April 4th, 2012

Audited Financial Results of Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies as of December 31, 2011

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales</td>
<td>343.0</td>
<td>420.3</td>
<td>22.5%</td>
<td>30.0</td>
</tr>
<tr>
<td>Gross Income</td>
<td>162.3</td>
<td>197.8</td>
<td>21.9%</td>
<td>14.1</td>
</tr>
<tr>
<td>Operating Income</td>
<td>132.9</td>
<td>175.2</td>
<td>31.8%</td>
<td>12.5</td>
</tr>
<tr>
<td>Income before Taxes and Duties</td>
<td>144.5</td>
<td>219.6</td>
<td>52.0%</td>
<td>15.7</td>
</tr>
<tr>
<td>Taxes and Duties</td>
<td>169.6</td>
<td>243.5</td>
<td>43.5%</td>
<td>17.4</td>
</tr>
<tr>
<td>Net Income</td>
<td>(25.1)</td>
<td>(23.8)</td>
<td>(1.7)</td>
<td></td>
</tr>
</tbody>
</table>

**Highlights**

- Total sales amounted to Ps. 420.3 billion.
- Crude oil production averaged 2,550 thousand barrels per day (Mbd).
- EBITDA recorded an increase of 47.0% due to increased revenues.
- Taxes paid increased by 43.5%, amounting to Ps. 243.5 billion (U.S.$17.4 billion).
- During the fourth quarter, PEMEX recorded a net loss of Ps. 23.8 billion, as a result of a negative comprehensive financing result of Ps. 29.8 billion, caused by the depreciation of the Mexican peso against the U.S. dollar, as well as taxes and duties, which represented 58% of total revenues.

**Uses and Sources as of December 31, 2011**

(Posts MM)

- Cash at the Beginning of the Year: 133,587
- Revenues from Operations: 1,040,132
- Financing Activities: 189,693
- Available Cashflow: 1,363,412
- Debt Payments: (152,119)
- Interest Paid: (33,381)
- Investments: (200,169)
- Taxes: (862,811)
- Cash at the end of the Period: 117,100

(1) Before taxes.
(2) Excludes Financed Public Works Contract Program.
(3) Includes change of cash effect of Ps. 2,168 million.

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1 PEMEX is providing this report to publish its audited financial and operational results for the fourth quarter of 2011. PEMEX encourages the reader to analyze this report together with the information provided in the Annexes hereto and the transcript of PEMEX’s conference call announcing its fourth quarter results. All comparisons are made against the same period of the previous year unless otherwise specified. This call is to take place on February 28, 2012. Annexes, transcripts and relevant documents related to this call can be found at www.ri.pemex.com.
Operating Results

Upstream 4Q11

Crude Oil Production

Total crude oil production reached 2,547 thousand barrels per day (Mbd), a 0.2% decrease as compared to the fourth quarter 2010 average. This decrease was due to:

- Delays in the completion of wells at Cantarell due to the fact that contracting of drilling equipment ran behind schedule as a result of longer tender processes and changes in current market conditions.
- A natural decline in production at the Crudo Ligero Marino and Cantarell projects in the Southwestern Marine Region and Northeastern Marine Region, respectively.

The previous was partially offset by an increase in production of approximately 17 Mbd from the Aceite Terciario del Golfo (ATG) project. This increase is primarily explained by the start of operations of new wells, and by the measures taken towards maintaining production. Light crude oil production also increased, as a result of the completion and repair of wells in the Yaxché and Och-Uech-Kax projects in the Southwestern Marine Region and in the Ogarrio-Magallanes project in the Southern Region.
Natural Gas Production

Total natural gas production decreased by 9.1%, as a result of:

- a programmed reduction in drilling activities and the completion of wells in the Burgos and Veracruz Assets of the Northern Region, in response to lower natural gas prices in the U.S. market; and
- a decrease in associated gas production, due to pressure maintenance strategies implemented at the Antonio J. Bermúdez and Jujo-Tecominoacán projects in the Southern Region, and to a natural decline in production at the Caan and Cantarell projects in the Southwestern Marine Region and Northeastern Marine Region, respectively.

This decrease was partially offset by an increase in associated gas production at the Litoral de Tabasco Asset in the Southwestern Marine Region, and at the ATG Asset in the Northern Region.
Gas Flaring

Gas flaring decreased by 62.1%, primarily due to:

- new infrastructure installed on marine platforms for the handling and transportation of gas;
- the implementation of strategies to strengthen operational reliability; and
- the implementation of strategies at Cantarell to optimize the exploitation of wells with high associated gas content.

The natural gas use as a percentage of production was above 97% during the fourth quarter of 2011.

Operational Infrastructure

PEMEX has increased its reliance on technology and information in its drilling activities in order to improve efficiency and generate increased value.

- During the fourth quarter of 2011, the completion of wells increased by 72%, due to an increase in development drilling activities at the ATG and Burgos projects in the Northern Region.
- The average number of operating wells increased to 8,606, an increase of 836 wells as compared to the average for the fourth quarter 2010. This is primarily a result of:
  - increased well-to-well connectivity in the ATG Asset;
  - an increase in the completion of wells in the Ogarrio-Magallanes, Delta del Grijalva and ATG projects; and
  - the reopening of producing wells in the Poza Rica-Altamira Asset.
- The number of operating drilling rigs increased by 30% due to an increase in activities in the following projects: ATG, Burgos, Antonio J. Bermúdez, Delta del Grijalva and Samaria Somero.
Seismic Information

2D seismic data acquisition increased by 37.7%, as a result of increased seismic data acquisition activities in the Burgos project, in part aimed at the location of shale gas. Data acquisition in the Veracruz basin is also being conducted for the same purpose.

3D seismic data acquisition increased by 14.8%, due to increased exploratory activities in the deep waters of the Gulf of Mexico, as well as from additional data acquisition in the Southeastern basin in order to evaluate new areas and incorporate reserves.
Discoveries

As a result of the exploratory activities carried out, the Terra 1DL and Hokchi wells confirmed the existence of light and heavy crude oil, respectively.

In addition, the semi-submergible Centenario platform drilled the Nen 1 well, which confirmed the existence of a new natural gas deposit. The gas deposit is located in waters measuring 1.49 km deep and was drilled to a total depth of 4.35 km. PEMEX continues evaluating the petroleum potential of the deep waters of the Gulf of Mexico with this well.

