

May 6, 2008

PEMEX Audited Financial Results Report as of December 31, 2007

PEMEX, Mexico's oil and gas company and the eleventh largest integrated oil company in the world¹, announced its audited consolidated financial results as of December 31, 2007.

4Q07 Financial Highlights

- ✦ Total sales increased by 25.8% as compared to the fourth quarter of 2006, amounting to Ps. 314.3 billion in the fourth quarter of 2007, in pesos with December 31, 2007 purchasing power parity (US\$28.9 billion)²
- ✦ Income before taxes and duties increased by 50.3% as compared with the same quarter of 2006
- ✦ Net loss was Ps. 32.4 billion (US\$3.0 billion) in the fourth quarter of 2007

2007 Financial Highlights

- ✦ Total sales increased by 2.9% as compared to 2006, amounting to Ps. 1,136.0 billion in 2007 (US\$104.5 billion)
- ✦ Income before taxes and duties increased by 1.1%, as compared to 2006, to Ps. 658.9 billion (US\$60.6 billion)
- ✦ Net loss was Ps. 18.3 billion (US\$1.7 billion)
- ✦ Total debt decreased by 15.2% to Ps. 500.9 billion (US\$46.1 billion)

Table 1
Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
Financial results summary

	Fourth quarter (Oct. - Dec.)					Twelve months ending Dec. 31,				
	2006 (Ps. mm)	2007	Change	2007 (US\$mm)		2006 (Ps. mm)	2007	Change	2007 (US\$mm)	
Total sales	249,877	314,290	25.8%	64,413	28,924	1,103,510	1,136,035	2.9%	32,526	104,548
Domestic sales	138,019	156,541	13.4%	18,521	14,406	567,290	592,048	4.4%	24,758	54,485
Exports	111,630	157,572	41.2%	45,942	14,501	535,144	542,927	1.5%	7,783	49,965
Revenues from services	228	178	-22.0%	(50)	16	1,076	1,061	-1.4%	(15)	98
Cost of sales	110,490	139,737	26.5%	29,247	12,860	418,258	460,666	10.1%	42,408	42,394
Gross profit	139,387	174,553	25.2%	35,166	16,064	685,252	675,370	-1.4%	(9,882)	62,153
General expenses	25,452	24,614	-3.3%	(838)	2,265	80,975	84,939	4.9%	3,965	7,817
Income before taxes and duties	119,970	180,268	50.3%	60,297	16,590	651,718	658,948	1.1%	7,230	60,642
Taxes and duties	124,275	212,708	71.2%	88,433	19,575	604,765	677,256	12.0%	72,491	62,327
Net income (loss)	(4,305)	(32,440)		(28,135)	(2,985)	46,953	(18,308)		(65,261)	(1,685)
EBITDA⁽¹⁾	158,906	226,795	42.7%	67,889	20,872	813,039	833,691	2.5%	20,651	76,723
EBITDA / Financial cost ⁽²⁾	22.7	12.3				17.4	14.3			

*Derived from audited consolidated financial statements prepared in accordance with Normas de Información Financiera (Mexican Financial Reporting Standards (FRS)) -formerly Mexican GAAP- issued by the Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (CINIF). Inflation recognition is also in accordance with Mexican FRS. Accordingly, peso figures are presented in constant Mexican pesos as of December 31, 2007.

**Convenience translations into US dollars of amounts in pesos have been made at the established exchange rate of Ps. 10.8662 = US\$1.00 as of December 31, 2007. Such translations should not be construed as a representation that the peso amounts have been or could be converted into US dollars at the foregoing or any other rate.

(1) Earnings before interest, taxes, depreciation and amortization is a non US-GAAP measure, therefore we provide a reconciliation with net income on page 20. This measure excludes the cost of the reserve for retirement payments.

(2) Excludes capitalized interest.

Note: Numbers may not total due to rounding.

¹ Petroleum Intelligence Weekly ranking, December 2007.

² Convenience translations into US dollars of amounts in pesos have been made at the rate of Ps. 10.8662= US\$1.00 at December 31, 2007. Such translations should not be construed as a representation that the peso amounts have been or could have been converted into US dollar amounts at the foregoing rate or any other rate.

4Q07 Operational Highlights

- ✦ Crude oil production decreased by 154 thousand barrels per day (Mbd), or 4.9%, from the fourth quarter of 2006 to the fourth quarter of 2007, to 2,951 Mbd, primarily due to the effects of the cold fronts numbers four and five
- ✦ During the fourth quarter of 2007, total natural gas production was 12.9% greater than production during the fourth quarter of 2006
- ✦ On December 22, 2007, daily natural gas production registered a record of 6,558 MMcfd

2007 Operational Highlights

- ✦ During 2007, crude oil production decreased by 174 thousand barrels per day (Mbd) or 5.3%, from 2006 to 2007, to 3,082 Mbd, due to adverse weather conditions.
- ✦ Total natural gas production was 13.1% greater than production during 2006, due to higher levels of activity in the Northern and the offshore regions

Operating Items

Exploration and Production

4Q07 Crude Oil Production

During the fourth quarter of 2007, crude oil production averaged 2,951 Mbd, 4.9% less than the 3,104 Mbd produced during the fourth quarter of 2006.

Production of heavy crude oil decreased by 7.0% and light crude oil production decreased by 1.2%, while extra-light crude oil production increased by 0.5%.

Heavy and light crude oil production decreased primarily because of shutdowns of wells in the Southern and Northern Marine regions during October and November due to adverse weather conditions caused by cold fronts numbers four and five. The increase in extra-light crude oil production resulted from higher production at the Crudo Ligerito Marino project.

2007 Crude Oil Production

During 2007, crude oil production averaged 3,082 Mbd, 5.3% less than the 3,256 Mbd average production during 2006. The reduction was a consequence of the production shut downs and cold front numbers four and five.

Table 2
Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
Production of liquid hydrocarbons

	Fourth quarter (Jul.-Sep.)				Twelve months ending Dec. 31			
	<u>2006</u>	<u>2007</u>	<u>Change</u>		<u>2006</u>	<u>2007</u>	<u>Change</u>	
	(Mbd)				(Mbd)			
Liquid hydrocarbons	3,508	3,327	-5.2%	(181)	3,692	3,486	-5.6%	(205)
Crude oil	3,104	2,951	-4.9%	(154)	3,256	3,082	-5.3%	(174)
Heavy	2,062	1,918	-7.0%	(144)	2,244	2,045	-8.8%	(198)
Light	847	837	-1.2%	(10)	831	838	0.7%	6
Extra-light	195	196	0.5%	1	180	199	10.1%	18
Natural gas liquids ⁽¹⁾	404	377	-6.8%	(27)	436	405	-7.2%	(31)

(1) Includes condensates.
Note: Numbers may not total due to rounding.

4Q07 Natural Gas Production

During the fourth quarter of 2007, average natural gas production was 12.9% greater than the average production recorded in the fourth quarter of 2006.

On December 22, 2007, daily natural gas production registered a record of 6,558 MMcfd.

