# Results of PEMEX\(^1\) as of December 31, 2014\(^2\)

<table>
<thead>
<tr>
<th>Fourth Quarter (Oct.-Dec.)</th>
<th>2013 (MXN billion)</th>
<th>2014 (MXN billion)</th>
<th>Variation</th>
<th>2014 (USD billion)</th>
<th>Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales</td>
<td>409.5</td>
<td>364.2</td>
<td>-11.1%</td>
<td>24.8</td>
<td>→ Total hydrocarbons production averaged 3.5 MMboed, and crude oil production decreased by 6.5%. The average price of the Mexican crude oil basket decreased by 27.9%, from USD 92.05 to USD 66.33.</td>
</tr>
<tr>
<td>Operating Income</td>
<td>136.5</td>
<td>93.1</td>
<td>-31.8%</td>
<td>6.3</td>
<td>→ EBITDA totaled MXN 155.8 billion (USD 10.6 billion).</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>(77.5)</td>
<td>(117.6)</td>
<td>-51.8%</td>
<td>(8.0)</td>
<td></td>
</tr>
</tbody>
</table>

Acronyms used: thousand barrels per day (Mbd), million barrels of oil equivalent per day (MMboe\(_d\)), million cubic feet per day (MMcfd), thousand tons (Mt), million tons (MMt).

### Uses and Sources of Funds as of December 31, 2014

<table>
<thead>
<tr>
<th>(MXN million)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at the beginning of the year</td>
<td>Cashflow from operating activities(^3)</td>
<td>Financing Activities(^3)</td>
<td>Available cashflow</td>
</tr>
<tr>
<td></td>
<td>880,600</td>
<td>423,400</td>
<td>1,384,745</td>
</tr>
<tr>
<td></td>
<td>207,455</td>
<td>47,248</td>
<td>230,679</td>
</tr>
<tr>
<td></td>
<td>746,075</td>
<td>51,583</td>
<td>117,989</td>
</tr>
</tbody>
</table>

| Cash at the end of the period | 80,746 |

(1) Before taxes and duties. Calculated by adding accrued taxes and duties to revenues from operations from the statement of changes in financial position.
(2) Excludes E&P Financed Public Works Contract Program.
(3) Includes (i) an MXN 8,059 million effect from exploration expenses, investment in shares, dividend revenue and financial instruments for sale and (ii) change of cash effect of MXN 8,225 million.

\(^1\) PEMEX refers to Petróleos Mexicanos, its Productive Subsidiary Companies, Affiliates, Subsidiary Entities and Subsidiary Companies.

\(^2\) PEMEX is providing this report to publish its audited financial and preliminary operational results for the fourth quarter of 2014 and the year ended December 31, 2014. PEMEX encourages the reader to analyze this report together with the information provided in the Annexes hereto. All comparisons are made against the same period of the previous year unless otherwise specified. Annexes, transcripts and relevant documents related to this call can be found at [www.pemex.com/en/investors](http://www.pemex.com/en/investors).
Operating Results

Main Statistics of Production

<table>
<thead>
<tr>
<th></th>
<th>Fourth quarter (Oct.-Dec.)</th>
<th>Year ended Dec. 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td><strong>Upstream</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total hydrocarbons (Mboed)</td>
<td>3,668</td>
<td>3,499</td>
</tr>
<tr>
<td>Liquid hydrocarbons (Mbd)</td>
<td>2,566</td>
<td>2,404</td>
</tr>
<tr>
<td>Crude oil (Mbd)</td>
<td>2,523</td>
<td>2,360</td>
</tr>
<tr>
<td>Condensates (Mbd)</td>
<td>43</td>
<td>44</td>
</tr>
<tr>
<td>Natural gas (MMcf/d)(1)</td>
<td>6,416</td>
<td>6,568</td>
</tr>
<tr>
<td><strong>Downstream</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dry gas from plants (MMcf/d)(2)</td>
<td>3,660</td>
<td>3,658</td>
</tr>
<tr>
<td>Natural gas liquids (Mbd)</td>
<td>364</td>
<td>356</td>
</tr>
<tr>
<td>Petroleum products (Mbd)(3)</td>
<td>1,337</td>
<td>1,226</td>
</tr>
<tr>
<td>Petrochemical products (Mt)</td>
<td>1,291</td>
<td>1,200</td>
</tr>
</tbody>
</table>

(1) Includes nitrogen.
(2) Does not include dry gas produced by Pemex-Refining and used as fuel by this subsidiary entity.
(3) Includes LPG from Pemex-Gas and Basic Petrochemicals, Pemex-Exploration and Production and Pemex-Refining.

Exploration & Production 4Q14

Crude Oil Production During the fourth quarter of 2014, total crude oil production averaged 2,360 Mbd, a 6.5% decrease as compared to the same period of 2013. This variation was primarily due to:

- a 10.2% decrease in the production of heavy crude oil, as a result of an increase in the fractional water flow of wells in highly fractured deposits of the Cantarell business unit, as well as a natural decline in production at the fields of the same business unit in the Northern Marine Region.
- a 10.8%, or 34 Mbd decrease in extra-light crude oil production, primarily due to an increase in the fractional water flow of wells of the Pijije and Sen fields of the Samaria-Luna business unit, a natural decline of the Costero field, as well as an increase in the fractional water flow with high salt concentration of wells of the Teotleco and Juspi fields in the Macuspana-Muspac business unit of the Southern region. It is worth mentioning, that the initiation of production at the Xux field in the Southwestern Marine region in June 2014, contributed an average of 35.3 Mbd to total crude oil production by the end of December.

This decrease was partially offset by:

- a 0.9%, or 8 Mbd increase in production of light crude oil, primarily due to the development of the Tsimín, Onel and Xanab fields in the Southwestern Marine region, and of the Kambesah field in the Northeastern Marine region. Altogether, these fields reached an average production of 186 Mbd by the end of the fourth quarter of 2014.
Natural Gas Production

During the fourth quarter of 2014, natural gas production increased by 0.1%, or 7 MMcfd, as compared to the same quarter of 2013, primarily as a result of a 10.1% increase in non-associated gas production at the Burgos business unit in the Northern region.

The increase in natural gas production, was partially offset by a 3.9% decrease in associated gas production, primarily due to:

- an increase in the fractional water flow of wells in highly fractured deposits of the Bellota-Jujo and Samaria Luna business units in the Southern region; and
- a natural decline in production at the fields of the Abkatún-Pol Chuc business unit in the Southwestern Marine region.

This decline was partially offset by a 186 MMcfd increase in associated gas production during the period at the Cantarell business unit in the Northeastern Marine region.
Gas Flaring

For the fourth quarter of 2014, gas flaring increased by 124 MMcfd when compared to the same period of 2013, primarily due to increased levels of associated gas extraction in the marine regions, as well as capacity limitations to handle and transport natural gas. The previous was primarily caused by delays in the completion of works for gas utilization, a lack of standby equipment for gas-lifting turbo compressors, and problems with compression equipment located on marine rigs.
Operational Infrastructure

During the fourth quarter of 2014, the average number of operating wells totaled 9,545, a 1.8% decrease as compared to the average number of operating wells during the same quarter of 2013.

The completion of wells decreased by 35.8%, from 187 to 120 wells, mainly due to a decrease in the completion of development and exploration wells:

- the decrease in the completion of development wells was a result of a scheduled reduction of activities at the Aceite Terciario del Golfo and Poza Rica-Altamira business units in the Northern region and at the Cinco Presidentes, Bellota-Jujo and Samaria-Luna business units in the Southern region; and
- the decrease in the completion of exploration wells was a result of a scheduled reduction of activities at the Burgos and Cuencas del Sureste Terrestre business units, in the Northern and Southern region, respectively.
Average Number of Operating Drilling Rigs

Average Drilling Rigs by Type

Development
- Offshore: 58%
- Onshore: 42%

Exploration
- Offshore: 91%
- Onshore: 9%

Seismic Information
During the fourth quarter of 2014, PEMEX acquired 334 km of 2D seismic data, by focusing its two-dimensional acquisition efforts on the Sur de Burgos and Marland studies. No additional 3D seismic data was acquired during this period.

Seismic Information

- 2D (Km)
- 3D (Km²)
Discoveries

As a result of the exploratory activities carried out during the fourth quarter of 2014, the Nat-1 well led to a better understanding of the production potential of gas formations in the deep waters of the Gulf of Mexico.

In addition, the Céfiro-1 well confirmed the presence of shale dry gas, which has increased the production potential of such formations in Mexico.