<table>
<thead>
<tr>
<th>Project</th>
<th>Well</th>
<th>Geologic age</th>
<th>Initial production</th>
<th>Type of hydrocarbon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samaria-Luna</td>
<td>Terra 1DL</td>
<td>Upper Jurassic Kimmeridgian</td>
<td>263.0 (bd)</td>
<td>Light crude oil</td>
</tr>
<tr>
<td></td>
<td>Hokchi 101</td>
<td>Eocene</td>
<td>2,453.0 (MMcfd)</td>
<td>Black crude oil</td>
</tr>
<tr>
<td></td>
<td>Nen 1</td>
<td>Oligocene</td>
<td>0.0 (MMcfd)</td>
<td>Dry gas</td>
</tr>
<tr>
<td>Litoral de Tabasco</td>
<td>Kinbe-1</td>
<td>Upper Jurassic Kimmeridgian</td>
<td>5,679.0 (bd)</td>
<td>Light crude oil</td>
</tr>
<tr>
<td>Litoral de Tabasco</td>
<td>Bocaza-1</td>
<td>Eocene</td>
<td>144.0 (bd)</td>
<td>Gas and condensates</td>
</tr>
<tr>
<td>Burgos</td>
<td>Bragado-1</td>
<td>Mid Jakson Eocene</td>
<td>41.0 (MMcfd)</td>
<td>Wet gas</td>
</tr>
<tr>
<td>Burgos</td>
<td>Lindero-1</td>
<td>Cold Marine Mid Oligocene</td>
<td>49.0 (MMcfd)</td>
<td>Wet gas</td>
</tr>
<tr>
<td>Burgos</td>
<td>Siroco-1</td>
<td>Mid Jakson Eocene</td>
<td>47.0 (MMcfd)</td>
<td>Wet gas</td>
</tr>
<tr>
<td>Holok-Temoa</td>
<td>Piklis-1</td>
<td>Lower Miocene</td>
<td>90.2 (MMcfd)</td>
<td>Wet gas</td>
</tr>
<tr>
<td>Litoral de Tabasco</td>
<td>Xanab-101</td>
<td>Upper-Mid Cretaceous</td>
<td>3,786.0 (bd)</td>
<td>Light crude oil</td>
</tr>
<tr>
<td>Veracruz</td>
<td>Chancarro-1</td>
<td>Upper Miocene</td>
<td>6.1 (MMcfd)</td>
<td>Dry gas</td>
</tr>
<tr>
<td>El Golpe-Puerto Ceiba</td>
<td>Pareto-1</td>
<td>Pareto-1</td>
<td>3,703.0 (bd)</td>
<td>Light crude oil</td>
</tr>
<tr>
<td>Burgos</td>
<td>Emergente-1</td>
<td>Emergente-1</td>
<td>3,700.0 (bd)</td>
<td>Dry gas</td>
</tr>
</tbody>
</table>
Upstream 2011

In 2011, PEMEX’s strategy consisted of expanding its productive assets, and stabilizing or increasing production from its current assets. During the year, several events adversely affected production, some of them in consequence of bad weather conditions, and others due to unplanned downtimes of plants.

**Crude Oil Production**

Crude oil production amounted to 2,550 Mbd, a decrease of 26 Mbd as compared to 2010, due to:

- maintenance works carried out at the Yuum K’ak’ Naab floating production storage and offloading (FPSO) vessel;
- the unfavorable weather conditions caused by Tropical Storm “Nate”;
- delays in completion of wells at Cantarell, due to delays in the contracting of drilling rigs as a result of longer tender processes;
- temporary downtimes at the Cantarell nitrogen plant, which supplies nitrogen to several projects to maintain the fields’ pressure.
- the natural decline of fields in the following projects: Antonio J. Bermúdez and Jujo-Tecominoacán in the Southern Region, as well as Cantarell in the Northeastern Marine Region; and
- an advance of the oil-gas contact zone at the Ixtal-Manik and Caan projects in the Southeastern Marine Region.

The previous was partially offset by production increases from the following projects: Yaxche, Delta del Grijalva, Ogarrio Magallanes and ATG.

**Project Diversification**

The Ku-Maloob-Zap (KMZ) Asset which is comprised of the Ku, Maloob, Zaap, Bacab and Lum fields, was PEMEX’s main producer for third year in a row. PEMEX has stabilized crude oil production by reaching a steady production at its current Assets, and incorporating new projects.

<table>
<thead>
<tr>
<th>Main Crude Oil Production Assets</th>
<th>2004 vs 2011 (Mbd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>Cantarell 63.2%</td>
</tr>
<tr>
<td>2011</td>
<td>KMZ 33.0%</td>
</tr>
</tbody>
</table>

APC:Abkatún-Pol Chuc; KMZ: Ku-Maloob-Zaap; BJ: Bellota Jujo; LT: Litoral de Tabasco; SL: Samaria Luna
The measures taken towards increasing Cantarell’s recovery factor and stabilizing its production during 2011 yielded an average monthly decline rate of 1.16%, or a monthly decline production of approximately 6 Mbd.

Cantarell’s Average Monthly Rate of Decline (Mbd)

- **2008**: 3.35%
- **2009**: 2.79%
- **2010**: 1.36%
- **2011**: 1.16%

**Natural Gas**

During 2011, natural gas production recorded a 6.7% decrease, amounting to 5,913 MMcfd, primarily due to:

- lower production at the Burgos and Veracruz assets in the Northern Region, as a result of a programmed reduction in drilling activities and completion of wells, due to current market conditions—in great part caused by the downward trend observed in natural gas prices in the United States market; and
- a decrease in associated gas production at the Antonio J. Bermudez project and the Cantarell Asset, as a result of the field’s administration.

**Gas Flaring**

Gas flaring decreased by 40.8% to 249 MMcfd, due to:

- new infrastructure installed on marine platforms for the handling and transportation of gas;
- the establishment of strategies to strengthen operational reliability; and
- the implementation of strategies at Cantarell to optimize the exploitation of wells with high gas content.

As a result of these activities, the use of gas in 2011 reached 95.8%.

**Operational Infrastructure**

PEMEX has revised its drilling strategy through a more intensive use of technology and state of the art equipment:

- During 2011, the completion of wells decreased by 269, due to a reduction in activities at the ATG and Burgos assets.
- The average number of operating wells increased by 837, primarily due to a reopening of wells in the Poza-Rica-Altamira Asset, and to the completion and incorporation of wells in the Ogarrio-Magallanes and Delta del Grijalva projects, and at the ATG Asset.

The number of operating drilling rigs recorded a 2 rig decrease as compared to 2010, totaling 128 drilling rigs during 2011.

**Seismic Information**

During 2011, 2D and 3D seismic data acquisition recorded increases of 43.8% and 78.7%, respectively, due to increased activities in the Burgos and Veracruz assets, and to greater activity in the deep waters of the Gulf of Mexico and the Southeastern basin.

**Discoveries**

Among the most important exploratory wells drilled during 2011 was the Emergente 1 well, through which PEMEX began the evaluation of shale oil and gas resources in Mexico. Also, the Pareto-1, Xanab-101 and Kinbe-1 wells in the Bellota-Jujo and Litoral de Tabasco Assets have confirmed the potential that still lies in the Southeastern basin. Finally, with the drilling of the Piklis-1 and Nen-1 wells, PEMEX continues to make progress in its deep water strategy in the Gulf of Mexico.

**Upstream Projects**
**E&P Integrated Contracts**

**First Round**

On March 1st, 2011, PEMEX launched the first tender of Integrated E&P Contracts for three mature fields in the Southern Region: Santuario, Carrizo and Magallanes.

On August 18th, 2011, PEMEX awarded the contracts to the following bidders:

- the Magallanes and Santuario fields were awarded to Petrofac Facilities Management; and
- the Carrizo field was awarded to Dowell Schlumberger de México S.A. de C.V.

A total of 53 bid packages were acquired by 27 companies for the three contractual areas.

Together the three fields awarded hold 3P reserves of 207 MMboe and currently produce 15 Mbd. Their production is expected to reach a total of 55 Mbd once these contracts come into effect.

**Second Round**

On January 19th, 2012, PEMEX announced a second tender for six mature fields in the Northern Region: San Andrés, Arenque, Pánuco, Tierra Blanca, Atún and Altamira.