The production of associated natural gas increased by 491 MMcfd due to greater production at the Samaria-Luna project and to the Cantarell and Crudo Ligeró Marino projects.

The increase in non-associated natural gas production of 228 MMcfd was primarily due to higher activity at the Burgos and Veracruz projects, in the Northern region.

2007 Natural Gas Production

During 2007, natural gas production was 6,058 MMcfd, 13.1% greater than the average production recorded in 2006.

Associated gas production increased 11.5% as a result of higher volumes from the Crudo Ligeró Marino and Cantarell projects.

Non-associated gas production increased 15.3% due to greater production from the Lankahuasa, Burgos and Veracruz projects in the Northern region.

Table 3

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies									
Production of natural gas and gas flaring									
	Fourth quarter (Jul.-Sep.)				Twelve months ending Dec. 31				
	2006	2007	Change		2006	2007	Change		
	(MMcfd)				(MMcfd)				
Total	5,565	6,285	12.9%	720	5,356	6,058	13.1%	702	
Associated	3,132	3,623	15.7%	491	3,090	3,445	11.5%	355	
Non-associated	2,433	2,662	9.4%	228	2,266	2,613	15.3%	347	
Natural gas flaring	433	895		462	271	547		276	
Gas flaring / total production	7.8%	14.2%			5.1%	9.0%			

Note: Numbers may not total due to rounding.

Gas Flaring

In the fourth quarter of 2007, gas flaring represented 14.2% of total natural gas production. The increase with respect to the fourth quarter of 2006 was primarily due to infrastructure maintenance and higher production of natural gas with elevated nitrogen concentration in the Northern Marine region.

2007 Lifting Cost

In 2007, our lifting cost was US\$4.36 per barrel of oil equivalent (boe). This represents a 2.6% increase as compared to US\$4.25 per boe recorded in 2006, primarily as a result of higher injection volumes of natural gas for gas lift and nitrogen.

Completion of Wells

During the fourth quarter of 2007, PEMEX completed 181 new wells, 20 more than during the fourth quarter of 2006.

Of the completed wells, 169 were development wells, 21 greater than in the fourth quarter of 2006, due to higher activity in the Aceite Terciario del Golfo project in the Northern region.

Exploratory wells drilled totaled 12 in the fourth quarter of 2007, 1 less as compared to the fourth quarter of 2006. This decrease was a result of a reduction in activity at the Campeche Oriente project in the Northern Marine region.

As of December 31, 2007, the number of operating non-associated gas production wells was 3,058, a 6.5% increase as compared to the number of non-associated gas production wells operating at December 31, 2006. This increase was primarily due to the completion of wells in the Burgos project.

2007 Drilling Equipment

As of December 31, 2007, the total number of drilling rigs was 224, an increase of 36 as compared to 2006. Pemex-Exploration and Production owned 123 rigs, the rest of the equipments are owned by contractors.

In addition, 2 snubing and 2 school equipments were used for positioning and initiating drilling activities, respectively.

2007 Offshore Platforms

During 2007, the number of offshore platforms totaled 215, an increase of 16 as compared to 2006. These platforms provide various services: storage, control, drilling, housing, telecommunications, processing, among others.

Table 4
Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
Inventory of wells and drilling equipment

	Fourth quarter (Jul.-Sep.)				Twelve months ending Dec. 31			
	2006	2007	Change		2006	2007	Change	
	(Number of wells)				(Number of wells)			
Wells drilled	161	181	12.4%	20	656	659	0.5%	3
Development	148	169	14.2%	21	587	610	3.9%	23
Exploration	13	12	-7.7%	(1)	69	49	-29.0%	(20)
Total operating wells					6,267	6,211	-0.9%	(56)
Injection					269	269	0.0%	0
Production					5,998	5,942	-0.9%	(56)
Crude					3,126	2,884	-7.7%	(242)
Non associated gas					2,872	3,058	6.5%	186
Selected operating infrastructure ⁽¹⁾								
Drilling rigs					188	224	19.1%	36
Offshore platforms					199	215	8.0%	16

(1) As of December 31 of each year.

Note: Numbers may not total due to rounding.

Seismic Information

During the fourth quarter of 2007, kilometers covered by 2D seismic studies decreased by 1.5%, while the area covered by 3D seismic studies increased by 4,960 km² as compared to the same quarter of 2006.

The decrease in 2D studies was due to lower activity in the Southern region projects, whereas the increase in 3D studies was the result of greater acquisition of data in the Golfo de México B and Golfo de México Sur projects in the deep waters of the Gulf of Mexico.

Table 5
Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
Seismic studies

	Fourth quarter (Jul.-Sep.)			Twelve months ending Dec. 31				
	2006	2007	Change	2006	2007	Change		
Seismic information								
2D (km)	846	833	-1.5%	(13)	2,173	1,121	-48.4%	(1,052)
3D (km ²)	613	5,573		4,960	2,742	11,850		9,108

Note: Numbers may not total due to rounding.
Numbers include seismic studies for both exploration and development.

Deep Water Exploration Program

The exploration program for 2008 includes the acquisition of more than 20 thousand km and 8 thousand km² of 2D and 3D seismic information, respectively. In addition, two exploratory wells are scheduled to be drilled in the Golfo de Mexico B region.

Discoveries

Our main discoveries during the third quarter of 2007 were:

Table 6
Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
Main discoveries

Project	Successful wells in			
	4Q07	Geologic age	Initial production	Type
Burgos	Fémur-1	Oligocene	2.1 MMcfd	Dry gas
	Aceitero-1	Eocene	1.0 MMcfd	Dry gas
	Axón-1	Paleocene	1.0 MMcfd	Dry gas
	Oasis-1001	Paleocene-K	0.9 MMcfd	Dry gas
	Oasis-401	Paleocene-K	1.1 MMcfd	Dry gas
Veracruz	Obertura-1	Pliocene	3.0 MMcfd	Dry gas
Cuencas del Sureste	Kuil-1	Cretaceous	2.6 Mbd	Light crude

4Q07 Cantarell

The main developments at the Cantarell project during the fourth quarter of 2007 were the following:

- completion of 5 development wells,
- 9 major and 10 minor well workovers,
- construction of the oil-gas pipeline with subsea completion to the Akal-BN platform, and
- installation of the gas-lift pipeline for the Akal-BN drilling platform.

The installation of the nitrogen recovery unit (NRU) in the Ciudad Pemex facility is expected to be completed in the first quarter of 2008. As of December 31, 2007, the construction of the NRU was 94% complete.

4Q07 Ku-Maloob-Zaap

On December 30, 2007, the Ku-Maloob-Zaap project registered a production record of 664 Mbd, due to the start up of several wells.

During the fourth quarter of 2007, the main activities were:

- completion of 7 development wells,
- 13 major and 1 minor well workovers,
- installation of the Zaap-C habitation and production platform,
- completion of the Ku-H telecommunications platform,
- construction of the oil pipeline from PB-KU-A2 to E-KU-A2, and
- construction of the Maloob-C drilling platform.

