fitch also announced an increase CH's rating to B+ following the CH refinancing in July 2019. On November 26, 2019, Moody's published a report that commented positively on CPC's credit, the strength of operations and the adequacy of its liquidity compared to companies with the same B3 rating level.

Covenants

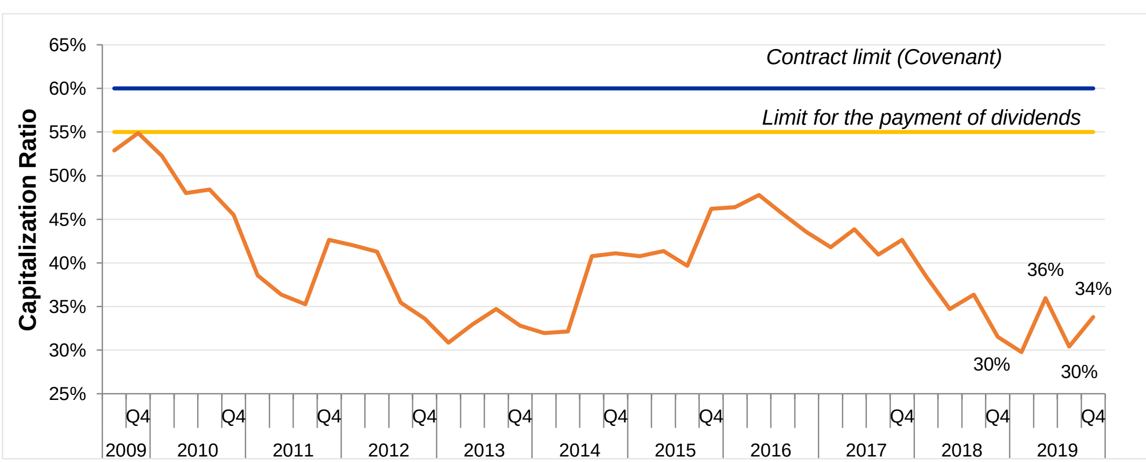
CPC's credit agreement established covenants that at the end of 2019 were all satisfied, the most notable being:

- Capitalization ratio, net debt / (net debt + equity), must be less than 60% at the end of each quarter. At the end of 2019, this ratio was 34%. (Graph 13)
- With respect to the payment of dividends, accumulated net earnings are available for distribution if Capitalization ratio of no more than 55% is met and available liquidity is at least $500 million after the dividend is paid.

CH's covenants are much more restrictive given its status as a holding company and the previously referenced $2.2 billion dividend paid during the Maduro regime. This move essentially compromised years of dividends to the shareholder. The most notable covenants at the CH level are:

- For CH to distribute dividends to its shareholder, PDV Holding, CH's leverage ratio, measured as debt divided by EBITDA, must be less than 2.0 to 1.0. This ratio is well above that minimum threshold and there is no indication that this test will be met in the 2020-2021 timeframe; consequently, the distribution of dividends to PDV Holding and, in turn, to PDVSA does not appear likely in the immediate future.
- CH must maintain a fund for the payment of not less than 12 months of debt service and, before declaring dividends, this fund must include 18 months of debt service.

Graph 13. CITGO Capitalization Ratio



Corporate Governance

One of the main responsibilities of the new administration is to ensure that CITGO entities operate under the highest levels of integrity and adopt best industry practices in everything we do. To this end, the new Boards of Directors gave priority to strengthening corporate governance, which was fundamental to our other objectives of strengthening operational and financial stability and protecting assets of CITGO entities.

The appointment of a new CEO (Chief Executive Officer) for CPC was a crucial step in this process. Following best practices, a Board-level CEO selection committee was established. The most important criteria in the selection process were that the selected candidate had to have a proven track record of working in complex operations related to the oil and refining industry in general and that he or she also possessed the highest ethical standards and understanding of the best corporate governance practices. Based on the guidance and advice of a renowned executive search firm, we reviewed 13 highly qualified candidates with extensive experience in the industry, and ultimately selected Carlos Jordá as the new CEO of CPC. Mr. Jordá is a chemical engineer with five decades of experience in the international oil and gas industry and a deep understanding of corporate planning, refining operations and commercialization of PDVSA, among other things, holding leadership positions in Venezuela (PDVSA) and in the United States. He previously served as president of the CITGO Board of Directors and president of PDV America, and in recent years served as a member of the Board of Directors of Delek USA, a refining and marketing company based in the United States, and as a consultant to large companies and investors in the global oil and gas industry.