These blocks currently produce 17 Mbd and hold 3P reserves of 224 MMboe. These contracts are expected to be awarded by the first half of 2012.

For more information please visit [E&P Integrated Contracts](http://contratos.pemex.com/portal/).

**Shale Gas**

In February 2011, PEMEX extracted its first shale gas production from the Emergente-1 well, which is currently producing 1.31 MMcfd of gas.

Additionally, during 2011, PEMEX initiated the drilling of the Montañes-1, Nomada-1 and Percutor-1 exploratory wells, which are currently in the completion phase, and began drilling the Habano-1 exploratory well.

PEMEX’s studies and analyses have defined five areas with petroleum potential. Therefore, the company is working on the planning and design of field labs to explore for shale gas, which are expected to be operational by May 2012.
### Storage Capacity
In October 2011, PEMEX put in service a crude oil storage tank with a capacity of 500 Mb at the Pajaritos Maritime Terminal, which will help to increase operational reliability and reduce operating costs and gas emissions.

### Quality of Crude Oil Exports
In 2011, PEMEX began the second stage of the dehydration and desalination project of Maya crude oil in the Campeche Sound. The project is expected to clean up to 1.1 MMbd of heavy crude oil in order to maintain the quality of Maya oil exports, and satisfy specific commercialization requirements.

### Pemex E&P Reorganization
In September 2011, the Board of Directors of Pemex-Exploration and Production approved the reorganization of its internal structure, in order to increase the execution capacity of each one of its operating areas.

### ATG
In 2011, PEMEX redesigned its exploitation strategy for ATG. Some of the measures implemented were:

- the installation of field labs throughout the region in order to obtain greater knowledge on the geological formations and increase the recovery of hydrocarbons; and
- the development of two-phase portable production readers (professional equipment for well meter reading) which have allowed the evaluation of 90% of the fields in the Asset, and permitted more efficient data analysis.

As a result, the wells at ATG recorded a significant increase in productivity and lower decline rates.
**Downstream 4Q11**

**Crude Oil Processing**

Total crude oil processing increased by 11.8%, as a result of the recovery of capacity that had been temporarily suspended due to the incident at the hydrodesulphuration diesel oil plant at the Cadereyta Refinery.

PEMEX’s usage of its primary distillation capacity increased by 2.7 percentage points, from 69.1% to 71.8% of its total capacity.

![Crude Oil Processing and Petroleum Products Production](image)

**Production of Petroleum Products**

In line with the above, total petroleum products production increased by 6.9%, or 85 Mbd, due to an increase in production of gasolines, diesel and jet fuel.

![Petroleum Products Production](image)

**Variable Refining Margin**

PEMEX’s National Refining System recorded a negative variable refining margin of U.S.$2.64 per barrel, U.S.$3.33 per barrel below the margin recorded during the fourth quarter of 2010. This decrease is primarily explained by the volatility in the prices of crude oil and petroleum products in the international markets due to current political and social unrest, as well as macroeconomic factors.

![Variable Refining Margin](image)

**Natural Gas**

Dry gas production increased by 3.6%, due to a 2.9% increase in natural gas processing in response to
Processing and Production

Condensates processing increased by 2.0%, due to increased production from the Marine Regions. Nevertheless, natural gas liquids production declined by 1.1%, due to maintenance works at the Cryogenic Plant II at the Ciudad Pemex Gas Processing Center and to the lower content of propane in wet gas.

Petrochemicals Production

The production of petrochemical products decreased by 8.6%, in line with the PEMEX’s strategy of channeling production into the most profitable chains. Accordingly:

- production in the aromatics and derivatives chain decreased as a result of a reduction in the gasoline component used in manufacturing, in response to increased input costs;
- production of the propylene and derivatives chain decreased due to a lower demand for these products;
- production in the methane derivatives chain recorded a decrease of 17.0%, due to lower production of ammonia and carbon dioxide as a result of higher inventories; and
- production in the ethane derivatives chain increased 6.4% due to the resumption of regular operations as compared to the fourth quarter of 2010.

*Includes muriatic acid, butadiene, polyethylene wax, petrochemical specialties, BTX liquids, hydrogen, isohexane, pyrolysis liquids, oxygen, CPDI, sulfur, isopropyl alcohol, amorphous gasoline, octane basis gasoline and heavy naphtha.
Downstream 2011

Crude Oil Processing
Total crude oil processing amounted to 1,167 Mbd, a 1.5% decrease as compared to 2010, primarily as a result of maintenance projects in the National Refining System and power outages, which caused downtimes and delays in the processing.

Production of Petroleum Products
Consequently, primary distillation capacity decreased by 2.7%, as compared to 2010, and total petroleum products output decreased by 3.3%, totaling 1,316 Mbd.

Natural Gas Processing and Production
The National Refining System recorded a negative variable refining margin of U.S.$0.09 per barrel by year-end, as compared with U.S.$-0.21 per barrel recorded by year-end 2011, in response to better operating and market conditions.

Petrochemicals Production
The production of petrochemical products amounted to 5,583 Mt, an 8.8% decrease as compared to 2010, in line with the company’s strategy of channeling production into the most profitable chains, as well as from maintenance in the ethylene and vinyl chloride plants at the Morelos Petrochemical Complex and unplanned downtimes in the acrylonitrile plant at the same complex.

The aromatics and derivatives chain production decreased as a result of a reduction of the gasoline component in manufacturing, in response to increased input costs. The propylene and derivatives chain production decreased due to a decline in demand for these products; and finally, as a result of the maintenance activities previously mentioned, the ethane derivatives chain also recorded a decrease in production.

The decline in total production of petrochemical products was partially offset by an increase in the methane derivatives chain of 5.4%, due to greater outputs of methanol.

Downstream Projects

Operating Improvement Program
In 2010, PEMEX implemented an Operating Improvement Program to increase its operating reliability and reverse the negative results from the National Refining System. The first stage of the program, identification and evaluation, began at the Madero and Salina Cruz refineries, and in 2011 continued with the Cadereyta, Tula, Salamanca and Minatitlán refineries.

As of December 31, 2011, 230 opportunities for technological improvements have been identified, 62 of which are currently being implemented, 52 of which are in the solutions development process, and the rest are undergoing a technical and economic feasibility assessment. With this, the second stage of the program, implementation and supervision, has begun.

Gas Quality
PEMEX continued implementing measures in order to comply with official gas quality parameters established in the NOM-001-SECRE-2010. In 2011, the following measures were taken:

1. New operating procedures to control nitrogen concentration in processing gas.
2. PEMEX completed modifications to Cryogenic Plant II of the Ciudad Pemex Gas Processing Center.
3. PEMEX installed H2S and H2O analyzing equipment, as well as chromatographs for gas quality testing.
4. PEMEX conducted adjustments to operating and control systems, to calculate discounts in case of deviations in the natural gas quality parameters.
5. PEMEX hired services for control of liquefiable contents through dew point control plants at the Veracruz Asset.

Stabilization of the Minatitlán
The reconfiguration of the Minatitlán Refinery was completed during the second quarter of 2011. Currently the new plants are operating normally, with the exception of the alkylation plant, which
Refinery

The new refinery at Tula started its stabilization process in mid-February 2012.

New Refinery at Tula

On February 15, 2012, PEMEX awarded a U.S.$135 million contract for engineering and management services to ICA Fluor Daniel and its partner companies, for the engineering development phase of the new refinery in Tula.