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>Well</th>
<th>Geologic Age</th>
<th>Initial Production</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Oil &amp; Condensates</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(b/d)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Gas (MMcfd)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Meters</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Type of Hydrocarbons</td>
</tr>
<tr>
<td>Burgos</td>
<td>Céfiro-1 (*)</td>
<td>Pimienta Late Jurassic</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Santa Anita-501</td>
<td>Mid Eocene Queen City</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>Santa Anita-601</td>
<td>Mid Eocene Queen City</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>Tangram-1 (*)</td>
<td>Pimienta Late Jurassic</td>
<td>0</td>
</tr>
<tr>
<td>Poza Rica-Altamira</td>
<td>Exploratus-1 (**)</td>
<td>Early Eocene</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Tlacame-1</td>
<td>Late Miocene</td>
<td>4,004</td>
</tr>
<tr>
<td></td>
<td>Nat-1 (**)</td>
<td>Mid &amp; Late Miocene</td>
<td>480</td>
</tr>
<tr>
<td></td>
<td>Hem-1 (**)</td>
<td>Late Miocene</td>
<td>0</td>
</tr>
<tr>
<td>Litoral de Tabasco</td>
<td>Santuario-401</td>
<td>Early &amp; Mid Miocene</td>
<td>576</td>
</tr>
<tr>
<td></td>
<td>Arroyo Zanapa-201</td>
<td>Mid &amp; Late Cretaceous</td>
<td>345</td>
</tr>
<tr>
<td>Bellota Jujo</td>
<td></td>
<td></td>
<td>5,485</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>51.1</td>
</tr>
</tbody>
</table>

(*) shale oil-gas.
(**) deep water.

Exploration & Production 2014

Crude Oil Production

During 2014, crude oil production totaled 2,429 Mbd, a decrease of 93 Mbd, or 3.7%, as compared to 2013, primarily due to:

- a 7.3% decrease in production of heavy crude oil due to a natural decline in production of fields located in the Cantarell business unit of the Northeastern Marine region and an increase in the fractional water flow of its wells; and
- a 3.5% decrease in production of extra-light crude oil, primarily due to an increase in the fractional water flow of wells of the Pijije and Sen fields in the Samaria Luna business unit of the Southern region, as well as a natural decline in production of fields of the Crudo Ligero Marino project in the Southwestern Marine region. It is worth mentioning, that the initiation of production at the Xux field in the Southwestern Marine region in June 2014, contributed an average of 35.3 Mbd to total crude oil production by the end of December.

The decrease in crude oil production was partially offset by a 2.0% increase in light crude oil production, mainly driven by increases in production at the Onel and Chuhuk fields of the Abkatún-Pol Chuc business unit, at the Tsimín and Xanab fields of the Litoral de Tabasco business unit, at the Kambesah field of the Cantarell business unit and at the Gasífero and Bedel fields of the Veracruz business unit. Altogether, this group of fields reached an increase in production of approximately 140 Mbd in twelve months (12/31/13 -12/31/14).
In addition, the Tsimin-Xux project improved the average amount of time between the point of discovery and the commencement of production from 7 to 3.5 years. In fact, this project reached its 100 Mbd of crude oil production target five months ahead of schedule.

Natural Gas

During 2014, natural gas production increased by 1.4%, totaling 5,758 MMcfd, primarily due to a 3.3% increase in associated gas production at the Ku Maloob Zaap and Cantarell business units of the Northeastern Marine region, and at the Litoral de Tabasco business unit of the Southwestern Marine region.

This increase was partially offset by a 2.9% decrease in non-associated gas production during the period caused by a scheduled reduction in drilling activities and the completion of wells at the Burgos and Veracruz business units of the Northern region.

Gas Flaring

During 2014, gas flaring increased by 122 MMcfd due to:

- scheduled maintenance and non-scheduled shutdowns of compression equipment located on marine rigs;
- climate events that originated delays on the maintenance program execution; and
- capacity limitations to handle and transport natural gas.

As a result, the natural gas use as a percentage of production was 95.7% during 2014.

Operational Infrastructure

During 2014, the average number of operating wells decreased by 2.8% to 9,558, as compared to 2013.

The completion of wells decreased by 35% during 2014, from 823 to 535 wells, mainly due to a decrease in the completion of development and exploration wells:

- the decrease in the completion of development wells resulted primarily from a scheduled reduction of activities at the Aceite Terciario del Golfo and Poza Rica-Altamira business units in the Northern region and at the Cinco Presidentes, Bellota-Jujo and Samaria-Luna business units in the Southern region; and
- the decrease in the completion of exploration wells was mainly due to a scheduled reduction of activities at the Burgos and Cuencas del Sureste Terrestre business units in the Northern and Southern regions, respectively.

Seismic Information

During 2014, PEMEX focused its two-dimensional acquisition efforts on the following studies:

- Zapatero-Pénjamo: a study of crude oil, gas and condensates in the Yucatán platform;
- Sur de Burgos: a study of non-conventional formations;
- Loma Bonita: a study of crude oil in the Veracruz basin; and
- Salsomera: a study of subsalt formations in the Veracruz basin.

Additionally, PEMEX acquired two-dimensional development data from the Marland 2D study, which is part of the Enhanced Oil Recovery Reengineering Program associated with the Tamaulipas-Constitución project.

In addition, PEMEX focused its 3D seismic data acquisition efforts on the following studies:

- Jaltepec: a study of crude oil in the Veracruz basin;
- Anhélido: a study of non-conventional formations;
- Centauro 3D WAZ: a study of the Subsalt Belt; and
- a study on areas with high salt concentration and complexity located towards the south of the Subsalt Belt.
Finally, three-dimensional development data was acquired through the Ku-Maloob-Zaap 3D-3C study.

**Discoveries**

During 2014, PEMEX focused its exploration activities in the following producer prospects:

i) **Southeastern Basin:**
   - The drilling of the Tlacame-1 well for heavy crude oil, the Santuario-401 well for light crude oil and the Arroyo Zanapa-201 well for light crude oil led to a better understanding of the production potential of the Southeastern basin.

ii) **Deep Waters of the Gulf of Mexico:**
   - Favorable well logs were recorded at the Exploratus-1 well, which confirmed the production potential of this region of the deep waters of the Gulf of Mexico. Moreover, the Nat-1 and Hem-1 wells continued to quantify the production potential of gas formations in the Catemaco Fold Belt.

iii) **Shale Resources:**
   - The Santa Anita 501 and 601 wells were drilled in conventional formations of the Burgos basin, each of which led to initial production of over 5MMcfd of wet gas. In addition, the Céfiro-1 and Tangram-1 wells led to a better understanding of the production potential of unconventional formations located in the northeastern portion of the country, especially in the Eagle Ford formation.

**Exploration & Production Projects**

**Compression Platform in Tsimín-Xux**

On November 25, 2014, Petróleos Mexicanos installed the compression platform CA-Litoral-A in the Tsimín-Xux development project; this platform will be the first one to be installed with the float-over method in the Gulf of Mexico.

CA-Litoral A has a separation capacity of 200 Mbd of crude oil and 600 MMcfd of gas and was built in shipyards located in Mexico by Dragados Offshore de México, S.A. de C.V. The platform is an octopod that is 53 meters high and weighs over 14 Mt. It has three high-pressure turbo-compressor modules, two high-pressure gas dehydration plants, three turbo-generators, two sour-gas sweetening plants, a high-pressure elevated gas burner, an emergency motor generator and auxiliary services installations.

**Industrial Transformation 4Q14**

**Crude Oil Processing**

During the fourth quarter of 2014, total crude oil processing decreased by 7.4%, as compared to the same period of 2013, primarily due to:

- scheduled maintenance cycles;
- non-scheduled maintenance and overhaul works; and
- operational problems resulting from the quality of crude oil supplied by producing areas.

The ratio of heavy crude oil to total crude oil processed by the National Refining System (NRS) increased by 3.3 percentage points, as part of an effort to take advantage of highly specialized equipment to convert residuals and maximize the output of gasoline and diesel.

PEMEX’s usage of its primary distillation capacity decreased by 7.0 percentage points, primarily due to maintenance cycles, overhaul projects and the operational problems described above.
Production of Petroleum Products

During the fourth quarter of 2014, total petroleum products output decreased by 8.3%, as compared to the same period of 2013, primarily due to a decrease in the amount of crude oil processed during this period.

Variable Refining Margin

During the fourth quarter of 2014, PEMEX’s NRS recorded a negative variable refining margin of USD 0.96 per barrel, USD 0.44 per barrel above the margin recorded during the fourth quarter of 2013. This increase was primarily due to better market conditions and distillate yields obtained at the NRS, despite a decrease in inventory valuation, resulting from lower prices of crude oil.
Natural Gas Processing and Production

During the fourth quarter of 2014, natural gas processing decreased by 1.8%, as compared to the same period of 2013, in response to the decreased availability of sour wet gas from both the offshore and onshore regions. As a result, dry gas and natural gas liquids production decreased by 0.1% and 2.2%, respectively, as compared to the same period of 2013.

Condensates processing increased by 2.3% during the third quarter of 2014 as compared to the same period of 2013, primarily due to an increased supply of condensates from the Northern region.

