

**CITGO Petroleum Corporation
TAX INFORMATION
FLEXIBLE SPENDING ACCOUNTS**

The following tax tables can be used as a basis for estimating your own tax savings through the Health Care and Dependent Day Care Spending Accounts. To find your tax rate, look at the taxable income under the heading which describes the different tax filing classes. For example, if you are a single individual and your annual “taxable income” is \$29,000, you pay 10% on the first \$8,375 of your income and 15% on the remaining \$20,625. You can project your “taxable income” by taking into account your wages, income from other sources, exemptions and deductions. Using your W-4 (withholding form) may be helpful.

2010 (Estimated) Federal Income Tax Rates

SINGLE TAXPAYERS

If taxable income is:		The tax is:		
Over -	but not over -	of the amount over –		
\$ 0	\$ 8,375	\$ 0	+ 10%	\$ 0
8,375	34,000	838	+ 15%	8,375
34,000	82,400	4,681	+ 25%	34,000
82,400	171,850	16,781	+ 28%	82,400
171,850	373,650	41,827	+ 33%	171,850
373,650	-----	108,421	+ 35%	373,650

MARRIED FILING JOINT RETURNS

If taxable income is:		The tax is:		
Over -	but not over -	of the amount over –		
\$ 0	\$ 16,750	\$ 0	+ 10%	\$ 0
16,750	68,000	1,675	+ 15%	16,750
68,000	137,300	9,363	+ 25%	68,000
137,300	209,250	26,688	+ 28%	137,300
209,250	373,650	46,834	+ 33%	209,250
373,650	-----	101,086	+ 35%	373,650

HEAD OF HOUSEHOLD

If taxable income is:		The tax is:		
Over -	but not over -	of the amount over –		
\$ 0	\$ 11,950	\$ 0	+ 10%	\$ 0
11,950	45,550	1,195	+ 15%	11,950
45,550	117,650	6,235	+ 25%	45,550
117,650	190,550	24,260	+ 28%	117,650
190,550	373,650	44,672	+ 33%	190,550
373,650	-----	105,095	+ 35%	373,650

Your participation in tax-free programs could lower your tax bracket. If so, your tax savings may be less than the examples used indicate. This is more likely to happen if your taxable income is near one of the dollar amounts in the table where the tax rate changes.

2010 (ESTIMATED) SOCIAL SECURITY TAX RATE

Your pay up to the Social Security wage base is subject to the 7.65% Social Security tax. The wage base is estimated to be \$106,800 for 2010. In addition, the Medicare Hospital Insurance (H.I.) tax which is part of the 7.65% continues beyond the Social Security wage base. The rate is 1.45% and all pay is subject to the H.I. portion of the Social Security tax. Wages subject to Social Security taxes usually increase annually. There have been some suggestions that the wage based cap be removed completely (as it is for the H.I. portion).

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Health Care Spending Account Budget Worksheet

Use this sheet as a guide in determining your anticipated expenses. Check your Medical, Dental and Vision Summary Plan Description to see if these expenses are covered and to what extent.

<u>Expense Item</u>	<u>Cost Estimate</u>
• Medical and dental plan deductibles	\$ _____
• Medical & dental plan co-payments and co-insurance	\$ _____
• Prescription drug co-payments and co-insurance	\$ _____
• Over-the-counter medications (to alleviate or treat personal injuries or sickness)	\$ _____
• Routine physicals	\$ _____
• Well-baby care	\$ _____
• Eye examinations	\$ _____
• Eyeglasses or contact lenses	\$ _____
• Hearing aids	\$ _____
• Hearing examinations	\$ _____
• Any eligible medical/dental/vision expense in excess of the Plan's limitations or maximums such as:	
▪ dental care	\$ _____
▪ orthodontia*	\$ _____
▪ mental and nervous	\$ _____
▪ substance abuse	\$ _____
▪ home health care	\$ _____
▪ skilled nursing	\$ _____
Total:	\$ _____

- **PLEASE CONTACT THE BENEFITS DEPARTMENT FOR DETAILS ON REIMBURSEMENT OF ORTHODONTIC EXPENSES.**

Be careful to set aside money into the spending account only for expenses you are reasonably certain you will incur. Careful estimating is important because you will forfeit money left in your account.

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Dependent Day Care Spending Account Budget Worksheet

Type of Expense	Your Cost
Nursery school or licensed day care center for your child(ren)	\$ _____
Individual care for your child(ren) inside or outside your home	\$ _____
Centers which provide day care for adult dependents (such as elderly parents who are dependent on you for financial support). Not including residential care	\$ _____
Individual care for your adult dependent inside or outside your home	\$ _____
Summer day camp (not overnight)	\$ _____
Before school and after school care	\$ _____
Other	\$ _____
Total: (not to exceed \$5,000)	\$ _____

Remember to consider times when your dependent will not require day care (such as holidays and vacations) so you do not set aside too much money.

2010 (Estimated) Dependent Day Care Tax Credit

<u>Adjusted Gross Income*</u>	<u>Tax Credit</u>
\$15,000 or less	35%
15,001 - \$17,000	34%
17,001 - 19,000	33%
19,001 - 21,000	32%
21,001 - 23,000	31%
23,001 - 25,000	30%
25,001 - 27,000	29%
27,001 - 29,000	28%
29,001 - 31,000	27%
31,001 - 33,000	26%
33,001 - 35,000	25%
35,001 - 37,000	24%
37,001 - 39,000	23%
39,001 - 41,000	22%
41,001 - 43,000	21%
43,001 and over	20%

Adjusted gross income is total income from all sources (wages, interest, dividends, etc..). It is not the same as taxable income (that subtracts exemptions and deductions) used on the tax rate chart.

Tax Savings Worksheet

Determine your estimated tax rate on your annual income and filing status as described on the first page entitled "Tax Information". Multiply your tax percentage by your expenses.

Your Tax Rates:

Federal: _____ %

(+) Social Security.... **6.2** % *(or 0% on income in excess of \$106,800)*

(+) Medicare **1.45** %

Total: _____ (X) \$ _____ Estimated Dependent Day Care Expenses

(=) **Total Estimated Tax Savings:** \$ (A) **(from Spending Accounts)**

To determine whether the Spending Account or Tax Credit is better for you compare the calculation below to the Spending Account Tax Savings **(Box A to B)**

Your Tax Credit % based on Adjusted Gross Income (see previous chart): _____ %

Dependent Day Care Expenses (listed above): (X) \$ _____

(only include expenses up to \$3,000 for one dependent, or
expenses up to \$6,000 for more than one dependent)

(=) **Total Federal Tax Credit Savings:** \$ (B)