The contract has a term of 421 days, effective on March 12, 2012. It is important to note that the work will be executed with 63% national content, through which PEMEX supports the development of Mexican engineering.

Joint Venture with Mexichem

On October 21, 2011, the Comisión Federal de Competencia (COFECO) approved PEMEX’s joint venture with the Mexican company Mexichem. Through this joint venture PEMEX expects to increase the vinyl chloride production and collaborate with private companies to boost the Mexican petrochemical industry.

Petrochemicals Laboratory

PEMEX, the Mexican Oil Institute (Instituto Mexicano del Petróleo) and the Investigation of Applied Chemistry Center (Centro de Investigación de Química Aplicada-CIQA) will work together in a petrochemicals laboratory to analyze the mechanical, thermal and optical properties of the petrochemicals products that PEMEX trades. This information will be used to target specific markets, increase the volume of products sold and provide technical assistance to PEMEX’s clients.

Reverse Auction for Purchases of Imported LPG

On November 4, 2011, Pemex-Gas and Basic Petrochemicals (PGPB) awarded Petredec Ltd. an LPG supply contract in a reverse auction. The winning company was awarded multiannual contracts (April 2012-March 2013), representing savings of more than U.S.$100 million.

First-Hand Sales Contracts for Petroleum Products

In compliance with new regulations promulgated under the 2008 Energy Reform, the deadline for adopting a new first-hand sales contract for petroleum products was on January 31, 2012.

As of February 2, 2012, a total of 9,547 gas stations or 95.7% of the country’s network have signed such contracts, and 250 are in the process of signing. With this, 98.3% of the country’s network will be working under this scheme.
Financial Results

Sales

Sales revenues increased by 22.5% primarily as a result of:

- an increase of 34.3% in the average price of the Mexican crude oil basket, from U.S.$77.8 per barrel in the fourth quarter of 2010, to U.S.$104.4 per barrel in the same period of 2011. This was partially offset by a 10.5% decrease in the volume of crude oil exports, which recorded an average volume of 1,339 Mbd during the quarter;
- an increase of 20.0% in the price of regular gasoline in the U.S. Gulf of Mexico, from U.S.¢ 218.62 per gallon to U.S.¢ 262.27; and
- higher prices for domestic products sold were recorded, including gasolines (Magna 11.7%, Premium 5.2%), diesel (11.2%), fuel oil (38%), jet fuel (39.7%) and asphalt (38.2%). Additionally, increases in sales volumes of the following products were recorded: premium gasoline (13.1%), fuel oil (21.6%) and jet fuel (12.5%).

Sales Evolution

(Ps. MM)

<table>
<thead>
<tr>
<th></th>
<th>4Q10</th>
<th></th>
<th></th>
<th>4Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Sales</td>
<td>343,047</td>
<td></td>
<td></td>
<td>420,283</td>
</tr>
<tr>
<td>Exports</td>
<td>26,184</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services Income</td>
<td>49,974</td>
<td></td>
<td></td>
<td>1,078</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>420,283</td>
</tr>
</tbody>
</table>
Operating costs and expenses increased by 16.6% as follows:

- A 23.1% increase recorded in cost of sales during the fourth quarter of 2011 primarily explained;
  - a 30.3% increase in purchases for resale, due to higher prices of hydrocarbons and its derivatives;
  - an increase of 21.2% in operating expenses mainly due to increases in the costs of personal services (10.7%), materials (83.9%), auxiliary services payable to third parties (45.9%), and other rental expenses (45.7%). These increased expenses were partially offset by decreases in fees paid to third parties (89.4%), payroll taxes (72.5%) and freight and insurance (76.1%); and
  - a 14.8% increase of in exploration expenses, as well as a 49.0% increase in preservation and maintenance expenses.

The previous was partially offset by decreases of 7.2% in amortization expense, and 37.5% in the net cost of employee benefits during the period.

General expenses, which are composed of distribution expenses and administrative expenses, decreased by 23.2%. Distribution expenses decreased by 26.0%, due to decreases in operating expenses, preservation and maintenance expenses and in the net cost of employee benefits during the period. In addition, administrative expenses decreased by 21.8%, due to a 41.7% decrease in the net cost for the period of employee benefits, and a 13.2% decrease in operating expenses.
Other Revenues

Other revenues recorded an increase of 496.1%, primarily as a result of a 243.8% increase in the IEPS\(^4\) credit.

Operating Costs and Expenses

<table>
<thead>
<tr>
<th></th>
<th>4Q10</th>
<th>Cost of Sales</th>
<th>General Expenses</th>
<th>4Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Ps. MM)</td>
<td>210,101</td>
<td>41,747</td>
<td>(6,806)</td>
<td>245,042</td>
</tr>
</tbody>
</table>

16.6%

Comprehensive Financing Result

Comprehensive financing result recorded a negative variation of Ps. 27.5 billion as a result of:

- higher interest expense, as a consequence of unrealized losses on financial instruments; and
- an increase in exchange loss, due to a depreciation of the Mexican peso against the U.S. dollar, as compared to the appreciation of the peso recorded during the same period of the previous year.

Comprehensive Financing Result

<table>
<thead>
<tr>
<th></th>
<th>4Q10</th>
<th>Financial Income (Loss) net</th>
<th>Exchange Loss</th>
<th>4Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Ps. MM)</td>
<td>(2,345)</td>
<td>(3,938)</td>
<td>(23,565)</td>
<td>(29,848)</td>
</tr>
</tbody>
</table>

\(^4\) IEPS means Impuesto Especial sobre Producción y Servicio (Special Tax on Production and Services).
Taxes and Duties

The 43.5% increase in taxes and duties was primarily a result of:

1. Higher reference prices of the Mexican crude oil basket which increased by 34.3%, from U.S.$77.8 per barrel during the fourth quarter of 2010, to U.S.$104.4 per barrel during the same quarter of 2011.

The former was partially offset by the accrued amount of IEPS credit.

Net Income

During the quarter, PEMEX recorded a net loss of Ps. 23.8 billion (U.S.$1.7 billion) as a result of a negative comprehensive financing result of Ps. 29.8 billion, and from an increase in taxes and duties of Ps. 73.8 billion. The former was partially offset by an increase in sales and other revenues.

Income Statement from January 1 to December 31, 2011
Sales

In 2011, revenues from sales and services increased by 21.6%, reaching a record high of Ps. 1,558.4 billion, due to higher international prices of hydrocarbons and to our stable production platform. The increase in sales was primarily due to:

- an increase of 40.0% in the price of the Mexican crude oil basket, from U.S.$72.07 per barrel in 2010, to U.S.$100.92 per barrel in 2011. This was partially offset by a 1.7% decrease in the volume of crude oil exports, which recorded an average volume of 1,338 Mbd during 2011;
- an increase of 33.5% in the price of regular gasoline in the U.S. Gulf of Mexico, from U.S.$206.96 per gallon to U.S.$276.39; and
- higher prices for domestic products sold, including gasolines (Magna 12.2%, Premium 5.3%), diesel (11.6%), fuel oil (30.1%), jet fuel (36.9%) and asphalt (14.5%). Additionally, increases in sales volumes of the following products were recorded: premium gasoline (4.6%), diesel (1.7%), fuel oil (10.5%), jet fuel (0.6%) and asphalt (4.5%).