The construction of the Maloob-C drilling platform is scheduled to start during the first quarter of 2008. Completion of this platform is expected by the first quarter of 2009.

2007 Technological Developments

During 2007, the main technological developments were:

- implementation of pressure maintenance systems in the Ku-Maloob-Zaap and Jujo-Tecominoacán projects using nitrogen injection,
- completion of 21 horizontal wells in the Burgos, Arenque, Tres Hermanos, Tamaulipas-Constituciones, Poza Rica, Cantarell and Ku-Maloob-Zaap projects,
- drilling of 2 multilateral wells in the Tamaulipas- Constituciones and Ogarrio Magallanes projects, and
- conclusion of 3 wells with subsea completion in the Cantarell project.

2008 Projects

The main projects to be executed in 2008 are:

- Cantarell,
- Strategic Gas Program,
- Aceite Terciario del Golfo (previously know as Chicontepec),
- Ku-Maloob-Zaap,
- Burgos,
- Veracruz,
- A.J. Bermúdez,
- Bellota-Chinchorro,
- Jujo-Tecominoacán,
- Golfo de México B,
- Campeche Oriente,
- Campeche Poniente,
- Litoral de Tabasco Marino,
- Comalcalco, and
- Julivá.

Gas and Basic Petrochemicals

4Q07 Gas Processing

During the fourth quarter of 2007, total on-shore natural gas processing grew by 1.6% as compared to the fourth quarter of 2006. This increase was the result of a 43 MMcfd growth in sweet wet gas processing, due to higher production from the Burgos basin, and a 25 MMcfd increase in the processing of sour wet gas, due to higher volumes from the offshore regions.

During the fourth quarter of 2007, dry gas production decreased by 0.3%. Natural gas liquids production decreased by 6.8% as compared to the same period of 2006 due to a reduction in the volume of condensates production from 77 to 56 Mbd.

2007 Gas Processing

During 2007, total on-shore natural gas processing grew by 3.3% as compared to 2006, as a result of higher volumes of sweet wet gas processing, which was due to greater production from the Burgos basin.

Table 7

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies								
Natural gas processed and dry gas production								
	Fourth quarter (Jul.-Sep.)				Twelve months ending Dec. 31			
	2006	2007	Change		2006	2007	Change	
	(MMcfd)				(MMcfd)			
On-shore gas processed	4,134	4,201	1.6%	67	4,153	4,288	3.3%	135
Sour wet gas	3,089	3,113	0.8%	25	3,203	3,162	-1.3%	(40)
Sweet wet gas	1,045	1,088	4.1%	43	950	1,125	18.5%	175
Production								
Dry gas	3,482	3,472	-0.3%	(10)	3,445	3,546	3.0%	102
Natural gas liquids (Mbd) ⁽¹⁾	404	377	-6.8%	(27)	436	405	-7.2%	(31)

(1) Includes other streams to fractionation.
Note: Numbers may not total due to rounding.

Infrastructure Projects 4Q07

By the end of December 2007, the construction of cryogenic plants 5 and 6 in the Burgos Gas Processing Center (GPC) was 61% complete.

Likewise, construction of the Emiliano Zapata compression station in the state of Veracruz, was 94.5% complete.

On December 24, 2007, Gasoductos de Chihuahua commenced operations at the Burgos-Monterrey liquefied petroleum gas system.

2008 Projects

The main projects to be carried out in 2008 are:

- the construction and close-out of cryogenic plants 5 and 6 in Reynosa, Tamaulipas,
- capacity increase of the gas processing center in Poza Rica, Veracruz, and
- construction of the compression station in Emiliano Zapata, Veracruz.

Refining

Processing 4Q07

During the fourth quarter of 2007, total crude oil processing decreased by 2.3% as compared to the same period of the previous year. The decrease was primarily due to scheduled maintenance in the primary plants.

Heavy crude oil processing increased by 5.6%, while light crude oil processing decreased by 7.1% during the fourth quarter of 2007 in order to maximize production of higher value added petroleum products.

Processing 2007

During 2007, total crude oil processing decreased by 1.1% as compared to 2006, as a result of the pipeline attacks in July and September 2007 and of adverse weather conditions.

Table 8

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies								
Crude oil processing								
	Fourth quarter (Jul.-Sep.)				Twelve months ending Dec. 31			
	2006	2007	Change	(Mbd)	2006	2007	Change	(Mbd)
Total processed	1,283	1,254	-2.3%	(29)	1,284	1,270	-1.1%	(14)
Heavy Crude	487	514	5.6%	27	500	484	-3.3%	(17)
Light Crude	796	740	-7.1%	(56)	784	786	0.3%	2

Capacity Utilization

As a consequence of the decrease in our crude oil processing during the fourth quarter of 2007, our primary distillation capacity utilization rate decreased from 84.0% to 82.0%.

4Q07 Production

During the fourth quarter of 2007, the average production of petroleum products decreased by 71 Mbd, as compared to the same period of 2006, decreasing to an average production of 1,455 Mbd.

Production of gasoline, fuel oil and liquefied petroleum gas (LPG) decreased by 2.6%, 15.0%, and 4.2%, respectively, as a result of lower crude processing.

2007 Production

During 2007, the average production of petroleum products decreased by 34 Mbd, as compared to 2006, falling to an average of 1,511 Mbd.

Production of fuel oil decreased by 7.3% and LPG production fell by 6.3%, as a result of less crude oil processing.

Table 9

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies								
Petroleum products								
	Fourth quarter (Jul.-Sep.)				Twelve months ending Dec. 31			
	2006	2007	Change	(Mbd)	2006	2007	Change	(Mbd)
Total production	1,526	1,455	-4.7%	(71)	1,546	1,511	-2.2%	(34)
Gasolines	462	450	-2.6%	(12)	457	457	0.0%	(0)
Fuel oil	312	265	-15.0%	(47)	325	301	-7.3%	(24)
Diesel	336	335	-0.1%	(0.2)	328	334	1.8%	6
Liquefied petroleum gas (LPG) ⁽¹⁾	222	213	-4.2%	(9)	241	226	-6.3%	(15)
Jet Fuel	67	63	-5.6%	(4)	65	66	2.3%	2
Other ⁽²⁾	127	128	0.8%	1	130	128	-1.8%	(2)

(1) Excludes butylene and propylene and includes isobutanes from Pemex-Gas and Basic Petrochemicals and butane from Pemex-Petrochemicals.

(2) Includes mainly paraffins, furfural extract, aeroflex, asphalt, among others.

Note: Numbers may not total due to rounding.

2008 Projects

The main projects to be carried out in 2008 are:

- sulfur reduction program for gasoline and diesel,
- construction, rehabilitation and operational sustainability of pipelines and facilities,
- modernization of our tanker fleet,
- reconfiguration of the Minatitlán refinery,
- residual conversion at the Salamanca refinery,
- sustainability of production,
- energy trains,
- studies for the reconfiguration of Salina Cruz and Tula, and
- feasibility study for a new refinery.