**Natural Gas Processing (MMcfd)**

<table>
<thead>
<tr>
<th></th>
<th>4Q13</th>
<th>1Q14</th>
<th>2Q14</th>
<th>3Q14</th>
<th>4Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sour</td>
<td>4,409</td>
<td>4,384</td>
<td>4,311</td>
<td>4,347</td>
<td>4,329</td>
</tr>
<tr>
<td>Wet Gas</td>
<td>998</td>
<td>972</td>
<td>976</td>
<td>999</td>
<td>997</td>
</tr>
<tr>
<td>Sweet</td>
<td>3,411</td>
<td>3,412</td>
<td>3,334</td>
<td>3,348</td>
<td>3,332</td>
</tr>
</tbody>
</table>
During the fourth quarter of 2014, the production of petrochemical products decreased by 7.0%, or 91 Mt, as compared to the same period of 2013, primarily due to the following:

- a 32 Mt decrease in production in the ethane derivatives chain, mainly due to scheduled maintenance cycles that were carried out during 2014, which resulted in a decrease in production of polyethylene and ethylene oxide;
- a 29 Mt decrease in production in the methane derivatives chain, due to decreased output of carbon dioxide, in response to a decline in demand for urea, as well as scheduled maintenance cycles in the methanol plant; and
- a 28 Mt decrease in production of other petrochemicals, primarily due to a decrease in production of amorphous gasoline, heavy naphtha and sulfur in response to preventative maintenance activities at the continuous catalytic regeneration (CCR) plant.

This decrease was partially offset by an 11 Mt increase in production in the aromatics and derivatives chain, due to greater output volumes of xylenes and styrene.

*Includes muriatic acid, butadiene, polyethylene wax, petrochemical specialties, BTX liquids, hydrogen, isohexane, pyrolysis liquids, oxygen, CPDI, sulfur, isopropyl alcohol, amorphous gasoline, octane basis gasoline
Industrial Transformation 2014

Crude Oil Processing

During 2014, total crude oil processing totaled 1,155 Mbd, a 5.6% decrease as compared to 2013, primarily explained by scheduled maintenance cycles, non-scheduled maintenance and overhaul works, as well as operational problems resulting from the quality of crude oil supplied by producing areas.

The ratio of heavy crude oil to total crude oil processed by the NRS was 43.2%, as part of an effort to take advantage of highly specialized equipment to convert residuals and maximize the output of gasoline and diesel.

During 2014, PEMEX’s usage of its primary distillation capacity decreased by 4.0 percentage points, as compared to 2013, to 69.1% of its total capacity, due to the maintenance activities and overhaul works described above.

Production of Petroleum Products

During 2014, total petroleum products output decreased by 4.7%, as compared to 2013, as a result of a decrease in the amount of crude oil processed.

Variable Refining Margin

By the end of 2014, the NRS recorded a variable refining margin of USD 1.76 per barrel, as compared to a negative variable refining margin of USD 1.84 per barrel by the end of 2013. This is broadly explained by better market conditions in prices of oil and refined products, improved performance of gasolines and the processing of a heavier crude oil mix.

Natural Gas Processing and Production

During 2014, natural gas processing decreased by 1.4%, as compared to 2013, in response to the decreased availability of sweet wet gas from the Burgos business unit.

Condensates processing, on the other hand, increased by 5.0%, primarily due to an increase in the supply of sweet condensates in the Northern region.

As a result, dry gas production decreased by 1.4%, or 53 MMcfd, while natural gas liquids production recorded an increase of 0.6%, due to an increase in the supply of sour wet gas in the marine regions.

Petrochemicals Production

During 2014, production of petrochemical products totaled 5,251 Mt, a 3.7% decrease as compared to 2013. This decrease is primarily explained by:

- a 143 Mt decrease in production in the ethane derivatives chain, mainly due to the transfer of vinyl chloride and muriatic acid production to the joint venture between Pemex-Petrochemicals and Petroquímica Mexicana de Vinilo, S.A. de C.V. on September 12, 2013, and is no longer on our records. In addition, the production of high- and low-density polyethylene decreased as a result of non-programmed shutdowns of operations;
- a 71 Mt decrease in production in the methane derivatives chain, mainly of ammonia, in response to operational problems, repair works and obsolete plants, as well as a decrease in output of carbon dioxide, as a result of a decline in demand for urea; and
- a 100 Mt decrease in production of other petrochemicals, primarily due to a decrease in production of sulfur and amorphous gasoline.

This decrease was partially offset by:

- a 99 Mt increase in production in the aromatics and derivatives chain, primarily due to the stabilization of the CCR plant and regularized operations of plants involved in the production of aromatics at the Cangrejera complex; and
- a 61 Mt increase in production in the propylene and derivatives chain, due to increased availability of propylene, and to the stabilization of the acrylonitrile production plant.
Industrial Transformation Projects

Los Ramones

On December 2, 2014, phase one of the Los Ramones natural gas pipeline project, which has the capacity to import up to 2.1 MMMcfd of natural gas, began operating. The phase one pipeline runs from Agua Dulce at the Texas border near Tamaulipas, to Los Ramones, Nuevo León.

In total, the Los Ramones project requires an investment of approximately USD 2.5 billion and measures 1,021 kilometers in length from Agua Dulce, Texas to Apaseo el Alto, Guanajuato.

Interoceánic Corridor

On January 2, 2015, the first stage of the “Interoceánic Corridor” was inaugurated. This is a transportation system that is expected to reduce transportation time between the Gulf of Mexico and the Pacific ocean from 16 to 7 days. With an estimated investment of USD 1.4 billion, the project entails both the overhauling of existing infrastructure and the construction of new infrastructure. The key features of this project are as follows:

- The construction of new natural gas and liquefied petroleum gas (LPG) pipelines running from the Pajaritos marine terminal in Coatzacoalcos, Veracruz and to the Salina Cruz refinery in Oaxaca.
  - Currently, there are three compression stations and a pipeline measuring 12 inches in diameter that has a capacity of 90 MMcf/d of natural gas.
  - The availability of natural gas at the Salina Cruz refinery is expected to allow for the replacement of approximately 4.38 MMbbl of fuel oil with natural gas per year, thereby reducing approximately 450 Mt of carbon dioxide emissions per year, in addition to the reduction of 50 Mt of sulfur oxide per year.
- The renovation of the Salina Cruz marine terminal, allows PEMEX to resume crude oil exports to Asia, North and South America without having to cross through the Panama Canal.

LNG Project in the Pacific Coast

On November 5, 2014, Petróleos Mexicanos announced a project focused on the development of facilities for the liquefaction of natural gas in the Pacific coast, which will require an estimated investment of USD 6.0 billion. Petróleos Mexicanos expects to establish alliances with partners that can provide operational expertise and financial capital for the development of these new facilities.

This project constitutes the second stage of the Interoceánic Corridor, and is aimed at transporting the natural gas produced in the Gulf of Mexico through the Tehuantepec Isthmus for processing and export to Asia and Oceania. Operations are expected to begin by 2020. Since November 2014, technical, economic and infrastructure studies have been conducted to determine the ideal location for the new facilities.

Pemex Gas Stations

As of December 31, 2014, a total of 10,830 PEMEX gas stations were registered, which is 414 more than the number registered as of December 31, 2013.

Crude Oil Exchange

On January 8, 2015, Petróleos Mexicanos announced that in 2014 it had presented to the Bureau of Industry and Security of the U.S. Department of Commerce a proposal for a crude oil exchange. Through this exchange, Petróleos Mexicanos would import up to 100 Mbd of light crude oil and condensates, which would be used to improve the refining activities of the Tula, Salamanca and Salina Cruz refineries. In addition, Petróleos Mexicanos would export heavy crude oil that could be processed at U.S. refineries with coker facilities. As of the date of this report, negotiations are ongoing.

The amount of crude oil that would be exported in connection with this exchange does not represent an addition to the amount currently exported to the United States.

Through this exchange, PEMEX anticipates the following improvements in its refining processes:

i. an increase in gasoline and diesel production;
ii. a reduction in production of fuel oil and refined products with high sulfur content; and
iii. an improvement in installed utilization capacity.
On December 3, 2014, Petróleos Mexicanos announced:

- the commencement of the revamping of the Tula refinery which is expected to require an investment of USD 4.6 billion. Upon completion of the revamping, the refinery is expected to produce approximately 173 Mbd of ultra-low sulfur (ULS) gasoline, 104 Mbd of ULS diesel and 21 Mbd of jet fuel; and
- the construction of a new storage and distribution facility with an estimated investment of USD 1.2 billion. The facility will be built on 113 hectares of land adjacent to the Tula refinery.

As described further below, these projects were subsequently postponed pursuant to the 2015 PEMEX budget adjustment plan.

On October 27, 2014, Petróleos Mexicanos signed memoranda of understanding (MOUs) with the Mexican-Canadian consortium, Hermes-Atco, and Mitsui, the Japanese company, to jointly implement projects involving the development of cogeneration plants at the Tula and Cadereyta refineries. The main characteristics of these projects are described below:

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Refinery where the cogeneration plant is to be located</th>
<th>Generation Capacity</th>
<th>Estimated Start of Commercial operation</th>
<th>Estimated Investment (USD MM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consorcio Hermes-Atco</td>
<td>Tula, Hidalgo</td>
<td>638 MW, 1,247 Th</td>
<td>Second half of 2017</td>
<td>820</td>
</tr>
<tr>
<td>Mitsui</td>
<td>Cadereyta, Nuevo León</td>
<td>380 MW, 760 Th</td>
<td></td>
<td>590</td>
</tr>
</tbody>
</table>

Acronyms used: MW = megawatt, Th = tons per hour and MM = millions.