Operating Costs and Expenses

During 2011, cost of sales increased by 23.6% primarily as a result of:

- a 41.5% increase in purchases for resale, due to higher prices of hydrocarbons and its derivatives;
- an 18.1% increase in exploration expenses, as well as a 35.2% increase in preservation and maintenance expenses;
- a 11.2% increase in operating expenses, due to increases in the costs of personal services, materials, auxiliary services payable to third parties, freights and insurance, and guarantee letters.

The previous was partially offset by decreases of 1.8% in amortization expense, and of 10.0% in the net cost of employee benefits during the period.

Also during 2011, general expenses, which are composed of distribution expenses and administrative expenses, decreased by 7.6%.

Distribution expenses decreased by 5.8%, due to:

- a 12.0% decrease in the net cost for the period of employee benefits; and
- a 1.9% decrease in fees paid to third parties, freights charges, and leases.

In addition, administrative expenses decreased by 8.4% due to:

- an 8.5% decrease in the net cost for the period of employee benefits; and
- a 9.2% decrease in operating expenses, as a result of decreases in medical service expenses, services and fees paid to third parties, as well as insurance and freights. This was partially offset by an increase in depreciation expenses.

Other Revenues

During 2011, other revenues recorded an increase of 173.2%, primarily as a result of a 143.1% increase in the IEPS credit.
Comprehensive Financing Result

The comprehensive financing result recorded a negative variation of Ps. 79.7 billion as a result of:

- higher interest expense, as a result of greater unrealized losses on financial instruments; and
- an increase in exchange loss, due to a greater depreciation of the Mexican peso against the U.S. dollar, from Ps. 12.36 per dollar at year-end 2010 to Ps. 13.99 per dollar at year-end 2011.

Taxes and Duties

In 2011, taxes and duties paid reached a record high amounting to Ps. 876,016 million, which represented 128.6% of operating income (or 56.2% of total revenues). This increase is primarily due to higher reference prices of the Mexican crude oil basket, which increased by 40.0% during 2011, as compared to 2010, from U.S. $72.07 per barrel to U.S.$100.92 per barrel. The former was partially offset by the accrued amount of IEPS credit.

Net Income

In 2011, PEMEX recorded a net loss of Ps. 91.5 billion (U.S.$6.5 billion) as a result of an increase in taxes and duties of Ps. 221.9 billion, as well as from an increase in negative comprehensive financing result of Ps. 91.6 billion. The former was partially offset by an increase in sales and other revenues.

Net Loss Evolution 2011 vs 2010

(1) Plus profit-sharing in non-consolidated subsidiaries, affiliates and others of Ps. -2,337 millions.
## PEMEX
### Consolidated Balance Sheet as of December 31, 2011

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>1,395,197</td>
<td>1,533,345</td>
<td>9.9%</td>
<td>138,148</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>133,587</td>
<td>117,100</td>
<td>-12.3%</td>
<td>(16,487)</td>
</tr>
<tr>
<td>Accounts, notes receivable and other</td>
<td>120,887</td>
<td>154,659</td>
<td>27.9%</td>
<td>33,771</td>
</tr>
<tr>
<td>Inventories</td>
<td>40,519</td>
<td>44,152</td>
<td>9.0%</td>
<td>3,634</td>
</tr>
<tr>
<td>of products</td>
<td>35,220</td>
<td>39,265</td>
<td>11.5%</td>
<td>4,045</td>
</tr>
<tr>
<td>of materials</td>
<td>5,299</td>
<td>4,888</td>
<td>-7.8%</td>
<td>(412)</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>20,917</td>
<td>16,903</td>
<td>(0)</td>
<td>(4,014)</td>
</tr>
<tr>
<td>Investment available for sale</td>
<td>-</td>
<td>24,656</td>
<td>-</td>
<td>24,656</td>
</tr>
<tr>
<td><strong>Investment in securities</strong></td>
<td>11,116</td>
<td>12,913</td>
<td>16.2%</td>
<td>1,797</td>
</tr>
<tr>
<td><strong>Property, plant and equipment</strong></td>
<td>1,061,388</td>
<td>1,152,506</td>
<td>8.6%</td>
<td>91,118</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td>6,782</td>
<td>10,456</td>
<td>54.2%</td>
<td>3,674</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,506,499</td>
<td>1,727,264</td>
<td>14.7%</td>
<td>220,765</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>207,254</td>
<td>253,470</td>
<td>22.3%</td>
<td>46,216</td>
</tr>
<tr>
<td>Short-term debt</td>
<td>89,555</td>
<td>110,497</td>
<td>23.4%</td>
<td>20,943</td>
</tr>
<tr>
<td>Suppliers</td>
<td>43,474</td>
<td>53,313</td>
<td>22.6%</td>
<td>9,839</td>
</tr>
<tr>
<td>Accounts and accrued expenses payable</td>
<td>21,659</td>
<td>23,889</td>
<td>10.3%</td>
<td>2,230</td>
</tr>
<tr>
<td>Taxes and duties payable</td>
<td>52,566</td>
<td>65,770</td>
<td>25.1%</td>
<td>13,205</td>
</tr>
<tr>
<td><strong>Long-term liabilities</strong></td>
<td>1,299,245</td>
<td>1,473,794</td>
<td>13.4%</td>
<td>174,549</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>575,171</td>
<td>672,275</td>
<td>16.9%</td>
<td>97,104</td>
</tr>
<tr>
<td>Reserve for sundry creditors and others</td>
<td>55,493</td>
<td>64,284</td>
<td>15.8%</td>
<td>8,791</td>
</tr>
<tr>
<td>Reserve for employee benefits</td>
<td>661,365</td>
<td>731,017</td>
<td>10.5%</td>
<td>69,652</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>7,216</td>
<td>6,216</td>
<td>-13.8%</td>
<td>(998)</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>(111,302)</td>
<td>(193,919)</td>
<td>74.2%</td>
<td>(82,617)</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>1,395,197</td>
<td>1,533,345</td>
<td>9.9%</td>
<td>138,148</td>
</tr>
</tbody>
</table>
Current Assets increased by 13.2% or Ps. 41.6 billion from January 1 to December 31, 2011.

Current liabilities increased by 22.3%, primarily due to an increase in short-term debt of Ps. 20.9 billion, an increase of Ps. 9.8 billion in accounts payable to suppliers, an increase of Ps. 2.23 billion in accounts and accrued expenses payable and an increase of Ps. 13.2 billion in taxes and duties payable.

Working Capital

(Ps. MM)

1) Includes Ps. 9.6 billion from Financed Public Works Contract Program and Ps. 1.5 million of interest payable.
Investment Activities

**Activity 2011**

During 2011, PEMEX spent Ps. 267.2 billion, which represents 93.3% of total programmed investment of Ps. 286.3 billion. The allocation of these investments was as follows:

- Ps. 235.9 billion to Pemex-Exploration and Producción\(^3\), Ps. 31.1 billion of which were allocated to exploration;
- Ps. 25.1 billion to Pemex-Refining;
- Ps. 3.0 billion to Pemex-Gas and Basic Petrochemicals;
- Ps. 2.4 billion to Pemex-Petrochemicals; and
- Ps. 0.7 billion to Corporate.