4Q07 Variable Refining Margin

In the fourth quarter of 2007, PEMEX's variable refining margin³ decreased by 22.1%, as compared to the fourth quarter of 2006, from US\$5.4 to US\$4.2 per barrel, primarily as a result of higher prices of crude oil.

Franchises

From to December 31, 2006 to December 31, 2007, the number of franchised gas stations rose by 5.1%, from 7,554 to 7,940 franchises.

Minatitlan Reconfiguration

As of December 21, 2007, the reconfiguration of the Minatitlán refinery was 75% complete. The program for the five remaining contracts for engineering, procurement and construction services is scheduled for completion in February 2009. Total estimated investment is US\$3.1 billion.

³ The variable refining margin is an estimate of operating income per barrel of crude oil processed. Operating income is calculated as total revenues minus the cost of raw materials, auto consumption (fuel oil and natural gas used to operate the refineries, and auxiliary services (electric power, water and catalysts)).

Petrochemicals

4Q07 Production

During the fourth quarter of 2007, total petrochemicals production was 2,668 thousand tons (Mt), 2.7% lower than production recorded in the same quarter of 2006. This decrease was primarily driven by:

- lower production of ethane derivatives, primarily due to maintenance at the Morelos petrochemical complex, and
- lower production of aromatics and derivatives, primarily due to lower volumes of long residue from Salina Cruz,
- which were offset by higher production of ammonia, which was increased to satisfy the higher demand for urea production.

2007 Production

During 2007, total petrochemicals production was 11,756 thousand tons (Mt), 7.3% greater than the production recorded in 2006. This increase was primarily a result of an increase in the production of ammonia, vinyl chloride, hexane and chlorhydric acid.

Table 10
Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
Production of petrochemicals

	Fourth quarter (Jul.-Sep.)				Twelve months ending Dec. 31			
	2006	2007	Change		2006	2007	Change	
	(Mt)				(Mt)			
Total production	2,741	2,668	-2.7%	(74)	10,961	11,756	7.3%	796
Methane derivatives								
Ammonia	130	235	81.2%	105	592	760	28.4%	168
Methanol	32	12	-61.5%	(19)	85	12	-85.7%	(73)
Ethane derivatives								
Ethylene	284	190	-33.3%	(95)	1,128	1,001	-11.2%	(127)
Ethylene oxide	89	49	-44.8%	(40)	361	301	-16.5%	(59)
Low density polyethylene	82	79	-2.9%	(2)	352	358	1.8%	6
High density polyethylene	36	17	-54.2%	(20)	167	156	-6.5%	(11)
Vinyl chloride	65	58	-10.5%	(7)	209	235	12.5%	26
Aromatics and derivatives								
Toluene	55	27	-51.0%	(28)	203	175	-14.2%	(29)
Ethylbenzene	47	26	-45.2%	(21)	156	149	-4.0%	(6)
Benzene	40	21	-48.3%	(19)	135	118	-12.1%	(16)
Propylene and derivatives								
Acrylonitrile	N/D	11	-	-	N/D	24	-	-
Polypropylene	81	79	-2.6%	(2)	340	353	4.0%	13
Others ⁽¹⁾	1,800	1,863	3.5%	63	7,233	8,112	12.2%	879

(1) Includes glycols, heavy reformed, oxygen, hydrogen, nitrogen, chlorhydric acid, muriatic acid, hexane, heptanes and others.
Note: Numbers may not total due to rounding.

2008 Projects

The main projects to be carried out in 2008 are:

- for ethane derivatives:
 - capacity increase of the Morelos facility ethylene plant from 600 to 850 Mt,
 - capacity increase of the Morelos facility ethylene oxide plant from 225 to 360 Mt,
 - capacity increase of the Cangrejera ethylene plant from 600 to 900 Mt, and
 - commencement of ethane derivatives production at the Cangrejera facility.

- for aromatics:
 - modernization and increase of aromatics at Cangrejera, and
 - increase in annual capacity of the Cangrejera styrene plant from 150 to 250 Mt.

In addition, on February 18, 2008 the Federal Government announced a mechanism to reactivate the petrochemical sector in Mexico. To this end, PEMEX will bid long term supply agreements for ethane and natural gasoline to private investors interested in building new petrochemical facilities for producing ethane and its derivatives.

International Trade⁴

4Q07 Crude Oil Exports

During the fourth quarter of 2007, crude oil exports averaged 1,621 Mbd, 2.5% less than the average volume recorded during the fourth quarter of 2006, as a result of lower crude oil production.

Approximately 88% of total crude oil exports were heavy crude oil (Maya and Altamira); the remainder consisted of light and extra-light crude oil (Isthmus and Olmecca).

80% of total crude oil exports was delivered to the United States, while the remaining 20% was distributed among Europe (9%), the rest of the Americas (8%) and the Far East (3%).

The weighted average export price of the Mexican crude oil basket was US\$77.3 per barrel in the fourth quarter of 2007, 59.1% higher than the weighted average price of US\$48.6 per barrel in the fourth quarter of 2006.

2007 Crude Oil Exports

During 2007, crude oil exports averaged 1,686 Mbd, 5.9% less than the average export volume recorded during 2006, as a result of lower crude oil production.

The weighted average export price of the Mexican crude oil basket was US\$61.6 per barrel, 16.2% higher than the weighted average price of US\$53.0 in 2006.

4Q07 Petroleum products and Petrochemicals Exports

Exports of petroleum products averaged 134 Mbd, 25.7% less than during the fourth quarter of 2007, primarily due to a decrease in sales of naphtha and fuel oil, which were partially offset by higher sales of long residue.

Petrochemicals exports totaled 174 Mt, a decrease of 5.2% due to lower sales of butadiene, ethylene and benzene.

2007 Petroleum products and Petrochemicals Exports

Exports of petroleum products averaged 176 Mbd, 6.4% less compared to 2006, primarily as a result of lower sales of naphtha and fuel oil, which were partially offset by higher sales of diesel.

Exports of petrochemical products decreased by 9.5%, or 78 Mt, totaling 746 Mt for the year, due to lower sales of sulfur, low density polyethylene, benzene, ethylene and glycols, which were partially offset by greater ammonia exports.

4Q07 Natural Gas Exports

Exports reached 87 MMcfd during the fourth quarter of 2007, as compared to 69 MMcfd during the same period in 2006.

2007 Natural Gas Exports

Natural gas exports reached 139 MMcfd during 2007, as compared to 33 MMcfd during 2006, as a result of an increase in natural gas production.

⁴ According to data provided by PMI Comercio Internacional (PMI).

Table 11
Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
Exports⁽¹⁾

	Fourth quarter (Oct.-Dec.)				Twelve months ending Dec. 31			
	2006	2007	Change		2006	2007	Change	
Crude oil (Mbd)⁽²⁾								
Total	1,663	1,621	-2.5%	(42)	1,793	1,686	-5.9%	(107)
Heavy	1,373	1,420	3.4%	47	1,494	1,472	-1.4%	(21)
Light	66	49	-26.8%	(18)	68	41	-39.8%	(27)
Extra-light	223	152	-31.7%	(71)	231	173	-25.1%	(58)
Average price (US\$/b)	48.6	77.3	59.1%	28.7	53.0	61.6	16.2%	8.6
Natural Gas (MMcfd)	69	87	27.2%	19	33	139		106
Petroleum products (Mbd)	180	134	-25.7%	(46)	188	176	-6.4%	(12)
Petrochemicals (Mt)	184	174	-5.2%	(9)	824	746	-9.5%	(78)

(1) Source: P.M.I.®, except natural gas. Preliminary data.