On December 15, 2014, Pemex-Gas and Basic Petrochemicals, a subsidiary of Petróleos Mexicanos, and Cydsa, S.A., a Mexican company, signed an agreement to develop a salt cavern for underground LPG storage in Coatzacoalcos, Veracruz. The storage facility is expected to have a capacity of 1.8 MMB.

The project, the first of its kind in Latin America, includes the construction of above-ground infrastructure for the handling and transportation of up to 120 Mbd of LPG per day. This project is expected to require a total investment of approximately USD 130 million and commercial operations are expected to begin in 2016.

On December 9, 2014, Petróleos Mexicanos began overhaul works at the ammonia plant located in Camargo, Chihuahua, which has been inactive since 2002. With an estimated USD 35 million investment, the renovated plant is expected to produce 132 Mt of ammonia per year once it becomes operational during the first half of 2016. An additional USD 60 million is expected to be invested in a new natural gas compression station in Camargo.

On December 9, 2014, Petróleos Mexicanos announced initiatives related to the ammonia-fertilizer chain that are intended to meet the following goals:

- recover 2 MMt of ammonia production capacity in five of its plants by 2016;
- integrate the gas-ammonia-fertilizer chain; and
- create the productive subsidiary Fertilizantes (Fertilizers), which will subsequently be converted into an affiliate of Petróleos Mexicanos to produce and sell fertilizers.
Industrial Safety

**Frequency Index**
During the fourth quarter of 2014, the accumulated frequency index for PEMEX personnel was 0.34 injuries per million man-hours worked (MMhh), which represents a 12.5% decrease as compared to the same period of 2013, and is 15.8% lower than the International Association of Oil & Gas Producers (IOGP) standard for 2013, which was 0.40.

**Severity Index**
During the fourth quarter of 2014, the accumulated severity index was 30 days lost per MMhh, a 6.0% decrease as compared to the fourth quarter of 2013, mainly due to a decrease in accidents at the subsidiary entities, as follows: 50% at Pemex-Gas and Basic Petrochemicals; 38% decrease at Pemex-Refining; 31% at Pemex-Exploration and Production; and a 27% at Pemex-Petrochemicals.

Petróleos Mexicanos continues to direct its efforts toward supporting the implementation of its Operational Reliability Program while focusing on strengthening its accident containment plan through the following methods: operational discipline, operational procedures and safety practices, training and development, process-risk assessment, effective audits and mechanical integrity, labor management, repair and maintenance management, operating windows, risk-based inspections and operational reliability oriented maintenance. Petróleos Mexicanos has made progress through these initiatives and continues to evaluate their impact.

Environmental Protection

**Climate and Clean Air Coalition**
On November 10, 2014, Petróleos Mexicanos joined the Oil and Gas Methane Partnership of the Climate and Clean Air Coalition (CCAC), a partnership launched by the United Nations Environment Programme. The CCAC aims to reduce emissions of methane and gas flaring through the implementation of more efficient technologies and operational best practices.

**NAMA for the Mexican Oil & Gas Sector**
In November 2014, the Ministry of Environment and Natural Resources (SEMARNAT) registered the Nationally Appropriate Mitigation Actions (NAMA) for the Mexican Oil and Gas Sector on the Voluntary National Registry of Development maintained by the United Nations Framework Convention on Climate Change. This NAMA program, which was developed in collaboration with Environment Canada, a Canadian government entity, is one of the first to be implemented by the oil and gas sector on a global scale. This program has the potential to reduce emissions by more than 13 MMt of carbon dioxide equivalent per year.

**Sulfur Oxide Emissions**
During the fourth quarter of 2014, sulfur oxide emissions increased by 13.1% as compared to the same period of 2013, due to emissions produced by Pemex-Exploration and Production as a result of the decline in wells that use nitrogen to increase its production, which resulted in an increase in the generation of sour gas with a high nitrogen content that is then burnt at the Northwestern Marine region and at the Akal C7/C8 Gas Processing Center in the Northeastern Marine region. In addition, a Pemex-Gas and Basic Petrochemicals sulfur recuperation unit was removed for maintenance in November 2014, which also contributed to the increase in sulfur oxide emissions during the fourth quarter of 2014.

**Water Reuse**
During the fourth quarter of 2014, the reuse of water decreased by 13.1% as compared to the same period of 2013, primarily due to the decrease in the utilization rates of residual water treatment plants in the NRS.

---

4 Refers to the number of accidents with incapacitating injuries per million man-hours worked (MMhh) with risk exposure during the relevant period of time. An incapacitating injury is an injury, functional damage or death that is caused, either immediately or subsequently, by a sudden event at work or during work-related activities. Man-hours worked with risk exposure represent the number of hours worked by all personnel, including overtime hours.

5 Refers to the total number of days lost per million man-hours worked with risk exposure during the relevant period of time. The number of days lost is based on medical leaves of absence for injuries stemming from accidents at work, plus the number of corresponding days on which compensation is paid for partial or total disability or death.
Actions Against the Illicit Fuels Market

Transportation Strategy

In order to combat fuel theft, PEMEX will begin transporting unfinished gasoline and diesel through its pipelines, which will be unsuitable for use in automotive vehicles and industrial plants. The final processing of these fuels will be carried out at PEMEX’s storage terminals prior to their delivery for use in automotive vehicles and industrial plants.
Financial Results

During 2014, and especially during the fourth quarter of 2014, PEMEX’s financial results were severely affected by external factors to the company’s operations, such as the Mexican peso depreciation against the U.S. dollar, and a decrease of interest rates on Mexico’s government bonds. The first factor had a significant effect on the income statement, due to a change in valuation of financial debt. The second one had a direct impact on the discount rate used for the calculation of the net cost of employee benefits and therefore on our income statement.

<table>
<thead>
<tr>
<th>Fourth quarter (Oct.-Dec.)</th>
<th>Year ended Dec. 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013 (MXN million)</td>
</tr>
<tr>
<td>Total sales</td>
<td>409,494</td>
</tr>
<tr>
<td>Domestic sales</td>
<td>231,610</td>
</tr>
<tr>
<td>Exports</td>
<td>174,959</td>
</tr>
<tr>
<td>Services income</td>
<td>2,925</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>249,223</td>
</tr>
<tr>
<td>Gross income</td>
<td>160,271</td>
</tr>
<tr>
<td>Other revenues (expenses)</td>
<td>9,475</td>
</tr>
<tr>
<td>IEPS accrued</td>
<td>15,142</td>
</tr>
<tr>
<td>Other</td>
<td>(5,667)</td>
</tr>
<tr>
<td>Transportation and distribution expenses</td>
<td>8,717</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>24,548</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>136,481</td>
</tr>
<tr>
<td>Total interest expense</td>
<td>(11,357)</td>
</tr>
<tr>
<td>Total interest income</td>
<td>6,982</td>
</tr>
<tr>
<td>Income (cost) due to financial derivatives</td>
<td>135</td>
</tr>
<tr>
<td>Foreign exchange profit (loss)</td>
<td>(4,254)</td>
</tr>
<tr>
<td>Profit sharing in non-consolidated subsidiaries and affiliates</td>
<td>861</td>
</tr>
</tbody>
</table>

Income before taxes and duties | 128,848 | 3,426 | -97.3% | (125,423) | 233 |
Taxes and duties | 206,323 | 121,002 | -41.4% | (85,320) | 8,221 |
Duties over hydrocarbon extraction and other | 204,815 | 140,526 | -31.4% | (64,289) | 9,548 |
Oil income tax | 1,731 | 2,159 | 24.8% | 428 | 147 |
Income tax and other | (223) | (21,683) | -9619.3% | (21,460) | (1,473) |
Net income (loss) | (77,474) | (117,577) | -51.8% | (40,102) | (7,989) |
Other comprehensive results | 251,113 | 266,030 | -206.7% | (519,143) | 18,211 |
Investment in equity securities | 1,116 | (1,550) | -238.9% | (2,667) | (105) |
Actuarial losses due to employee benefits | 247,376 | (275,964) | -211.6% | (523,340) | (18,750) |
Conversion effect | 2,621 | 9,485 | 261.9% | 6,864 | 644 |
Comprehensive income (loss) | 173,639 | (385,606) | -322.1% | (559,245) | (26,200) |

PEMEX Audited Results Report as of December 31, 2014

www.pemex.com
Income Statement from October 1 to December 31, 2014

Sales

During the fourth quarter of 2014, total sales decreased by 11.1%, or MXN 45.3 billion, as compared to the same period of 2013, primarily as a result of:

- a 25.7%, or MXN 45.0 billion decrease in exports, mainly due to a 27.8%, or MXN 37.9 billion decrease in exports of crude oil and condensates. The crude oil price decreased by 27.9%, from USD 92.05 per barrel during the fourth quarter of 2013 to USD 66.33 per barrel during the same quarter of 2014. In addition, export volumes decreased by 2.7%, from 1,234 Mbd to 1,201 Mbd; and
- a 6.9%, or MXN 12.2 billion decrease in domestic sales of gasoline and diesel, net of IEPS\(^6\). The price effect had a negative impact of MXN 12.7 billion on this reduction, although it was partially offset by an increase in sales volume by MXN 0.5 billion.