Another important action taken by the newly appointed Boards of Directors was to hire an external advisor to carry out a complete review of the corporate governance and internal control systems of our company and an internal investigation. As a result of these ongoing reviews, the Boards of Directors restructured several functions and decided to eliminate both the role of Vice President of Shared Services and the entire function of Shareholder Procurement Services. After reviewing its regulatory compliance systems, the Boards of Directors updated these procedures and expanded the company's regulatory compliance and ethics function.

The Boards of Directors also ordered a comprehensive review of the companies' regulatory compliance systems and code of ethics to ensure that both reflect industry best practices. This review includes establishing additional rigorous procedures for employees to report their concerns internally, known as whistleblower protection. Additionally, CPC is facilitating training for employees on the Foreign Corrupt Practices Act (FCPA). Finally, CPC is reviewing its code of ethics and providing mandatory business ethics training based on industry best practices.

Another measure taken by the Boards was to restructure the compliance department and assign responsibility to a new Director of Ethics and Compliance, who also currently serves as the Vice President of Legal and Government Affairs, appointed by the CPC Board of Directors in 2019 after a competitive process. Reporting directly to the CEO and the Audit Committee of the CPC Board of Directors, the Director of Ethics and Compliance is responsible for leading the CPC Compliance Committee and periodically evaluating and ensuring that the company's ethics and compliance program reflects industry best practices. (https://www.citgo.com/press/news-room/news-room/2020/citgo-appoints-jack-lynch-to-serve-as-chief-compliance-ethics-officer)

Following another competitive selection process, the Boards of Directors also selected a General Manager of Internal Audit from outside CITGO, the first woman to serve as Auditor General of CITGO. Her extensive experience will ensure that best practices are followed in that important role.

Last but not least, the Board of Directors in conjunction with management began a process of aligning our financial reporting systems and internal controls with best practices.

Investigations

Shortly after its election in February 2019, CITGO's current board initiated internal investigations with the assistance of counsel to review past practices and actions of prior boards and senior management. The investigations are ongoing and expected to continue through 2020 and may continue beyond that date. To date, we have taken a number of remedial actions, including compliance program and control improvements, personnel actions, and termination of relationships with third parties. CITGO and its affiliates have also brought lawsuits where warranted. In one such case, an affiliate of CITGO, PDV USA, filed breach of contract and indemnification claims against Interamerican Consulting Inc. in U.S. District Court in New York in connection with a 2017 contract. In another case, CITGO has brought suit for breach of contract and fraud, among other claims, against a former vendor, Petroleum Logistics Services, and one of its principals, Jose Manuel Gonzalez Testino, based on, among other things, Mr. Gonzalez Testino's guilty plea in federal court nearly a year ago in which he admitted making bribe payments to CITGO employees in order to secure lucrative contracts between 2014-2018.

Additionally, On May 14, 2019, CITGO received a subpoena issued by the U.S. District Court for the Southern District of Texas, where the U.S. Department of Justice (''DOJ'') informed that it has been conducting an ongoing investigation into corruption within PDVSA, entities of the Venezuelan Government and CITGO. The subpoena and underlying investigation relate to actions as far back as January 1, 2013, and they may have implications under the Foreign Corrupt Practices Act (FCPA) and other statutes. In relation to the subpoena, CITGO has received other requests for documents or information from the DOJ. In addition, on December 16, 2019, CITGO received a subpoena from the U.S. District Court for the District of Puerto Rico for records related to PDVIC[3] and related reinsurance transactions conducted by or through PDVIC, with a focus on the period June 2016 to June 2017. As noted above, CITGO Holding and CITGO purchased insurance coverage through PDVIC until those purchases were prohibited by sanctions in January 2019. We have provided, and will continue to provide, documents and other information to the DOJ, and we are fully cooperating with the DOJ's investigations of these matters.