(2) Excludes the volume of crude oil under processing agreements.

Note: Numbers may not total due to rounding.

4Q07 Imports

In the fourth quarter of 2007, natural gas imports averaged 456 MMcfd, 29.7% more than the average imports recorded during the same period in 2006, due primarily to the higher demand of the power generation sector.

Imports of petroleum products increased by 25.4%, from 458 to 574 Mbd. This increase was primarily attributable to greater gasoline imports.

Petrochemical imports increased by 10.0%, to 118 Mt, primarily due to higher methanol purchases.

2007 Imports

During 2007, natural gas imports averaged 386 MMcfd, 14.5% less than those recorded during 2006, due primarily to higher natural gas production by PEMEX.

Imports of petroleum products increased by 14.6%, from 431 to 494 Mbd. This increase was primarily attributable to greater imports of gasoline, which totaled 308 Mbd during 2007.

Table 12
Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
Imports⁽¹⁾

	Fourth quarter (Oct.-Dec.)				Twelve months ending Dec. 31			
	2006	2007	Change		2006	2007	Change	
Natural gas (MMcfd)	352	456	29.7%	105	451	386	-14.5%	(65)
Petroleum products (Mbd) ⁽²⁾	458	574	25.4%	116	431	494	14.6%	63
Petrochemicals (Mt)	107	118	10.0%	11	436	425	-2.5%	(11)

(1) Source: P.M.I.®, except natural gas. Preliminary data.

(2) Includes the volume of imported products under processing agreements. Also includes 67 Mbd and 68 Mbd of LPG for the fourth quarters of 2006 and 2007, respectively.

Note: Numbers may not total due to rounding.

Audited Financial Results for the Quarter Ended December 31, 2007

Sales

4Q07 Total Sales

During the fourth quarter of 2007, total sales, including revenues from services, increased by 25.8% in constant pesos as compared to the fourth quarter of 2006, from Ps. 249.9 billion to Ps. 314.3 billion. This increase was primarily due to an increase in the weighted average crude oil export price.

2007 Total Sales

During 2007, total sales, including revenues from services, increased by 2.9% in constant pesos as compared to 2006, from Ps. 1,103.5 billion to Ps. 1,136.0 billion. This increase was primarily due to an increase in the weighted average crude oil export price.

4Q07 Domestic Sales

During the fourth quarter of 2007, domestic sales increased by 13.4% as compared to the fourth quarter of 2006, from Ps. 138.0 billion to Ps. 156.5 billion. The increase was a result of the following:

- Natural gas sales increased by 18.8%, from Ps. 18.0 billion to Ps. 21.4 billion, due to an 11.8% increase in the volume of natural gas sold, from 2,914 MMcf to 3,257 MMcf, and an increase in the average price of natural gas from US\$6.01 to US\$6.42 per million British Thermal Unit (MMBtu).
- Sales of petroleum products increased by 13.6%, from Ps. 113.9 billion to Ps. 129.5 billion. The volume of petroleum products sales increased by 4.2%, from 1,769 Mbd to 1,844 Mbd, primarily due to increases in the demand for gasoline and diesel, the sales of which increased in volume by 6.9% and 6.2%, respectively.
- Petrochemical product sales decreased by 6.9%, from Ps. 6.1 billion to Ps. 5.6 billion, as a result of a 6.3% decrease in the volume of sales.

Table 13

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
Domestic sales*

	Fourth quarter (Oct. - Dec.)					Twelve months ending Dec. 31,				
	2006 (Ps. mm)	2007 (Ps. mm)	Change	2007 (US\$mm)	2007 (US\$mm)	2006 (Ps. mm)	2007 (Ps. mm)	Change	2007 (US\$mm)	2007 (US\$mm)
Domestic sales	138,019	156,540	13.4%	18,521	14,406	567,290	592,048	4.4%	24,758	54,485
Natural gas	18,029	21,423	18.8%	3,394	1,972	80,888	82,295	1.7%	1,406	7,573
Petroleum products	113,934	129,476	13.6%	15,542	11,916	462,798	486,046	5.0%	23,249	44,730
Gasoline	58,505	67,564	15.5%	9,060	6,218	235,630	252,716	7.3%	17,086	23,257
Diesel	23,670	25,945	9.6%	2,274	2,388	93,834	98,972	5.5%	5,139	9,108
Liquefied petroleum gas (LPG)	14,812	14,817	0.03%	5	1,364	55,834	55,663	-0.3%	(171)	5,123
Other	16,947	21,150	24.8%	4,203	1,946	77,500	78,695	1.5%	1,195	7,242
Petrochemical products	6,056	5,641	-6.9%	(415)	519	23,604	23,707	0.4%	103	2,182

*Derived from audited consolidated financial statements prepared in accordance with Normas de Información Financiera (Mexican Financial Reporting Standards (FRS)) - formerly Mexican GAAP - issued by the Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (CINIF). Inflation recognition is also in accordance with Mexican FRS. Accordingly, peso figures are presented in constant Mexican pesos as of December 31, 2007.

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Note: Numbers may not total due to rounding.

Table 14

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies								
Volume of domestic sales								
	Fourth quarter (Oct.-Dec.)				Twelve months ending Dec. 31			
	2006	2007	Change		2006	2007	Change	
Natural gas (MMcfd)	2,914	3,257	11.8%	343	2,955	3,071	3.9%	116
Petroleum products (Mbd)	1,769	1,844	4.2%	75	1,763	1,817	3.0%	54
Gasoline	741	792	6.9%	51	718	760	5.9%	42
Diesel	348	370	6.2%	22	345	358	3.9%	14
Liquefied petroleum gas (LPG)	322	319	-1.2%	(4)	306	301	-1.6%	(5)
Other	357	363	1.7%	6	394	397	0.7%	3
Petrochemicals (Mt)	1,012	948	-6.3%	(64)	3,826	3,992	4.4%	167

Note: Numbers may not total due to rounding.

4Q07 Exports

During the fourth quarter of 2007, export sales totaled Ps. 157.6 billion (US\$14.5 billion), 41.2% greater than the export sales recorded in the fourth quarter of 2006, of Ps. 111.6 billion. The increase was a result of the following:

- Crude oil and condensates export sales increased primarily as a result of a 59.1% increase in the weighted average crude oil export price, from US\$ 48.6 to US\$ 77.3 per barrel, which was partially offset by a 2.5% decrease in the volume of crude oil exports, from 1,663 Mbd to 1,621 Mbd.
- Natural gas export sales increased from Ps. 0.58 billion to Ps. 0.64 billion, due to an increase in natural gas production.
- Petroleum products export sales increased by 21.2% from Ps. 10.8 billion to Ps. 13.1 billion, while the volume of exports of petroleum products decreased by 25.7%, from 180 Mbd to 134 Mbd, as a result of a 29% decrease in the volume of fuel oil exports.
- Petrochemical products export sales decreased by 50.1% from Ps. 1.0 billion to Ps. 0.5 billion, and the volume of petrochemical exports decreased by 5.2%, from 184 Mt to 174 Mt.