**Budget 2012**

PEMEX expects to invest approximately Ps. 301.3 billion\(^6\) during 2012. The estimated allocation of these investments is:\(^7\):

- Ps. 251.9 billion to Exploration and Production\(^8\), Ps. 33.5 billion of which will be allocated to exploration;
- Ps. 40.1 billion to Pemex-Refining;
- Ps. 3.4 billion to Pemex-Gas and Basic Petrochemicals;
- Ps. 5.2 billion to Pemex-Petrochemicals; and
- Ps. 0.7 billion to Corporate.

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\(^{3}\) Includes maintenance expenditures.

\(^{4}\) Based on 2012 Federal Budget.

\(^{5}\) Investment figures may change based on further budgeting adjustments.

\(^{6}\) Includes maintenance expenditures.
Financing Activities

Capital Markets

- On March 15, 2011, Petróleos Mexicanos issued Ps. 10 billion of Certificados Bursátiles (publicly traded notes) which mature on March 8, 2016, at 28 days floating TIIE rate plus 21 basis points.

- On May 25, 2011, Petróleos Mexicanos issued U.S.$1.25 billion of its 6.50% Notes paid semi-annually and due on June 2041. The proceeds from this transaction were received on June 2, 2011.

- On July 20, 2011, Petróleos Mexicanos reopened U.S.$1.0 billion of its 5.50% Notes paid semi-annually and due in January 2021, which were issued in July 2010. The proceeds from this transaction were received on July 26, 2011.

- On September 27, 2011, Petróleos Mexicanos issued Ps. 10.0 billion of Certificados Bursátiles (publicly traded notes) in two tranches:
  - Ps. 7.0 billion due in 2017, at TIIE + 24 basis points; and
  - the equivalent of approximately Ps. 3.0 billion, denominated in UDIs (Investment Units) due in 2021, at a 3.55% semi-annual fixed coupon.

- On October 12, 2011, Petróleos Mexicanos reopened U.S.$1.25 billion of its 6.50% Bonds paid semi-annually and due in June 2041, which were issued in May 2011. The proceeds from this transaction were received on October 18, 2011.

- On December 7, 2011, Petróleos Mexicanos issued Ps. 10.0 billion of its 7.65% Notes paid semi-annually and due on November 2021, Ps. 7.0 million of which were issued through a GDN (Global Depositary Note).

- On January 17, 2012, Petróleos Mexicanos issued U.S.$2.1 billion of its 4.875% Notes paid semi-annually and due on January 2022. The proceeds from this transaction were received on January 24, 2012.

The proceeds from these placements will be used to finance investment projects and for debt refinancing.

Bank Loans

- On February 24, 2011, Petróleos Mexicanos obtained a Ps. 3.75 billion bank loan at 91 days floating TIIE rate plus 150 basis, which matured on September 30, 2011.


- On December 29, 2011, Petróleos Mexicanos obtained Ps. 3.5 billion from a Ps. 7.0 billion credit line which matures in December 2016.

ECAs

- On September 23, 2011, Petróleos Mexicanos borrowed U.S.$0.8 billion from a credit line guaranteed by the Norway GIEK Export Credit Agency (ECAs).

- During the fourth quarter of 2011, Petróleos Mexicanos borrowed U.S.$1.0 billion from a credit line guaranteed by the Export Credit Agencies (ECAs).

Others

During the fourth quarter of 2011, Petróleos Mexicanos obtained U.S.$359.4 million through Public Works Financed Contracts (COPF) of Pemex-Exploration and Production. These contracts are used for the exploitation of natural gas fields in the Burgos basin.

Liquidity Management

On December 22, 2011, Petróleos Mexicanos signed a four-year revolving credit line for Ps. 10 billion.

As of December 31, 2011, Petróleos Mexicanos holds liquidity management credit lines for U.S.$3.25 billion which are completely available to PEMEX.

Sacyr-PEMEX

PEMEX has been a partner of Repsol since 1979. After an invitation extended by the Spanish
government PEMEX acquired shares from Petróleos del Norte (Petronor) with the purpose of establishing a strategic collaborative relationship between the two companies.

On August 29, 2011, PEMEX and Sacyr Vallehermoso, Repsol’s largest shareholder, signed a Shareholder’s Agreement to syndicate their voting rights on important decisions taken regarding Repsol.

Under this agreement, PMI Holdings B.V., a wholly-owned subsidiary of Petróleos Mexicanos, purchased in the open market a total of 57,204,240 shares of Repsol YPF, S.A., which represented 4.686% of the company. With this acquisition PEMEX increased its economic and voting rights in Repsol YPF, S.A. from 4.806% to 9.492%.

On December 20, 2011, PEMEX received an intention letter from Sacyr Vallehermoso to early terminate the shareholders’ agreement signed by both parties, due to Sacyr’s need to restructure its shareholder position in Repsol in order to refinance its debt.

On January 6, 2012, PEMEX’s Board Of Directors unanimously recommended, with the favorable opinion of the Strategy and Investment Committee the following:

- Continue to normalize relations with the rest of Repsol’s shareholders and with its management.
- Hold meetings with Repsol, so that if a favorable agreement towards PEMEX’s interest is reached, then long-term collaboration agreements that grant benefits to both companies can be established.
- Decide on PEMEX’s optimal shareholder position in Repsol.
- Additionally, the relevant committees of the Board will be kept informed by the chairpersons of the Strategy and Investment Committee and the Audit and Performance Evaluation Committee.

As a result, on January 25, 2012, PEMEX announced that a Memorandum of Understanding had been reached with Repsol. The agreement established the following terms:

- It shall be based on the principles of reciprocity, mutual benefit and collaboration, long term commitment and non-exclusivity.
- It shall comprise the Upstream business areas in America, and the Downstream business areas in America, Spain and Portugal.
- Within the constitutional and legal framework that regulates the hydrocarbons sector in Mexico, Pemex shall count on Repsol as an ally to evaluate and promote any business opportunity that may be of mutual interest.
- A Strategic Committee, Upstream Committee, as well as a Downstream Committee will be formed. Each one will count with equal representation from Pemex and Repsol, and will have an advisory and informational role.
- PEMEX reaffirms its shareholder position in Repsol, which shall not decrease below 5% nor exceed 10%.
- The strategic industrial alliance will have an initial term of 10 years.

The formal agreement will be submitted for consideration to PEMEX and Repsol’s Board of Directors, in compliance with the company’s internal regulations.
PEMEX
Consolidated Statements of Cash Flows