The DOJ investigation and the Board's internal investigation are ongoing.

[3] PDVIC is PDVSA's insurance captive

CITGO

Simón Bolívar Foundation

From its creation until the appointment of the new CITGO Board of Directors, the Simon Bolivar Foundation was focused on treating patients with serious illnesses in hospitals mainly outside Venezuela. However, given the complex humanitarian crisis in Venezuela, the Foundation decided to expand its mission to support more people and institutions that achieve a sustainable impact, thus moving away from individual care. Now operating under this new model, the Foundation's fundamental principle was changed to "*A future where access to basic medical care is a valued human right" not only for a few but for all*.

With a revised mission where the focus is to improve the health of vulnerable people affected by disasters, conflicts and poverty, with special attention on children and mothers in and from Venezuela, three objectives were outlined:

- Access: Increase access to medicine, nutrition and healthcare for low-income and vulnerable people and communities.
- Capacity: Improve the capacity of medical professionals and caregivers to serve and treat patients through education and support to rebuild expertise that can impact and support a greater number of patients.
- Empowerment: Increase the effectiveness of community organizations and actors by empowering them to meet the health needs of the most vulnerable people in their communities, particularly children and mothers.

Within the framework of the new vision, the Foundation is focused on three programs in 2020:

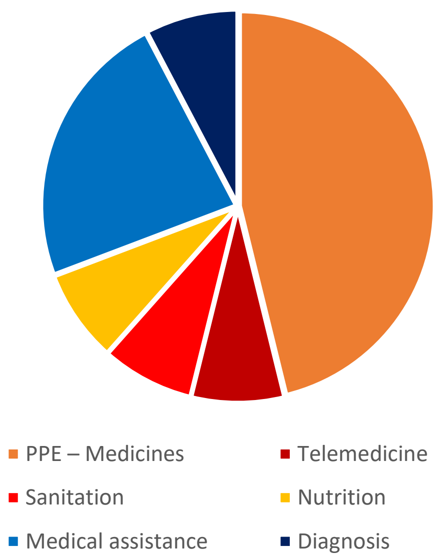
- Grants to facilitate capacity building, knowledge transfers and humanitarian health. Through different grant programs, financial aid is provided to NGOs working in Venezuela on projects focused on the most vulnerable people, especially mothers and children, and helps to create community, contributing to the training of organizations. The Foundation is working with various initiatives, including:
    - The first Small Grants agreements were signed for $100,000 and six organizations received grants to support health projects inside and outside Venezuela. The program was launched in 2019.
    - An Emergency Fund was activated to immediately meet the needs of COVID 19 in Venezuela. Through May 2020, $126,000 in personal protection, sanitation, and connectivity equipment has been delivered, benefiting more than 5,000 families and 1,500 health professionals in more than 12 hospitals in the most important cities of the country.
    - A round of Small Grants COVID-19 was launched to continue supporting projects that help mitigate the effects of this pandemic with the expectation of delivering up to $500,000 in aid. This program was carried out in two stages (Graph 14).
        - The first stage of early application gave $200,000 to five projects that will translate into immediate and much-needed help for more than 100,000 people, 184 soup kitchens and community centers, and 9 hospitals in 15 states in Venezuela.
        - The second stage of regular application awarded almost $300,000 to 15 projects.

The Foundation is evaluating other larger projects focused on humanitarian health and knowledge transfer. In this area, a series of videoconferences has been developed that help transfer experiences, including topics on shock medicine against COVID-19, the role of NGOs, health and food security and Venezuelan migration.

Graph 14. Small Grants COVID-19 Donations to NGOs as May 2020

SIMON BOLIVAR FOUNDATION – SMALL GRANTS COVID-19				
$475,343 AWARDED	**15,000** MEALS SERVED	**>9,000** HEALTH PROFESSIONALS BENEFITED	**>257** SOUP KITCHENS OR COMMUNITY CENTERS ASSISTED	**16** HOSPITALS BENEFITED

AREAS



AREAS IMPACTED

PDV Holding: Claims and Litigation

PDV Holding: Resolving claims and litigation

From the moment of our appointment by the Ad Hoc Administrative Board of PDVSA in February 2019, the Board of Directors of PDV Holding, Inc. (PDVH) has focused on multiple priorities, including stabilizing the company, improving regulatory compliance and corporate governance, and solving problems inherited from the Maduro regime. The efforts of the PDVH Board of Directors have preserved our most valuable assets, CITGO Holding, Inc. and CITGO Petroleum Corporation, for the benefit of its legitimate shareholder.