Table 15

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies										
Exports										
	Fourth quarter (Oct. - Dec.)					Twelve months ending Dec. 31,				
	2006	2007	Change		2007	2006	2007	Change		2007
	(Ps. mm)				(US\$mm)	(Ps. mm)				(US\$mm)
Total exports	111,630	157,572	41.2%	45,942	14,501	535,144	542,927	1.5%	7,783	49,965
Crude oil and condensates	99,283	143,372	44.4%	44,088	13,194	480,594	483,377	0.58%	2,783	44,484
Natural gas	580	646	11.3%	66	59	1,031	4,792		3,761	441
Petroleum products	10,782	13,063	21.2%	2,281	1,202	49,719	51,969	4.5%	2,250	4,783
Petrochemical products	985	491	-50.1%	(493)	45	3,800	2,789	-26.6%	(1,011)	257

*Derived from audited consolidated financial statements prepared in accordance with Normas de Información Financiera (Mexican Financial Reporting Standards (FRS)) -formerly Mexican GAAP- issued by the Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (CINIF). Inflation recognition is also in accordance with Mexican FRS. Accordingly, peso figures are presented in constant Mexican pesos as of December 31, 2007.

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Cost of Sales

4Q07 In the fourth quarter of 2007, cost of sales increased by 26.5%, or Ps. 29.3 billion, as compared to the fourth quarter of 2006, to Ps. 139.7 billion (US\$12.9 billion). The increase was primarily the result of the following:

- an increase of Ps. 31.0 billion in product purchases,
- an increase of Ps. 6.8 billion in depreciation and amortization, and
- a decrease of Ps. 11.8 billion in inventory fluctuation.

2007 During 2007, cost of sales increased by 10.1%, or Ps. 42.4 billion, as compared to 2006, to a total of Ps. 460.7 billion (US\$42.4 billion). The increase was primarily the result of the following:

- an increase of Ps. 58.0 billion in product purchases, and
- an increase of Ps. 6.9 billion in depreciation and amortization.

Gross Income

4Q07 Due to the increase in the average export price of crude oil, gross income totaled Ps. 174.6 billion pesos (US\$16.0 billion) during the fourth quarter of 2007, a 25.2% increase as compared with the same period of 2006.

2007 During 2007, gross income totaled Ps. 675.4 billion (US\$62.1 billion), a reduction of 1.4% as compared to 2006.

General Expenses

4Q07 Distribution Expenses During the fourth quarter of 2007, distribution expenses decreased by 17.1%, from Ps. 7.3 billion to Ps. 6.0 billion (US\$0.6 billion), primarily due to a reduction in accounts in collections.

4Q07 Administrative Expenses During the fourth quarter of 2007, administrative expenses increased by 2.2% from Ps. 18.2 billion to Ps. 18.6 billion (US\$ 1.7 billion).

Operating Income

4Q07 In the fourth quarter of 2007, operating income totaled Ps. 149.9 billion (US\$13.8 billion), 31.6% greater than operating income for the fourth quarter of 2006 of Ps. 113.9 billion.

2007 During 2007, operating income totaled Ps.590.4 billion (US\$54.3 billion), 2.3% less than operating income for 2006 of Ps. 604.3 billion, primarily due to the Ps. 42.4 billion increase in cost of sales.

Other Expenses (Revenues), Net

4Q07 In the fourth quarter of 2007, other revenues increased from Ps. 4.6 billion to Ps. 30.9 billion (US\$2.8 billion), primarily due to a greater tax credit attributable to the negative rate of the Special Tax on Production and Services (IEPS).⁵

2007 During 2007, other revenues increased from Ps. 61.2 billion to Ps. 83.0 (US\$7.6 billion), primarily due to a greater credit of the Special Tax on Production and Services (IEPS).

Comprehensive Financing Result

4Q07 During the fourth quarter of 2007, comprehensive financing cost decreased by Ps. 1.5 billion, or 56.0%, from an expense of Ps. 2.9 billion to an expense of Ps. 1.4 billion (US\$ 0.1 billion). This decrease resulted from:

- a decrease of Ps. 4.9 billion in net interest and financial products expense,
- a decrease of Ps. 1.8 billion in monetary gain, and
- a decrease of Ps. 1.7 billion in foreign exchange gain.

Table 16

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
Comprehensive financing result

	Fourth quarter (Oct. - Dec.)					Twelve months ending Dec. 31,				
	2006	2007	Change	2007	2007	2006	2007	Change	2007	2007
	(Ps. mm)			(US\$mm)		(Ps. mm)			(US\$mm)	
Comprehensive financing result	2,905	1,422	-51.0%	(1,483)	131	23,847	20,047	-15.9%	(3,800)	1,845
Financial income ⁽¹⁾	6,276	(10,267)		(16,542)	(945)	(9,904)	(26,370)		(16,465)	(2,427)
Financial cost ⁽¹⁾	6,800	18,372		11,572	1,691	46,100	57,848	25.5%	11,748	5,324
Foreign exchange loss (gain)	(3,075)	(1,413)	-54.0%	1,662	(130)	2,471	1,435	-41.9%	(1,036)	132
Monetary loss (gain)	(7,096)	(5,270)	-25.7%	1,827	(485)	(14,819)	(12,866)	-13.2%	1,953	(1,184)

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(1) The financial cost and financial income include the effect of financial derivatives.

Note: Numbers may not total due to rounding.

Participation in results of subsidiary entities

4Q07 Participation in results of subsidiary entities decreased by 80.6% from Ps. 4.3 billion during the fourth quarter of 2006 to Ps. 0.8 billion during the fourth quarter of 2007.

⁵ Under the 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 IEPS and transfers it to the Federal Government. The difference between the retail price, or final price, and the producer price is the IEPS rate. The final price of gasoline and diesel is established by SHCP. The producer price of PEMEX is referenced to that of an efficient refinery in the Gulf of Mexico. During the fourth quarter of each of 2006 and 2007, the retail price was less than the producer price, resulting in a credit to PEMEX.

Income before Taxes and Duties

4Q07 During the fourth quarter of 2007, income before taxes and duties was Ps. 180.3 billion (US\$16.6 billion), as compared to Ps. 120.0 billion recorded in the fourth quarter of 2006. The 50.3% increase, resulted primarily from:

- an increase of Ps. 36.0 billion in operating income, and
- an increase of Ps. 26.3 billion in other net revenues.