<table>
<thead>
<tr>
<th>Operation Activities</th>
<th>2010</th>
<th>2011</th>
<th>Change</th>
<th>2011 (U.S.$MM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income before income taxes</td>
<td>607,613</td>
<td>784,532</td>
<td>29.1%</td>
<td>176,919</td>
</tr>
<tr>
<td>Activities related to investing activities</td>
<td>118,278</td>
<td>106,761</td>
<td>-9.7%</td>
<td>(11,517)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>96,482</td>
<td>97,753</td>
<td>1.3%</td>
<td>1,271</td>
</tr>
<tr>
<td>Impairment of properties, plant and equipment</td>
<td>9,959</td>
<td>(11,690)</td>
<td>-217.4%</td>
<td>(21,648)</td>
</tr>
<tr>
<td>Profit sharing in non-consolidated subsidiaries and affiliates</td>
<td>(1,541)</td>
<td>796</td>
<td>151.7%</td>
<td>2,337</td>
</tr>
<tr>
<td>Unsuccessful wells</td>
<td>11,619</td>
<td>12,021</td>
<td>3.5%</td>
<td>402</td>
</tr>
<tr>
<td>Dividends received</td>
<td>-</td>
<td>(600)</td>
<td>0.0%</td>
<td>(600)</td>
</tr>
<tr>
<td>(Gain) loss on unrealized exchange wells providing</td>
<td>(1,316)</td>
<td>4,983</td>
<td>478.7%</td>
<td>6,299</td>
</tr>
<tr>
<td>Unsubscribe of properties, plant and equipment</td>
<td>3,074</td>
<td>3,497</td>
<td>13.7%</td>
<td>422</td>
</tr>
<tr>
<td>Activities related to financing activities</td>
<td>13,141</td>
<td>106,626</td>
<td>711.4%</td>
<td>93,486</td>
</tr>
<tr>
<td>Income (loss) from foreign exchange fluctuations</td>
<td>(28,459)</td>
<td>69,417</td>
<td>343.9%</td>
<td>97,876</td>
</tr>
<tr>
<td>Interest income (loss)</td>
<td>1,896</td>
<td>2,379</td>
<td>25.5%</td>
<td>483</td>
</tr>
<tr>
<td>Subtotal</td>
<td>739,032</td>
<td>997,920</td>
<td>35.0%</td>
<td>258,887</td>
</tr>
<tr>
<td>Funds provided by (used in) operating activities</td>
<td>(572,994)</td>
<td>(820,599)</td>
<td>-43.2%</td>
<td>(247,605)</td>
</tr>
<tr>
<td>Financial instruments</td>
<td>(1,908)</td>
<td>591</td>
<td>131.0%</td>
<td>2,498</td>
</tr>
<tr>
<td>Inventories</td>
<td>(2,070)</td>
<td>(3,634)</td>
<td>-75.5%</td>
<td>(1,564)</td>
</tr>
<tr>
<td>Other assets</td>
<td>(1,796)</td>
<td>(3,674)</td>
<td>-104.6%</td>
<td>(1,878)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(1,989)</td>
<td>3,507</td>
<td>276.4%</td>
<td>5,496</td>
</tr>
<tr>
<td>Paid Taxes</td>
<td>(650,028)</td>
<td>(862,811)</td>
<td>-32.7%</td>
<td>(212,783)</td>
</tr>
<tr>
<td>Suppliers</td>
<td>(19,803)</td>
<td>9,839</td>
<td>149.7%</td>
<td>29,642</td>
</tr>
<tr>
<td>Reserve for sundry creditors and others</td>
<td>13,285</td>
<td>700</td>
<td>-94.7%</td>
<td>(12,585)</td>
</tr>
<tr>
<td>Contributions and payments for employees benefits</td>
<td>85,164</td>
<td>69,652</td>
<td>-18.2%</td>
<td>(15,512)</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>283</td>
<td>(998)</td>
<td>-453.1%</td>
<td>(1,281)</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>166,039</td>
<td>177,321</td>
<td>6.8%</td>
<td>11,282</td>
</tr>
<tr>
<td>Investing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in securities</td>
<td>-</td>
<td>(20,784)</td>
<td>0.0%</td>
<td>(20,784)</td>
</tr>
<tr>
<td>Exploration expenses</td>
<td>(6,343)</td>
<td>(4,135)</td>
<td>34.8%</td>
<td>2,208</td>
</tr>
<tr>
<td>Dividends received</td>
<td>-</td>
<td>600</td>
<td>0.0%</td>
<td>600</td>
</tr>
<tr>
<td>Investment in property, plant and equipment</td>
<td>(184,585)</td>
<td>(175,850)</td>
<td>4.7%</td>
<td>8,735</td>
</tr>
<tr>
<td>Net cash flow from investing activities</td>
<td>(190,928)</td>
<td>(200,169)</td>
<td>-4.8%</td>
<td>(9,241)</td>
</tr>
<tr>
<td>Cash needs related to financing activities</td>
<td>(24,889)</td>
<td>(22,848)</td>
<td>8.2%</td>
<td>2,041</td>
</tr>
<tr>
<td>Financing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans obtained from financial institutions</td>
<td>235,882</td>
<td>189,693</td>
<td>-19.6%</td>
<td>(46,189)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(38,723)</td>
<td>(33,381)</td>
<td>13.8%</td>
<td>5,341</td>
</tr>
<tr>
<td>Principal payments on loans</td>
<td>(197,099)</td>
<td>(152,119)</td>
<td>22.8%</td>
<td>44,980</td>
</tr>
<tr>
<td>Increase in equity</td>
<td>0.1</td>
<td>0</td>
<td>-99.9%</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Net cash flow from financing activities</td>
<td>61</td>
<td>4,193</td>
<td>6776.8%</td>
<td>4,132</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>(24,828)</td>
<td>(18,655)</td>
<td>24.9%</td>
<td>6,173</td>
</tr>
<tr>
<td>Cash and cash equiv. at the beginning of the period</td>
<td>159,760</td>
<td>133,587</td>
<td>-16.4%</td>
<td>(26,173)</td>
</tr>
<tr>
<td>Effect of changes in the value of cash</td>
<td>(1,345)</td>
<td>2,168</td>
<td>261.1%</td>
<td>3,514</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>133,587</td>
<td>117,100</td>
<td>-12.3%</td>
<td>(16,487)</td>
</tr>
</tbody>
</table>
Below are some items that impacted results in the period:

<table>
<thead>
<tr>
<th>PEMEX</th>
<th>Economic impact by external and structural effects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year ended Dec. 31, 2011</td>
</tr>
<tr>
<td></td>
<td>(Ps. Bn) (U.S.$Bn)</td>
</tr>
<tr>
<td>Cost of the LPG subsidy</td>
<td>40.0</td>
</tr>
<tr>
<td>Not-recognized costs in the price mechanism of gasolines and diesel</td>
<td>7.8</td>
</tr>
<tr>
<td>Decrease in Duties paid to recognition of operating cost and expenses incurred in 2011</td>
<td>88.9</td>
</tr>
<tr>
<td>Labor obligations</td>
<td>86.7</td>
</tr>
<tr>
<td>Incremental taxes</td>
<td>(22.5)</td>
</tr>
<tr>
<td>Total</td>
<td>200.7</td>
</tr>
</tbody>
</table>

Other Relevant Events

**Business Plan**
On July 5, 2011, PEMEX’s Board of Directors approved its 2012-2016 Business Plan in a unanimous vote. The plan underscores PEMEX’s commitment and aim towards achieving sustainable operating and financial goals.

**Goods and Services Demand Forecast**
On July 20, 2011, PEMEX launched a new system to forecast the demand of goods and services, to promote competition within the market and contribute in the development of an efficient petroleum services national industry, which is technologically dynamic and that can successfully compete within the international markets.

**Union Labor Contract Agreement**

**Recent Appointments**
- On December 18, 2011, Alejandro Martínez Sibaja was appointed General Director of Pemex-Gas and Basic Pectrochemicals (PGBP).
- On December 22, 2011, Luis Felipe Luna Melo was appointed General Director of PMI International Trade (PMI Comercio Internacional, S.A. de C.V.).