### Sales Evolution (MXN million)

<table>
<thead>
<tr>
<th>Sales Type</th>
<th>4Q13</th>
<th>Domestic Sales</th>
<th>Exports</th>
<th>Services Income</th>
<th>4Q14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>409,494</td>
<td>(2,322)</td>
<td>(44,913)</td>
<td>1,931</td>
<td>364,190</td>
</tr>
</tbody>
</table>

### Exports (MXN million)

- **Crude Exports by Region**

**Total: 1,201 Mbd**
- United States of America: 68%
- Europe: 19%
- Far East: 3%
- Rest of the Americas: 10%

\(^6\)IEPS stands for Special Tax on Production and Services in Spanish.
Gross & Operating Income

During the fourth quarter of 2014, gross income decreased by 23.7%, or MXN 38.0 billion, as compared to the same period of 2013, primarily due to:

- a MXN 45.3 billion reduction on total sales; and
- an MXN 7.3 billion decrease in cost of sales, due to the resumption of operations at the Deer Park refinery in Texas (a partnership with Shell Oil), as well as a 19.6% increase in the volume of purchases for resale.

In addition, operating income totaled MXN 93.1 billion, which represents a 31.8%, or MXN 43.3 billion decrease, as compared to the same period of 2013. This decrease resulted in part from an increase in the net cost of employee benefits during this period, which primarily impacted administrative expenses due to the reclassification of expenses associated with certain current and retired employees from cost of sales and transportation and distribution expenses to administrative expenses, as well as a decrease in the discount rate from 8.45% in 2013 to 6.98% in 2014.

During the fourth quarter of 2014, the net cost of employee benefits recorded under cost of sales and general expenses increased by 42.0%, or MXN 9.8 billion, due to the decrease in the discount rate described above. Excluding the net cost of employee benefits during this period, costs and operating expenses decreased by MXN 9.4 billion, or 3.6%, as compared to the same period of 2013.

Depreciation and amortization, on the other hand, decreased by 13.9%, or MXN 5.1 billion, primarily due to the impact on depreciation of the recognition of impairment charges recorded in previous periods.
During the fourth quarter of 2014, PEMEX recorded a net loss of MXN 117.6 billion, primarily as a result of:

- operating income of MXN 93.1 billion;
- net interest expense of MXN 16.6 billion;
- a foreign exchange loss of MXN 67.5 billion; and
- taxes and duties of MXN 121.0 billion.

During the fourth quarter of 2014, the ratio of taxes and duties paid to income before taxes and duties was 3,532.4%, as compared to 160.1% during the same period of 2013. In addition, the ratio of taxes and duties paid to operating income was 129.9% during the fourth quarter of 2014, as compared to 151.2% during the same period of 2013.
Evolution of Taxes and Duties

Evolution of Net Income (Loss)

The increase in net loss during the fourth quarter of 2014 is primarily explained by:

- a 31.8%, or MXN 43.3 billion decrease in operating income;
- a MXN 12.2 billion increase in net interest expense, due to increased financial debt;
- a MXN 3.9 billion increase in costs associated to financial derivatives, mainly due to the appreciation of the U.S. dollar against currencies other than the Mexican peso in which Petróleos Mexicanos has issued debt;
- a MXN 63.2 billion foreign exchange loss, as a result of an 8.6% depreciation of the Mexican peso relative to the U.S. dollar during the fourth quarter of 2014, as compared to a 0.5% depreciation of the Mexican peso relative to the U.S. dollar during the same period of 2013; and
- a 41.3%, or MXN 85.3 billion decrease in taxes and duties, due to a decline in the production and price of the Mexican crude oil basket.

As a result, PEMEX recorded a net loss of MXN 117.6 billion during the fourth quarter of 2014, as compared to MXN 77.5 billion during the same period of 2013.

PEMEX’s consolidated financial statements are presented in Mexican pesos, which is both its functional currency and reporting currency. However, the majority of PEMEX’s revenues is denominated in U.S. dollars or indexed to the U.S. dollar and with the exception of labor costs, PEMEX’s expenses are payable in U.S. dollars or in Mexican pesos indexed to the U.S. dollar.
During the fourth quarter of 2014, other comprehensive results decreased by 206.7% or MXN 519.1 billion, to a comprehensive loss of MXN 385.6 billion. This decrease resulted primarily from the difference between the 8.45% discount rate used to calculate the net cost of employee benefits in 2013 and the 6.98% discount rate used in 2014.
Income Statement from January 1 to December 31, 2014

Sales
During 2014, total sales decreased by 1.3%, or MXN 21.5 billion, as compared to 2013, primarily due to an 8.3%, or MXN 57.4 billion decrease in exports, as a result of a MXN 72.9 billion decrease in exports of crude oil and condensates. This decrease is explained by a MXN 51.5 billion decrease in sales prices, and a MXN 21.4 billion decrease in sales volume. The price of crude oil decreased by 12.1%, from USD 98.53 per barrel during 2013 to USD 86.56 per barrel in 2014. In addition, export volumes decreased by 3.9%, from 1,189 Mbd to 1,142 Mbd. The decrease in crude oil exports was partially offset by a MXN 16.0 billion increase in exports of petroleum products, which was primarily driven by a 49.1% increase in the volume of fuel oil exports.

This decrease was partially offset by a MXN 34.8 billion, or 3.8% increase in domestic sales, as compared to 2013.

Gross & Operating Income
During 2014, gross income decreased by 6.1%, or MXN 47.1 billion, as compared to 2013, primarily due to:

- a MXN 21.5 billion decrease on total sales; and
- a MXN 25.7 billion, or 3.1% increase in cost of sales, primarily as a result of a MXN 15.4 billion increase in purchases for resale, mainly of natural gas, diesel and jet fuel. In addition, natural gas and LPG (liquefied petroleum gas) prices increased by 21.4% and 18.8%, respectively.

In addition, operating income decreased by 15.4%, or MXN 112.1 billion.

A significant portion of the goods and services related to PEMEX’s strategic operations are priced in U.S. dollars or in Mexican pesos indexed to the U.S. dollar. As a result, the depreciation of the Mexican peso against the U.S. dollar results in an increase in costs.

Illegal theft of fuel oil, on the other hand, has a negative impact on operating costs and expenses. During 2014, illegal tapping activities increased and had an additional negative impact on our financial statements.

During 2014, costs and operating expenses (cost of sales, transportation and distribution expenses and administrative expenses) increased by MXN 38.1 billion, or 3.9%. Excluding the net cost of employee benefits during this period, costs and operating expenses increased by MXN 31.7 billion, or 3.7% as compared to the same period of 2013. The net cost of employee benefits recorded under cost of sales and general expenses increased by 5.5%, primarily due to a decrease in the discount rate used for its calculation from 8.45% in 2013 to 6.98% in 2014.

Composition of Net Income (Loss)
During 2014, PEMEX recorded a net loss of MXN 265.5 billion, primarily as a result of:

- operating income of MXN 615.5 billion;
- net interest expense of MXN 48.5 billion;
- costs associated to financial derivatives of MXN 9.4 billion;
- a foreign exchange loss of MXN 77.0 billion; and
- taxes and duties of MXN 746.1 billion.

During 2014, the ratio of taxes and duties paid to income before taxes and duties was 155.3% and the ratio of taxes and duties paid to operating income was 121.2%. 