2007 During 2007, income before taxes and duties was Ps. 658.9 billion (US\$60.6 billion), as compared to Ps. 651.7 billion during 2006. The 1.1% increase resulted primarily from:

- an increase of Ps. 21.8 billion in other net revenues,
- which was partially offset by a decrease of Ps. 13.8 billion in operating income.

Taxes and Duties⁶

4Q07 During the fourth quarter of 2007, taxes and duties paid increased by 71.2% in real terms, from Ps. 124.3 billion in the fourth quarter of 2006 to Ps. 212.7 billion, primarily due to the effect of crude oil and natural gas price increases and the effect of costs of Pemex-Exploration and Production, which were above the cap on deductible costs established by the Ordinary Hydrocarbons Duty. Therefore, any increase in costs above the current limit will not be translated in a proportional reduction in the tax base.

2007 During 2007 taxes and duties paid increased by 12.0% in real terms, from Ps. 604.8 billion in 2006 to Ps. 677.3 billion, primarily due to the effect of costs of Pemex-Exploration and Production..

⁶ 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 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 pays other duties.

Table 17

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
Taxes and duties

	Fourth quarter (Oct. - Dec.)				Twelve months ending Dec. 31,					
	2006 (Ps. mm)	2007 (Ps. mm)	Change	2007 (US\$mm)	2006 (Ps. mm)	2007 (Ps. mm)	Change	2007 (US\$mm)		
Total taxes and duties	124,275	212,708	71.2%	88,433	20,313	604,765	677,256	12.0%	72,491	62,327
Hydrocarbon duties	121,401	200,545	65.2%	105,615	18,456	583,184	650,960	11.6%	86,690	59,907
Ordinary hydrocarbons duty	94,417	169,153	79.2%	74,736	15,567	504,450	559,408	10.9%	54,958	51,482
Extraordinary duty on crude oil exports	2,445	7,434		4,989	684	16,140	16,511	2.3%	371	1,519
Hydrocarbons duty for the oil revenues stabilization fund	9,959	15,791	58.6%	5,833	1,453	47,625	61,254	28.6%	13,629	5,637
Duty on hydrocarbons for the fund for scientific and technological research on energy	85	138	62.5%	53	13	419	457	9.0%	38	42
Duty for fiscal monitoring of oil activities	5	8	66.0%	3	1	25	27	9.2%	2	3
Other taxes and duties ⁽¹⁾	1,522	12,163		10,641	1,119	13,357	26,296	96.9%	12,939	2,420
Inflation recognition	14,525	8,021		(6,504)	738	14,525	13,303		(1,222)	1,224

⁽¹⁾Derived from audited consolidated financial statements prepared in accordance with Normas de Información Financiera (Mexican Financial Reporting Standards (FRS)) -formerly Mexican GAAP- issued by the Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (CINIF). Inflation recognition is also in accordance with Mexican FRS. Accordingly, peso figures are presented in constant Mexican pesos as of December 31, 2007.

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Note: Numbers may not total due to rounding.

Net income

4Q07 During the fourth quarter of 2007, PEMEX recorded a net loss of Ps. 32.4 billion (US\$3.0 billion), as compared to a net loss of Ps. 4.3 billion in the fourth quarter of 2006. This decrease is primarily explained by:

- an increase in taxes and duties of Ps. 88.4 billion,
- an increase in sales of Ps. 64.4 billion, and
- an increase in the cost of purchased products of Ps. 31.0 billion.

2007 During 2007, PEMEX recorded net loss of Ps. 18.3 billion (US\$1.7 billion), as compared to positive net income of Ps. 47.0 billion in 2006. This increase in net loss is primarily explained by:

- an increase in taxes and duties of Ps. 72.5 billion, and
- an increase in the cost of purchased products of Ps. 58.0 billion.

EBITDA

4Q07 During the fourth quarter of 2007, earnings before interest, taxes, depreciation and amortization, or EBITDA, increased by 42.7%, from Ps. 158.9 billion in the fourth quarter of 2006 to Ps. 226.8 billion (US\$20.9 billion) in the fourth quarter of 2007.

2007 During 2007, EBITDA increased by 2.5% from Ps. 813.0 to Ps. 833.7 billion (US\$76.7 billion).

Table 18
Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
EBITDA reconciliation

	Fourth quarter (Oct. - Dec.)				Twelve months ending Dec. 31,					
	2006 (Ps. mm)	2007 (Ps. mm)	Change	2007 (US\$mm)	2006 (Ps. mm)	2007 (Ps. mm)	Change	2007 (US\$mm)		
Net income (loss)	(4,305)	(32,440)		(28,135)	(2,985)					
+ Taxes and duties	124,275	212,708	71.2%	88,433	19,575	604,765	677,256	12.0%	72,491	62,327
+ Comprehensive financing result	2,905	1,422	-51.0%	(1,483)	131	23,847	20,047	-15.9%	(3,800)	1,845
+ Depreciation and amortization	17,451	24,243	38.9%	6,792	2,231	65,672	72,592	10.5%	6,920	6,681
+ Cost of the reserve for retirement										
+ payments	18,580	20,862	12.3%	2,282	1,920	71,803	82,104	14.3%	10,301	7,556
EBITDA	158,906	226,795	42.7%	67,889	20,872	813,039	833,691	2.5%	20,651	76,723

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Assets

Current assets	<p>Current assets increased by 7.3% or Ps. 29.2 billion, from Ps. 399.4 billion at December 31, 2006 to Ps. 428.6 billion at December 31, 2007.</p> <ul style="list-style-type: none">• cash and cash equivalents decreased by 12.7% or Ps.24.8 billion,• accounts receivable increased by 16.2%, or Ps. 22.9 billion, and• the value of inventories increased by 50.1%, or Ps. 31.1 billion.
Investments in shares	<p>Investments in shares increased by 0.9%, or Ps. 0.3 billion, from Ps. 32.8 billion to Ps. 33.1 billion.</p>
Fixed Assets	<p>Properties and equipment increased by 7.7%, or Ps. 56.7 billion.</p>
Other Assets	<p>Other assets decreased by 32.9% or Ps. 1.4 billion, primarily due to a decrease in pre paid insurance expenses.</p>
Total Assets	<p>As of December 31, 2007, our assets totaled Ps. 1,330.3 billion (US\$122.4 billion), representing a 6.4%, or Ps. 80.3 billion increase as compared to total assets as of December 31, 2006.</p>

Liabilities

Current Liabilities	<p>Short-term liabilities increased by 64.2% or Ps.113.2 billion, to Ps. 289.5 billion (US\$26.1 billion) at December 31, 2007, primarily as a result of an increase in taxes payable.</p>
Long Term Liabilities	<p>Long-term liabilities decreased by 4.0% or Ps. 41.3 billion, to Ps. 990.9 billion (US\$91.2 billion) at December 31, 2007, primarily due to a decrease in long-term debt.</p>
Total Liabilities	<p>Total liabilities increased by 5.9% as compared to the level at December 31, 2006, to Ps.1,280.4 billion (US\$117.8 billion), primarily due to an increase in taxes payable and in the reserve for retirement payments, pensions, and seniority premiums.</p>

Equity

Total equity increased by Ps. 8.4 billion, from Ps. 41.5 billion at December 31, 2006 to Ps. 49.9 billion (or US\$4.6 billion) at December 31, 2007. The increase in equity was due to:

- a restatement of non-monetary assets of Ps. 18.6 billion,
- a payment of Ps. 11.2 billion to PEMEX from the Fund for the Stabilization of Investment and Infrastructure and the Fund of Excess, and
- an increase of Ps. 18.6 billion in cumulative losses, due to the net income generated in the previous twelve months.