The PDVH Board of Directors inherited numerous complex challenges from the boards previously appointed by the Maduro regime, including litigation and operational instability, and has worked diligently since its appointment to resolve them.

Below are the initial areas of focus:

1. Legal and governance efforts

   The expropriations during the Chávez administration and the PDVSA 2020 bonds issued by Maduro have caused legal challenges related to PDVH assets.

   Our attorneys have been working diligently with attorneys for the Venezuelan Legitimate Government led by Juan Guaidó, as well as attorneys for the legitimate PDVSA, to defend our assets, from attempted appropriations by creditors.

   PDVH, in conjunction with the Ad Hoc Administrative Board of PDVSA - the legitimate representative of its shareholder - has started litigation to declare the PDVSA 2020 bonds invalid, illegal, null and void *ab initio*. These bonds were issued as a last attempt to finance the suffocated Maduro regime. At the time they were issued, the legitimate National Assembly of Venezuela categorically rejected the purported pledge of 50.1% of PDVH's shares of CITGO Holding Inc. and withheld its constitutionally required authorization of the entire transaction. Consequently, the bonds, including the pledged CH shares, are invalid and unenforceable. The arguments on the parties' motions are scheduled to be heard in the Southern District of New York in August 2020.

   Finally, the PDVH Board of Directors itself has been the object of attacks by the Maduro regime to invalidate its nomination by the legitimate National Assembly of Venezuela and the Interim President Juan Guaidó, and his subsequent appointment by the Ad Hoc Administrative Board of PDVSA, according to the legal mechanisms established in the constituent documents of the PDVH entities. The Delaware State Court rejected the Maduro regime's attempts and ruled in favor of the current Boards of Directors of PDVH and its affiliates. An appeal of this decision, by the alleged board appointed by the Maduro regime, is currently before the Delaware Supreme Court.

2. Operations

   Since April 2019, PDV Holding, CITGO Aruba Holding, and the Government of Aruba, in conjunction with Refinería di Aruba (RdA), held extensive negotiations on the future of the refinery, its terminal and marine operations. In October 2019, the parties signed a Memorandum of Understanding to suspend the contract and work to transition operations in an orderly, responsible and mutually beneficial manner. Subsequent negotiations culminated in a successful transfer of operations on February 29, 2020 to RdA, and the signing of the termination contract on April 30, 2020. This resulted in significant savings for our entities with a successful restructuring of inherited debts from the Maduro regime equivalent to 70% of the current debt, a 90% reduction in potential future obligations, as well as an installment agreement with the Aruba Tax

Department of the remaining debt, after reaching an agreement to reduce said tax debt. This agreement allowed for the elimination - and therefore savings - of a guarantee of up to $150 million by RdA and the government of Aruba.

In addition to presenting substantial savings with the friendly and reasonable termination of the Project, as well as eliminating the material financial risk for PDV Holding, it was possible to avoid reputational and geopolitical risks.

3. Investigations

PVDH is involved and cooperating with the CITGO and the DOJ's investigations described above.

As we move into our second year in administration, we continue working to protect assets and focus on solving the problems raised by the legacy of the administration represented by the Maduro regime. We are ready to develop constructive and stable solutions to maximize value for the benefit of our shareholder.

Challenge 2020 – COVID 19

At the time of this report, the effects of the COVID-19 pandemic have taken a global toll, making it the most serious challenge to the global economy since the Great Depression of 1930. The oil industry in particular has experienced unprecedented turbulence, given the never-before-seen collapse of global oil demand that has severely impacted the United States oil industry, including the refining sector.