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PEMEX

Consolidated Balance Sheet as of December 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>As of December 31, 2013 (MXN million)</th>
<th>As of December 31, 2014 (MXN million)</th>
<th>Change 2014 (USD million)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>2,047,390</td>
<td>2,125,246</td>
<td>3.8%</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>266,914</td>
<td>283,913</td>
<td>6.4%</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>80,746</td>
<td>117,989</td>
<td>46.1%</td>
</tr>
<tr>
<td>Accounts, notes receivable and other</td>
<td>122,512</td>
<td>114,423</td>
<td>-6.6%</td>
</tr>
<tr>
<td>Inventories</td>
<td>56,914</td>
<td>49,939</td>
<td>-12.3%</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>6,742</td>
<td>1,563</td>
<td>-76.8%</td>
</tr>
<tr>
<td>Investments available for sale</td>
<td>17,729</td>
<td>5,415</td>
<td>-69.5%</td>
</tr>
<tr>
<td>Permanent Investment in shares of associates</td>
<td>16,780</td>
<td>22,015</td>
<td>31.2%</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1,721,579</td>
<td>1,783,374</td>
<td>3.6%</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>2,493</td>
<td>1,020</td>
<td>-59.1%</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>7,702</td>
<td>6,884</td>
<td>-10.6%</td>
</tr>
<tr>
<td>Other assets</td>
<td>14,195</td>
<td>22,625</td>
<td>59.4%</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>2,232,637</td>
<td>2,892,966</td>
<td>29.6%</td>
</tr>
<tr>
<td><strong>Long-term liabilities</strong></td>
<td>1,973,446</td>
<td>2,558,807</td>
<td>29.7%</td>
</tr>
<tr>
<td>Long-term financial debt</td>
<td>750,563</td>
<td>997,384</td>
<td>32.9%</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>1,119,208</td>
<td>1,474,089</td>
<td>31.7%</td>
</tr>
<tr>
<td>Provision for diverse credits</td>
<td>69,209</td>
<td>78,423</td>
<td>13.3%</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>7,406</td>
<td>7,718</td>
<td>4.2%</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>27,060</td>
<td>1,193</td>
<td>-95.6%</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>(185,247)</td>
<td>(767,721)</td>
<td>314.4%</td>
</tr>
<tr>
<td>Holding</td>
<td>(185,751)</td>
<td>(768,066)</td>
<td>313.5%</td>
</tr>
<tr>
<td>Certificates of contribution &quot;A&quot;</td>
<td>114,605</td>
<td>134,605</td>
<td>17.5%</td>
</tr>
<tr>
<td>Federal Government Contributions</td>
<td>115,314</td>
<td>43,731</td>
<td>-62.1%</td>
</tr>
<tr>
<td>Legal Reserve</td>
<td>1,002</td>
<td>1,002</td>
<td>0.0%</td>
</tr>
<tr>
<td>Comprehensive accumulated results</td>
<td>(129,066)</td>
<td>(394,594)</td>
<td>205.7%</td>
</tr>
<tr>
<td>Retained earnings (accumulated losses)</td>
<td>(287,606)</td>
<td>(552,809)</td>
<td>92.2%</td>
</tr>
<tr>
<td>From prior years</td>
<td>(117,740)</td>
<td>(287,606)</td>
<td>144.3%</td>
</tr>
<tr>
<td>For the year</td>
<td>(169,866)</td>
<td>(265,203)</td>
<td>56.1%</td>
</tr>
<tr>
<td>Participation of non-holding entities</td>
<td>504</td>
<td>345</td>
<td>-31.6%</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>2,047,390</td>
<td>2,125,246</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

PEMEX Audited Results Report as of December 31, 2014

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Working Capital

As of December 31, 2014, working capital totaled MXN (50.2) billion, primarily as a result of a MXN 55.2 billion increase in short-term financial debt.

Debt

Total financial debt increased by 35.9%, to MXN 1,143.3 billion (USD 77.7 billion), primarily due to the financing activities carried out during the period.

During 2014, Petróleos Mexicanos and PMI’s7 total financing activities amounted to MXN 426.6 billion (USD 29.0 billion). Total debt payments made during the period amounted to MXN 207.5 billion (USD 14.1 billion).

PEMEX’s financing strategy is intended to take advantage of financial markets with increased liquidity, maximize efficiencies with respect to reference curves, seize opportunities in select markets and maintain a diversified debt maturity profile.

Financial Debt

(35.9%)

1) Includes Finance Public Works Contracts Program.
2) Includes accrued interests and amortized cost.
Financial Debt Exposure as of December 31, 2014

By currency
- U.S. dollars: 0.0%
- Mexican pesos: 24.2%
- Euros: 74.7%
- Others: 1.1%

By rate
- Fixed: 29.2%
- Floating: 70.8%

Average Duration of Financial Debt Exposure (years)
- Other Currencies: 0.1
- MXP: 2.5
- USD: 5.1

As of December 31, 2013
- Other Currencies: 1.0
- MXP: 2.6
- USD: 5.9

As of December 31, 2014

Investment Activities

2014 Activity
During 2014, PEMEX spent MXN 356.8 billion (USD 26.8 billion) on investment activities, which represents 99.9% of the total investment of MXN 357.5 billion that were programmed for the year. These investments were allocated as follows:

- MXN 301.7 billion to Pemex-Exploration and Production, MXN 35.1 billion of which were allocated to exploration;
- MXN 39.8 billion to Pemex-Refining;
- MXN 7.5 billion to Pemex-Petrochemicals;
- MXN 4.8 billion to Pemex-Gas and Basic Petrochemicals; and
- MXN 3.0 billion to Petróleos Mexicanos Corporate.

Original 2015 Budget
The Mexican Congress originally approved a 2015 investment budget for PEMEX of MXN 366.4 billion (USD 27.3 billion) in 2014. These investments were expected to be allocated as follows:

- MXN 299.5 billion to Pemex-Exploration and Production, MXN 38.6 billion of which were allocated to exploration;
- MXN 64.4 billion to Industrial Transformation; and
- MXN 2.5 billion to Petróleos Mexicanos Corporate.

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8 Convenience translation has been made at the established exchange average rate for 2014, of MXN 13.2973 = USD 1.00.
9 Includes maintenance expenditures.
10 Convenience translation has been made at the established average exchange rate established in the Economic Package Fiscal Year 2015 of MXN 13.40 = USD 1.00.
11 Includes maintenance expenditures.
Adjustment to the 2015 Budget

In order to meet the financial balance\textsuperscript{12} goal of MXN (155) billion established by the Mexican Congress for 2015, a MXN 62.0 billion, or 11.5\% cut has been made to PEMEX’s budget. The budgetary adjustment program was based on the following principles:

- minimizing the impact on crude oil and gas production;
- minimizing the impact on the reserves replacement rate;
- maintaining the capacity to supply petroleum products to the domestic market;
- minimizing the impact on safety and reliability of PEMEX’s facilities, in compliance with environmental regulations;
- minimizing the potential impact on future competitiveness, in the domestic petroleum products market; and
- increasing PEMEX’s profitability.

Among other important actions taken by PEMEX to meet its 2015 financial balance goal were the implementation of the Austerity and Rational Use of Resources Program, and the postponement of revamps of refineries and of the clean fuels project associated with ultra-low sulfur gasoline and diesel.

2015 Budget

As a result of the budget adjustment, PEMEX expects to invest approximately MXN 307.6 billion (USD 23.0 billion\textsuperscript{13}) during 2015. These investments are expected to be allocated as follows:

- MXN 253.0 billion to Pemex-Exploration and Production\textsuperscript{14};
- MXN 41.9 billion to Pemex-Refining;
- MXN 6.8 billion to Pemex-Gas and Basic Petrochemicals;
- MXN 4.0 billion to Pemex-Petrochemicals; and
- MXN 1.8 billion to Petróleos Mexicanos Corporate.

Financing Activities 2014

Capital Markets

On November 27, 2014, Petróleos Mexicanos issued the following series of its Certificados Bursátiles (publicly traded notes) for an aggregate amount of MXN 15.0 billion:

- MXN 5.0 billion due in 6 years, at TIIE+15 basis points (PEMEX 14);
- MXN 8.3 billion due in 12 years, at 7.47\% (PEMEX 14-2); and
- the equivalent of approximately MXN 1.7 billion in UDIs (Investment Units) due in 11 years, at 3.94\% (PEMEX 14U reopening).

Bank Loans

On December 19, 2014, PEMEX obtained a bank loan for MXN 10.0 billion due in 10 years (a MXN 5.0 billion divided between a MXN 5.0 billion “bullet” tranche and a MXN 5.0 billion tranche payable on a quarterly basis).

On December 23, 2014, PEMEX entered into a bank loan for MXN 10.0 billion due in 2024 with quarterly amortizations.

COPF

During the fourth quarter of 2014, no provisions were carried out through the Financed Public Works Contracts program (COPF) of Pemex-Exploration and Production.

Liquidity Management

On November 19, 2014, Petróleos Mexicanos entered into a 5-year syndicated revolving credit line for MXN 20.0 billion.

As of December 31, 2014, Petróleos Mexicanos held syndicated revolving credit lines for liquidity management for USD 2.5 billion and MXN 23.5 billion. By the end of 2014, these

\textsuperscript{12} Amount is constructed under Mexican governmental accounting and equivalent to the following items in cash flow: sales minus operating costs and expenses, minus investment expense, minus taxes and duties, and minus financial debt service.

\textsuperscript{13} Convenience translation has been made at the established average exchange rate established in the Economic Package Fiscal Year 2015 of MXN 13.40 = USD 1.00

\textsuperscript{14} Includes maintenance expenditures.
lines were fully drawn.

Financing Activities 2015

Capital Markets

On January 23, 2015, Petróleos Mexicanos issued the following series of securities for an aggregate amount of USD 6.0 billion:

- USD 1.5 billion 3.500% Notes due in 5.5 years;
- USD 1.5 billion 4.500% Notes due in 11 years; and
- USD 3.0 billion 5.625% due in 31 years.

On February 11, 2015, Petróleos Mexicanos issued the following series of its Certificados Bursátiles for an aggregate amount of MXN 24.3 billion in reopenings of PEMEX 14, PEMEX14-2 and PEMEX 14U:

- MXN 4.3 billion due 2021, at TIIE plus 15 basis points (PEMEX 14);
- MXN 17.0 billion due 2026, at 7.47%, of which MXN 9.0 billion was issued to foreign investors; this series is eligible for clearance through Euroclear (PEMEX 14-2); and
- the equivalent of approximately MXN 3.0 billion in UDIs due in 11 years, at 3.94% (PEMEX 14U).