**Transboundary Hydrocarbon Reservoirs Agreement**
On February 20, 2012, Mexico and the United States signed the “Agreement between the United Mexican States and the United States of America concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico”. The agreement will allow the safe, efficient, equitable, and environmentally responsible exploration and exploitation of shared transboundary hydrocarbon reservoirs, which may straddle the border between both countries in the Gulf of Mexico. The agreement will become effective once it has been ratified by the Mexican Senate.
Social Responsibility

PEMEX promotes social and human development in the communities where it operates. During 2011, PEMEX’s donations totaled Ps. 679.3 million, in addition to donations of approximately Ps. 541.9 million in fuel oil and asphalt to communities across the country.

Industrial Accidents

- On April 12, 2011, a mechanical incident caused the partial sinking of the semi-submersible housing platform Jupiter. More than two thousand barrels of diesel and 82 barrels of jet fuel stored in this platform were recovered. Neither production nor activities conducted in the area were negatively affected.

- On December 6, 2011, the 30-inch Nuevo Teapa-Minatitlan-Salina Cruz pipeline was damaged by the explosion of a device, but no injuries or leaks were recorded. The authorities are investigating the case in order to determine responsibility.

- On December 31, 2011, PEMEX recorded a fuel robbery attempt in Cosoleacaque, Veracruz. 472 thousand liters of emulsified products have been recovered, of which 57% was crude oil and the rest water.

- On January 16, 2012, a turbocompressor explosion caused a fire on the KU-S rig Processing Center KU in the Ku-Maloob-Zaap field. The fire was brought under control and no injuries were recorded. As a precaution, workers were evacuated from the platform. Production was reestablished by stages under safe conditions, only after the inspection of pipelines, equipment and wells.

Hydrocarbon Reserves

As of January 1, 2012, total hydrocarbon reserves in Mexico equaled 43.8 MMMboe, classified as follows:

- 13.8 MMMboe proved reserves;
- 12.4 MMMboe probable reserves; and
- 17.7 MMMboe possible reserves.

The integrated proved reserves replacement rate as of January 1, 2012 was 101.1%.
PEMEX

If you would like to be included in our distribution list, please access www.ri.pemex.com and then “Distribution List.”

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Variations
Cumulative and quarterly variations are calculated comparing the period with the same one of the previous year; unless specified otherwise.

Rounding
Numbers may not total due to rounding.

Financial Information
Excluding budgetary and volumetric information, the financial information included in this report and the annexes hereto is based on unaudited consolidated financial statements prepared in accordance with the Normas de Información Financiera (Mexican Financial Reporting Standards, or FRS)-formerly Mexican GAAP—issued by the Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (the Mexican Board for Research and Development of Financial Reporting Standards, or the CINIF).

- Based on FRS B-10 “Inflation effects,” 2009 and 2010 amounts are expressed in nominal terms.
- Based on FRS B-3 “Income Statement” and FRS C-10 “Derivative Financial Instruments and Hedging Transactions,” the financial income and cost of the Comprehensive Financing Result include the effect of financial derivatives.
- EBITDA is a non-U.S. GAAP and non-FRS measure issued by the CINIF.

Budgetary information is based on standards from Mexican governmental accounting; therefore, it does not include information from the subsidiary companies of Petróleos Mexicanos.

Foreign Exchange Conversions
Convenience translations into U.S. dollars of amounts in Mexican pesos have been made at the established exchange rate, at December 31, 2011, of Ps. 13.99047 = U.S.$1.00. Such translations should not be construed as a representation that the Mexican peso amounts have been or could be converted into U.S. dollars at the foregoing or any other rate.

Fiscal Regime
Since January 1, 2006, PEMEX has been subject to a new fiscal regime. PEMEX-Exploration and Production’s (PEP) tax regime is governed by the Federal Duties Law, while the tax regimes of the other Subsidiary Entities continue to be governed by Mexico’s Income Tax Law. The most important duty paid by PEP is the Ordinary Hydrocarbons Duty (OHD), the tax base of which is a quasi operating profit. In addition to the payment of the OHD, PEP is required to pay other duties.

Under PEMEX’s current fiscal regime, the Special Tax on Production and Services (IEPS) applicable to gasoline and diesel is regulated under the Federal Income Law. PEMEX is an intermediary between the Secretary of Finance and Public Credit (SHCP) and the final consumer; PEMEX retains the amount of IEPS applicable to gasoline and diesel and transfers it to the Federal Government. The IEPS rate is calculated as the difference between the retail or “final price,” and the “producer price.” The final prices of gasoline and diesel are established by the SHCP. PEMEX’s producer price is calculated in reference to that of an efficient refinery operating in the Gulf of Mexico. Since 2006, if the final price is lower than the producer price, the SHCP credits to PEMEX the difference among them. The IEPS credit amount is accrued, whereas the information generally presented by the SHCP is cash-flow.

Hydrocarbon Reserves
Pursuant to Article 10 of the Regulatory Law to Article 27 of the Political Constitution of the United Mexican States Concerning Petroleum Affairs, (i) PEMEX’s reports evaluating hydrocarbon reserves shall be approved by the National Hydrocarbons Commission (NHC); and (ii) the Secretary of Energy will register and disclose Mexico’s hydrocarbon reserves based on information provided by the NHC. As of the date of this report, this process is ongoing.

As of January 1, 2010, the SEC changed its rules to permit oil and gas companies, in their filings with the SEC, to disclose not only proved reserves, but also probable reserves and possible reserves. In addition, we do not necessarily mean that the probable or possible reserves described herein meet the recoverability thresholds established by the SEC in its new definitions. Investors are urged to consider closely the disclosure in our Form 20-F and our annual report to the Mexican Banking and Securities Commission, available at http://www.pemex.com/.

Bids
No awards for amounts higher than Ps. 100.0 billion were assigned. For further information, please access www.compranet.gob.mx.

Forward-looking statements
This report contains forward-looking statements. We may also make written or oral forward-looking statements in our periodic reports to the CNBV and the SEC, in our annual reports, in our offering circulars and prospectuses, in press releases and other written materials and in oral statements made by our officers, directors or employees to third parties. We may include forward-looking statements that address, among other things, our:

- drilling and other exploration activities;
- import and export activities; and
- projected and targeted capital expenditures; costs; commitments; revenues; liquidity, etc.

Actual results could differ materially from those projected in such forward-looking statements as a result of various factors that may be beyond our control. These factors include, but are not limited to:

- changes in international crude oil and natural gas prices;
- effects on us from competition;
- limitations on our access to sources of financing on competitive terms;
- significant economic or political developments in Mexico;
- developments affecting the energy sector; and
- changes in our regulatory environment.

Accordingly, you should not place undue reliance on these forward-looking statements. In any event, these statements speak only as of their dates, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. These risks and uncertainties are more fully detailed in PEMEX’s most recent Form 20-F filing with the SEC (www.sec.gov), and the PEMEX prospectus filed with the CNBV and available through the Mexican Stock Exchange (www.bmv.com.mx). These factors could cause actual results to differ materially from those contained in any forward-looking statement.

PEMEX
PEMEX is Mexico’s national oil and gas company. Created in 1938, it is the exclusive producer of Mexico’s oil and gas resources. The operating subsidiary entities are PEMEX-Exploration and Production, PEMEX-Refining, PEMEX-Gas and Basic Petrochemicals and PEMEX-Petrochemicals. The principal subsidiary company is PMI Comercio Internacional, S.A. de C.V., PEMEX’s international trading arm.