The historic decline in U.S. economic activity of 4.8% in the first quarter is likely to be followed by an even greater collapse in the second quarter, with Gross Domestic Product (GDP) estimated to drop by 34% according to a survey by economists at Bloomberg. The second quarter is expected to be the peak of the crisis. The unemployment rate in the United States in March was around 5%, and during April, it rose to almost 15%, an increase of 20 million people without jobs and requesting help from the government. To date, it is estimated that the number of unemployed people is more than 30 million, which is approaching the 25% unemployment rate that occurred in 1933 during the great economic depression.

The isolation and quarantine resulting from this pandemic led to closures of industries, schools, shops and international trade, and has affected distribution and supply chains worldwide, all of which severely impacted the demand for petroleum products and their impact on gas and distillates prices.

The International Energy Agency (IEA) estimates worldwide reduction in oil demand of almost 10 million b/d on average in its April 2020 report. However, these estimates are based on a contraction in oil demand in the second quarter of more than 20 million b/d.

At the oil supply level, the disagreement between OPEC countries and Russia in early March regarding production cuts led to a collapse in crude prices, with WTI reaching record low levels. After geopolitical pressures and market realities pushed WTI futures contracts into negative territory, an agreement to reduce crude oil production to 9.7 MMBPD materialized in April among oil-producing countries (OPEC and Russia, among others). Although very necessary, it is not estimated to be sufficient in the short term to absorb the drop in demand causing the inevitable increase in inventories. All of these price movements have created severe pressure on refining margins with substantial reductions in demand for our products. Jet fuel was impacted the most, with a drop in demand of almost 70%, while gasoline fell 40-45% and diesel was affected to a lesser extent.

The impact on the refining companies has been notable:

- The U.S. capital markets have put pressure on our competitors listed on U.S. stock exchanges, with declines in equity prices in Q1 of 30 to 60% compared to December 2019 levels.
- Most of our competitors received ratings downgrades. In April, Fitch revised the outlook of CPC and CH from Stable to Negative, although both kept the same rating.
- U.S. refineries have reduced their processing capacity by an average of 25%, are reporting historic million-dollar losses and are employing survival-mode measures while waiting for a meaningful economic recovery.
- Most of our competitors have reduced expenses and investments and have issued debt to fund liquidity needs and to help withstand this crisis.

Although an economic recovery is expected in the second half of the year, there is high uncertainty about the intensity and speed with which it will come. Analysts have indicated that this year is expected to be the worst financially for the U.S. energy industry, including the refining sector. CITGO is taking all necessary measures, including security for our employees, cost reductions and focus on maintaining adequate liquidity, to navigate this storm

Glossary of Terms

- CITGO Petroleum Corporation is the operating company and is referred to alternatively as CITGO, CPC, CITGO Petroleum Corp., CITGO Petroleum or OPCO.
- CITGO Holding is the holding company that owns, among other entities, CITGO Petroleum Corporation, and in this document is referred to alternatively as CITGO H, CH, or HOLDCO.
- CITGO entities in this document is used to refer to CITGO Petroleum Corporation and CITGO Holding, collectively.
- $ sign means United States dollars.

- **Abbreviations and expressions**
  - **$MM** – millions of US dollars
  - **MBPD** – thousand barrels per day
  - **BPD or bpd** – barrel per day
  - **EBITDA**- English acronym for Earnings Before Interest, Taxes, Depreciation and Amortization
  - **EBIT**- English acronym for Earnings Before Interest and Taxes
  - **$/bbl** – US dollar per barrel
  - **API Gravity**– is a degree measurement that specifies crude gravity
  - **WTI** – West Texas Intermediate – benchmark for light crude API 39.6 º and Sweet (low sulfur) referenced in Cushing, Oklahoma USA.
  - **Brent**- benchmark for light crude API 38º and Sweet (low sulfur) referenced in the North Sea, Europe.
  - **Cracks** – crack spread- a term used to indicate the difference between the crude price and the obtained finished product.
  - **Spread** – term used to indicate the difference between two different crude prices.
  - **PADD:** Petroleum Administration for Defense District.
  - **USGC:** United States Gulf Coast.
  - **ULSD:** Ultra Low Sulphur Diesel- Diesel with low Sulphur content.
  - **VLSFO:** Very Low Sulphur Fuel Oil- Fuel Oil with low Sulphur content.