Bank Loans

On January 16, 2015, PEMEX entered into a bank loan for MXN 7.0 billion due in 1 year.

On February 17, 2015, PEMEX replaced an existing bank loan for USD 2.0 billion due in 5 years.

Liquidity Management

On February 5, 2015, a USD syndicated credit line was increased from USD 1.25 billion to USD 3.25 billion.

As of February 27, 2015, Petróleos Mexicanos holds syndicated revolving credit lines for liquidity management in the amounts of USD 4.5 billion and MXN 23.5 billion.
### Consolidated Statements of Cash Flows

**As of December 31, 2014**

<table>
<thead>
<tr>
<th>Activity</th>
<th>2013 (MXN million)</th>
<th>2014 (MXN million)</th>
<th>Change (MXN million)</th>
<th>2014 (USD million)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>(170,058)</td>
<td>(265,543)</td>
<td>-56.1%</td>
<td>(95,485)</td>
</tr>
<tr>
<td>Items related to investing activities</td>
<td>193,390</td>
<td>192,853</td>
<td>-0.3%</td>
<td>(537)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>144,492</td>
<td>143,075</td>
<td>-3.6%</td>
<td>(5,417)</td>
</tr>
<tr>
<td>Impairment of properties, plant and equipment</td>
<td>26,019</td>
<td>22,646</td>
<td>-11.6%</td>
<td>(2,963)</td>
</tr>
<tr>
<td>Unsuccessful wells</td>
<td>12,498</td>
<td>12,148</td>
<td>-2.8%</td>
<td>(350)</td>
</tr>
<tr>
<td>Retirement of property, plant and equipment</td>
<td>14,700</td>
<td>6,371</td>
<td>-56.7%</td>
<td>(8,329)</td>
</tr>
<tr>
<td>Profit (loss) from sale of fixed asset</td>
<td>(768)</td>
<td>-</td>
<td>100.0%</td>
<td>768</td>
</tr>
<tr>
<td>Realized profit (loss) by investments in equity securities</td>
<td>(275)</td>
<td>215</td>
<td>177.1%</td>
<td>494</td>
</tr>
<tr>
<td>Profit sharing in non-consolidated subsidiaries and affiliates</td>
<td>(707)</td>
<td>(34)</td>
<td>95.1%</td>
<td>672</td>
</tr>
<tr>
<td>Dividends received</td>
<td>(914)</td>
<td>(737)</td>
<td>19.4%</td>
<td>178</td>
</tr>
<tr>
<td>Effects of net present value of reserve for well abandonment</td>
<td>(5,240)</td>
<td>9,169</td>
<td>275.0%</td>
<td>14,410</td>
</tr>
<tr>
<td><strong>Activities related to financing activities</strong></td>
<td>40,722</td>
<td>130,107</td>
<td>219.5%</td>
<td>89,385</td>
</tr>
<tr>
<td>Amortization of primes, discounts, profits and debt issuance expenses</td>
<td>(1,891)</td>
<td>312</td>
<td>116.5%</td>
<td>2,203</td>
</tr>
<tr>
<td>Interest expense (income)</td>
<td>39,304</td>
<td>50,910</td>
<td>29.5%</td>
<td>11,606</td>
</tr>
<tr>
<td>Unrealized loss (gain) from foreign exchange fluctuations</td>
<td>3,018</td>
<td>78,885</td>
<td>2284.4%</td>
<td>75,576</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>64,053</td>
<td>57,416</td>
<td>-10.4%</td>
<td>(6,637)</td>
</tr>
<tr>
<td>Funds provided by (used in) operating activities</td>
<td>126,284</td>
<td>77,108</td>
<td>-38.9%</td>
<td>(49,175)</td>
</tr>
<tr>
<td>Financial instruments for negotiation</td>
<td>1,880</td>
<td>16,354</td>
<td>788.7%</td>
<td>14,514</td>
</tr>
<tr>
<td>Accounts and notes receivable</td>
<td>5,401</td>
<td>9,261</td>
<td>71.5%</td>
<td>3,860</td>
</tr>
<tr>
<td>Inventories</td>
<td>(67)</td>
<td>6,976</td>
<td>1052.2%</td>
<td>7,043</td>
</tr>
<tr>
<td>Other assets</td>
<td>(12,906)</td>
<td>78,885</td>
<td>2284.4%</td>
<td>75,576</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>4,879</td>
<td>(1,960)</td>
<td>-140.2%</td>
<td>(6,839)</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>(2,691)</td>
<td>1,131</td>
<td>142.0%</td>
<td>3,822</td>
</tr>
<tr>
<td>Suppliers</td>
<td>45,232</td>
<td>9,433</td>
<td>-79.1%</td>
<td>(35,799)</td>
</tr>
<tr>
<td>Provision for diverse credits</td>
<td>8,188</td>
<td>357</td>
<td>-95.6%</td>
<td>(7,831)</td>
</tr>
<tr>
<td>Employees benefits</td>
<td>78,043</td>
<td>78,934</td>
<td>1.1%</td>
<td>891</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>(1,635)</td>
<td>(24,393)</td>
<td>-1391.6%</td>
<td>(22,758)</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td>190,337</td>
<td>134,525</td>
<td>-29.3%</td>
<td>(55,812)</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment</td>
<td>(245,628)</td>
<td>(230,679)</td>
<td>6.1%</td>
<td>14,949</td>
</tr>
<tr>
<td>Exploration expenses</td>
<td>(1,439)</td>
<td>(1,594)</td>
<td>-10.8%</td>
<td>(155)</td>
</tr>
<tr>
<td>Investment in securities</td>
<td>-</td>
<td>(3,418)</td>
<td>0.0%</td>
<td>(3,418)</td>
</tr>
<tr>
<td>Dividends received</td>
<td>-</td>
<td>336</td>
<td>0.0%</td>
<td>336</td>
</tr>
<tr>
<td>Financial instruments available for sale</td>
<td>2,870</td>
<td>12,735</td>
<td>343.8%</td>
<td>9,865</td>
</tr>
<tr>
<td><strong>Net cash flow from investing activities</strong></td>
<td>(244,196)</td>
<td>(222,619)</td>
<td>8.8%</td>
<td>21,577</td>
</tr>
<tr>
<td><strong>Cash needs related to financing activities</strong></td>
<td>(53,860)</td>
<td>(88,095)</td>
<td>-63.6%</td>
<td>(34,235)</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase of contributions from the Federal Government</td>
<td>66,583</td>
<td>20,000</td>
<td>-70.0%</td>
<td>(46,583)</td>
</tr>
<tr>
<td>Retirement of contributions from the Federal Government</td>
<td>(65,000)</td>
<td>(71,583)</td>
<td>-10.1%</td>
<td>(6,583)</td>
</tr>
<tr>
<td>Loans obtained from financial institutions</td>
<td>236,955</td>
<td>423,399</td>
<td>78.7%</td>
<td>186,444</td>
</tr>
<tr>
<td>Amortization of loans</td>
<td>(191,146)</td>
<td>(207,455)</td>
<td>-8.5%</td>
<td>(16,309)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(37,133)</td>
<td>(47,248)</td>
<td>-27.2%</td>
<td>(10,115)</td>
</tr>
<tr>
<td><strong>Net cash flow from financing activities</strong></td>
<td>10,259</td>
<td>117,112</td>
<td>1041.6%</td>
<td>106,853</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>(43,601)</td>
<td>29,018</td>
<td>166.6%</td>
<td>72,619</td>
</tr>
<tr>
<td><strong>Effect of change in cash value</strong></td>
<td>5,112</td>
<td>8,225</td>
<td>60.9%</td>
<td>3,113</td>
</tr>
<tr>
<td><strong>Net cash and cash equiv. at the beginning of the period</strong></td>
<td>119,235</td>
<td>80,746</td>
<td>-32.3%</td>
<td>(38,489)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the period</strong></td>
<td>80,746</td>
<td>117,989</td>
<td>46.1%</td>
<td>37,243</td>
</tr>
</tbody>
</table>
Other Relevant Information\textsuperscript{15}

**Corporate Restructure**

On November 18, 2014, the Board of Directors of Petróleos Mexicanos approved the corporate reorganization plan of PEMEX, which is not expected to generate increases in personnel expenses. The main features of the reorganization plan are as follows:

- centralization of procurement, human resources, legal, finance, and planning processes;
- transformation of the four existing subsidiaries into two new productive state-owned subsidiaries: (i) Exploration and Production will subsume the existing subsidiary, Pemex-Exploration and Production, and (ii) Industrial Transformation will comprise Pemex-Refining, Pemex-Gas and Basic Petrochemicals and Pemex-Petrochemicals; and
- the creation of the following five productive state-owned subsidiaries, each of which is expected to become an affiliate of Petróleos Mexicanos in 2015:
  
  (i) \textit{Perforación} (Drilling): this entity will perform drilling services;
  
  (ii) \textit{Logística} (Logistics): this entity will provide land, maritime and pipeline transportation to PEMEX and third parties;
  
  (iii) \textit{Cogeneración y Servicios} (Cogeneration and Services): this entity will aim to maximize energy use in PEMEX’s operations by utilizing the heat and steam generated in its industrial processes;
  
  (iv) \textit{Fertilizantes} (Fertilizers): this entity will integrate the ammonia production chain up to the point of sale of fertilizers; and
  
  (v) \textit{Etileno} (Ethylene): this entity will integrate the ethylene production chain polymers.

