

A Letter from the Board of Directors of PDV Holding, Inc.

From the time of our appointments by the Petróleos de Venezuela, S.A. (PDVSA) Ad Hoc Administrative Board in February 2019, the members of the Board of Directors of PDV Holding, Inc. (PDVH) have pursued multiple priorities, including: stabilizing the company, ensuring compliance and strong governance, unwinding Maduro-era legacy issues, and reducing liabilities. The efforts of the PDVH Board have preserved our most valuable assets, CITGO Holding Inc. and CITGO Petroleum Corporation, for the benefit of its legitimate Venezuelan shareholder.

The PDVH Board inherited numerous complex challenges from previous Maduro-regime appointed Boards, including litigation and operational instability, and the PDVH Board has worked to resolve all of those challenges over the past year.

Below we outline our initial areas of focus.

1. Legal and Governance Efforts

Chavez-era expropriations, and the Maduro-issued PDVSA 2020 bonds, have caused legal challenges relating to the assets of PDVH.

Our outside legal representatives have been working diligently with counsel for the legitimate Venezuelan government of Juan Guaidó, and the legitimate representatives of PDVSA, to defend against attempts by expropriation creditors who are targeting our assets, including PDVH stock. Currently, the Guaidó government and PDVSA, under the leadership of the PDVSA Ad Hoc Board, are petitioning the U.S. Supreme Court to review issues in these cases.

PDVH has also joined the PDVSA Ad Hoc Board, the legitimate representative of its shareholder, in litigation to declare the PDVSA 2020 bonds invalid, illegal, null, and void *ab initio*. These bonds were issued as a last attempt at a financial lifeline for the Maduro-regime. Importantly, at the time of the issuance, the democratically elected Venezuelan National Assembly did not approve the issuance of the Notes, the Indenture, or the collateral pledge of 50.1% of PDVH's shares of CITGO Holding Inc. as required by the Venezuelan Constitution. The Notes, including the pledged collateral, are therefore invalid. Arguments on the parties' summary judgement motions are set to be heard in Federal Court in the Southern District of New York in July 2020.

Finally, the Board of PDVH itself has been subjected to attempts by the Maduro regime to invalidate its nomination by the Venezuelan National Assembly and Interim President Guaidó, and its subsequent appointment by the PDVSA Ad Hoc Board through the legal mechanism established by the constituent documents of the PDVH entities. The

Delaware Chancery Court rejected the Maduro regime's efforts and ruled in favor of the current boards of PDVH and its subsidiaries. The appeal of this decision by the Maduro-era Board is currently before the Delaware Supreme Court, with arguments to be scheduled at a date in the near future.

2. Operations

Beginning in April 2019, CITGO Aruba Holding, a subsidiary of PDVH and the Government of Aruba have engaged in extensive negotiations about the future of the San Nicolás Refinery, its Terminal, and Maritime Operations. In October 2019, the two parties signed a Memorandum of Understanding to suspend the contract and work towards a mutually beneficial, responsible, and non-disruptive transition in operations. Further negotiations culminated in a successful transfer of operations on February 29, 2020. Throughout the process, the parties prioritized the financial well-being of employees, which is reflected in the transfer agreement. As anticipated, this transfer of operations was the first step towards a mutual and orderly termination agreement that resulted in substantial savings for our entities with a successful restructuring of Maduro-era liabilities equal to 70% of current and 90% of potential future obligations. We estimate the potential savings from this restructuring deal are up to \$150 million for the shareholder.

3. Investigations

In February 2019, the PDVH Board, and its subsidiary boards, initiated internal investigations of irregular practices. On May 14, 2019, the United States Department of Justice subpoenaed CITGO Petroleum Corporation for information and materials going back to January 1, 2013, when Boards appointed by the Maduro regime ran the companies. PDVH is fully cooperating with these ongoing investigations and is pursuing its own investigations including a review of the Aruba project.

As we enter our second year as a Board, we will continue pursuing all efforts to protect our main assets and will remain focused on solving these Maduro-era legacy issues. We are ready to engage in constructive and stable solutions that maximize value to our shareholder.