The new Exploration and Production productive state-owned subsidiary will have two directorates: (i) Production and Development and (ii) Exploration.

PEMEX’s management team was expected to propose the organic statutes and articles of creation of the new productive state-owned subsidiaries by February 16, 2015. However, on February 13, 2015, the Board approved to extend the deadline to March 27, 2015. Subsequently, the management will present the pricing, fee and cost regime applicable to commercial transactions between Petróleos Mexicanos, its subsidiaries and its affiliates, in addition to the guidelines and strategies for the comprehensive management of Petróleos Mexicanos’ affiliates.

**Independent Board Member Resigns**

On February 17, 2015, Jaime Lomelín Guillén resigned as independent member of the Board of Directors of Petróleos Mexicanos. He was initially appointed to this position on September 18, 2014. Mr. Lomelin Guillén subsequently resigned from his position in order to avoid any misinterpretation that could damage the credibility and transparency of Mexico’s recent energy reform.

The Law of Petróleos Mexicanos sets forth the procedures for appointing a new independent member to the Board of Directors in the event that a member steps down. Pursuant to this, the new member will hold the position for the remainder of the term of the member being replaced. In the case of Mr. Lomelin Guillén, the term was set to end on September 18, 2018.

**Registration and Evaluation of Suppliers and Contractors**

PEMEX implemented a new registration and evaluation system for its suppliers and contractors to promote long-term relationships and with the aim of maintaining a transparent, efficient and trustworthy supply chain. The system allows PEMEX to:

- manage commercial and financial information from suppliers and contractors, in addition to their products and services;

\textsuperscript{15} Other relevant information comprising the period from October 24, 2014 to February 27, 2015.
- evaluate qualitative and quantitative aspects of the entire procurement chain;
- cross-check information with other government entities such as the SAT (Tax Administration Service), INFONAVIT (National Fund for Worker’s Housing Institute), IMSS (Mexican Social Security Institute), Ministry of Labor and Social Previsions and Ministry of Public Function; and
- analyze suppliers and contractors by categories and with access to international communities.

**Collaboration Agreements**

The following table sets forth a brief description of the MOUs and Letters of Intent recently entered into by Petróleos Mexicanos:

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Date</th>
<th>MOUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infraestructura Energética Nova, S.A.B de C.V. (IEnova) and Sempra LNG</td>
<td>February 19, 2015</td>
<td>Development of LNG Project in Ensenada, Baja California.</td>
</tr>
</tbody>
</table>
| Reliance Industries Limited, P.M.S. Prasad | December 4, 2014 | Analyze business opportunities along the entire oil and gas value chain.  
• Technological collaboration.  
• Exchange of experiences in sustainable activities. |
• Exchange of professional development best practices and experiences.  
• Technical collaboration.  
• Analyze business opportunities in exploration and production activities associated with heavy crude oil and mature fields. |
| China Development Bank (CDB) | | Facilitate access to financing for Pemex and its Mexican service providers. |
| Industrial and Commercial Bank of China Ltd. (ICBC) | | Establish the basis for a line of credit for up to USD 10.0 billion for Pemex and its service providers, particularly for exploration and production activities and the acquisition of equipment for marine regions. |
| Eni S.p.A, | October 30, 2014 | Evaluate potential areas for collaboration in exploration and exploitation, natural gas, refining and petrochemical activities.  
• Exchange of best practices and experiences in technological and operational activities and human capital development programs.  
• Promote initiatives to reduce contaminating emissions. |
| Kuwait Foreign Petroleum Exploration Company (KUFPEC) | October 29, 2014 | Analyze and develop joint business opportunities in exploration and production. |
| Chevron | October 26, 2014 | Identify collaboration opportunities in deepwater, heavy crude oil, mature fields, natural gas, refining, fuel distribution, reduction of greenhouse gas (GHG) emissions and industrial safety. |

| Letter of Intent |
|-----------------|-----------------|
| Counterparty | Date | Purpose |
If you would like to be included in our distribution list, please access www.pemex.com/en/investors and then “Distribution List.” If you would like to contact us, please call at (52 55) 1944 9700, (52 55) 1944 9702, (52 55) 1944 8015 or send an email to ri@pemex.com.

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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 International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”), which PEMEX has adopted effective January 1, 2012. Information from prior periods has been retrospectively adjusted in certain accounts to make it comparable with the unaudited consolidated financial information under IFRS. For more information regarding the transition to IFRS, see Note 23 to the consolidated financial statements included in Petróleos Mexicanos’ 2012 Form 20-F filed with the Securities and Exchange Commission (SEC) and its Annual Report filed with the Comisión Nacional Bancaria y de Valores (CNBV). EBITDA is a non-IFRS measure. It does show a reconciliation of EBITDA to net income in Table 33 of the annexes to this report. Budgetary information is based on standards from Mexican governmental accounting; therefore, it does not include information from the subsidiary companies or affiliates of Petróleos Mexicanos. It is important to mention, that our current financing agreements do not include financial covenants or events of default that would be triggered as a result of our having negative equity.

Methodology
We might change the methodology of the information disclosed in order to enhance its quality and usefulness, and/or to comply with international standards and best practices.

Foreign Exchange Conversions
Convenience translations into U.S. dollars of amounts in Mexican pesos have been made at the exchange rate at close for the corresponding period, unless otherwise noted. Due to market volatility, the difference between the average exchange rate, the exchange rate at close and the spot exchange rate, or any other exchange rate used could be material. 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. It is important to note that we maintain our consolidated financial statements and accounting records in pesos. As of December 31, 2014, the exchange rate of MXN 14.7180+ USD 1.00 is used.

Fiscal Regime
Starting January 1, 2015, Petróleos Mexicanos’ fiscal regime is ruled by the Ley de Ingresos sobre Hydrocarburos (Hydrocarbons Income Law). Since January 1, 2006 and until December 31, 2014, PEP was subject to a fiscal regime governed by the Federal Duties Law, while the tax regimes of the other Subsidiary Entities were governed by the Federal Revenue Law.

The Special Tax on Production and Services (IEPS) applicable to automotive gasoline and diesel is established in the Production and Services Special Tax Law “Ley del Impuesto Especial sobre Producción y Servicios”. If the “final price” is higher than the “producer price”, the IEPS is paid by the final consumer. On the opposite, the IEPS has been absorbed by the Secretary of Finance and Public Credit (SHCP) and credited to PEMEX. In this case, also known as “negative IEPS”, the IEPS credit to PEMEX has been included in “Other income (expenses)” in its Income Statement.

PEMEX’s “producer price” is calculated in reference to that of an efficient refinery operating in the Gulf of Mexico. Up to 2014 the “final price” was established by the SHCP. In 2015 the SHCP set a cap for the “final price” based on the inflation expectations. In 2016 and 2017 the SHCP will do the same; and, based on economic competition conditions, the price will be determined by the market since 2018.

Hydrocarbon Reserves
In accordance with the Hydrocarbons Law, published in the Official Gazette on August 11, 2014, the National Hydrocarbons Commission (CNH) will establish and will manage the National Hydrocarbons Information Center, comprised by a system to obtain, safeguard, manage, use, analyze, keep updated and publish information and documents related to hydrocarbons. As of January 1, 2010, the Securities and Exchange Commission (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. Nevertheless, any description of probable or possible reserves included herein may not meet the recoverability thresholds established by the SEC in its definitions. Investors are urged to consider closely the disclosure in our Form 20-F and our Annual Report to the CNBV and SEC, available at http://www.pemex.com/.

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:

- exploration and production activities, including drilling;
- activities relating to import, export, refining, petrochemicals and transportation of petroleum, natural gas and oil products;
- projected and targeted capital expenditures and other costs, commitments and revenues; and
- liquidity and sources of funding.

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, including on our ability to hire and retain skilled personnel;
- limitations on our access to sources of financing on competitive terms;
- our ability to find, acquire or have the right to access additional hydrocarbons reserves and to develop them;
- uncertainties inherent in making estimates of oil and gas reserves, including recently discovered oil and gas reserves;
- technical difficulties;
- significant developments in the global economy;
- significant economic or political developments in Mexico, including developments relating to the implementation of the Energy Reform (as described in our most recent Annual Report and Form 20-F); and
- developments affecting the energy sector; and
- changes in our legal regime or regulatory environment, including tax and environmental regulations.

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 our most recent Annual Report filed with the CNBV and available through the Mexican Stock Exchange (http://www.bmv.com.mx/) and our most recent Form 20-F filing filed with the SEC (http://www.sec.gov/). These factors could cause actual results to differ materially from those contained in any forward-looking statement.