Table 19

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies					
Equity					
	As of December 31,				
	2006 (Ps. mm)	2007	Change	2007 (US\$mm)	
Total equity	41,456	49,908	20.4%	8,452	4,593
Certificates of contribution	96,958	96,958	0.0%	(0)	8,923
Increase in equity	133,297	144,458	8.4%	11,161	13,294
Restatement of equity	159,893	178,532	11.7%	18,638	16,430
Effect of the reserve for retirement payments	(48,327)	(51,760)	7.1%	(3,433)	(4,763)
Financial derivatives	(1,762)	(1,106)	-37.3%	657	(102)
Accumulated net income (losses)	(298,603)	(317,174)	6.2%	(18,571)	(29,189)
From prior years	(345,557)	(298,867)	-13.5%	46,690	(27,504)
Net income (loss) for the period	46,953	(18,308)		(65,261)	(1,685)

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Note: Numbers may not total due to rounding.

Changes in Financial Position

**Funds
Provided by
Operating
Activities**

Funds provided by operating activities totaled Ps. 189.3 billion (US\$17.4 billion) in the fourth quarter of 2007, as compared to Ps.136.0 billion in the fourth quarter of 2006.

**Funds
Provided by
Financing
Activities**

Funds used by financing activities totaled Ps. 78.9 billion (US\$ 8.3 billion).

**Funds Used
in Investing
Activities**

Funds used in investing activities totaled Ps 135.1billion (US\$12.4 billion), primarily due to acquisition of property, plants and equipment.

Investing and Financing and Activities

Investing Activities

2007 Investments in 2007 totaled Ps. 170.1 billion (US\$15.6 billion)⁷. The allocation of total investments by subsidiary entity was as follows:

- Ps. 148.8 billion for Exploration and Production⁸,
- Ps. 16.0 billion for Refining,
- Ps. 4.0 billion for Gas and Basic Petrochemicals,
- Ps. 1.1 billion for Petrochemicals, and
- Ps. 0.2 billion for Petróleos Mexicanos.

2008 Investments for 2008 are expected to total Ps. 217.9 billion (US\$19.4 billion)⁹. The allocation of total investments by subsidiary entity is as follows:

- Ps. 181.3 billion for Exploration and Production¹⁰,
- Ps. 24.9 billion for Refining,
- Ps. 6.6 billion for Gas and Basic Petrochemicals,
- Ps. 4.1 billion for Petrochemicals, and
- Ps. 1.0 billion for Petróleos Mexicanos.

Investment data is subject to budgetary adjustments.

Financing Activities

2007
Financing
Operations During 2007, PEMEX raised US\$3.5 billion:

- US\$1.0 billion was through Export Credit Agencies (ECA's) in foreign financial markets, and
- US\$2.5 billion was raised by using the syndicated revolving credit facility.

2008
Financing
Operations During 2008 we expect to raise US\$5.0 billion through ECA's, bank loans and/or placements of debt securities in the Mexican or international capital markets.

⁷ Public account data. Exchange rate Ps. 10.8862 per dollar.

⁸ Includes upstream maintenance expenditures.

⁹ Estimated exchange rate Ps. 11.2000 per dollar.

¹⁰ Includes upstream maintenance expenditures.

**2007
Liquidity
Management**

On September 17, 2007, PEMEX entered into a US\$2,500 million syndicated revolving credit facility which replaces two US\$1.25 billion syndicated revolving credit facilities. The new credit facility comprises 2 tranches:

- Tranche A: US\$1.25 billion with a 3-year maturity.
- Tranche B: US\$1.25 billion with a 5-year maturity.

During the first two years, PEMEX will be allowed to request two extensions of 365 days each. The financial institutions providing the facility have the discretion to accept or reject any extension request.

This facility can be used by either the Pemex Project Funding Master Trust and/or Petróleos Mexicanos.

**4Q07 Liability
Management**

During the fourth quarter of 2007, the Pemex Project Funding Master Trust simultaneously launched two cash tenders to repurchase its outstanding debt securities, through which the Master Trust acquired US\$5.8 billion. The maturity of the tendered securities ranged from 2008 to 2027. The securities repurchased were canceled.

As part of our liability management strategy, on October 22, 2007, the Master Trust issued:

- US\$1.5 billion of 5.75% Notes due 2018, and
- US\$0.5 billion of 6.625% Bonds due 2035 through a reopening of its June 2005 issue.

Through these liability management operations, PEMEX reduced the concentration of its short term debt maturities, consolidated its yield curve, which is now a more efficient reference for future financing operations, and reduced the aggregate amount of its outstanding consolidated debt.

Debt

Total Total consolidated debt,¹¹ including accrued interest, totaled Ps. 500.9 billion (US\$46.1 billion) at December 31, 2007. This figure represents a decrease of 15.2%, or Ps. 89.8 billion, as compared to the total at December 31, 2006. The decrease was primarily due to a decrease in long-term debt. At December 31, 2007:

- short-term debt totaled Ps. 76.0 billion (US\$7.0 billion), and
- long-term debt totaled Ps. 424.8 billion (US\$39.1 billion).

Net Net debt, or the difference between total debt and cash and cash equivalents, decreased by Ps. 65.1 billion, from Ps. 394.9 billion at December 31, 2006 to Ps. 329.9 billion (US\$30.4 billion) at December 31, 2007.

Table 20
Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
Consolidated total debt

	As of December 31,				
	2006 (Ps. mm)	2007	Change	2007 (US\$mm)	
Total debt	590,716	500,879	-15.2%	(89,837)	46,095
Short-term	66,240	76,050	14.8%	9,810	6,999
Long-term	524,475	424,829	-19.0%	(99,647)	39,096
 Cash & cash equivalents	 195,776	 170,997	 -12.7%	 (24,779)	 15,737
Total net debt	394,939	329,881	-16.5%	(65,058)	30,358

^{*}Derived from audited consolidated financial statements prepared in accordance with Normas de Información Financiera (Mexican Financial Reporting Standards (FRS)) - formerly Mexican GAAP- issued by the Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (CINIF). Inflation recognition is also in accordance with Mexican FRS. Accordingly, peso figures are presented in constant Mexican pesos as of December 31, 2007.

^{**}Convenience translations into US dollars of amounts in pesos have been made at the established exchange rate of Ps. 10.8662 = US\$1.00 as of December 31, 2007. Such translations should not be construed as a representation that the peso amounts have been or could be converted into US dollars at the foregoing or any other rate.

Note: Numbers may not total due to rounding.

¹¹ Total consolidated debt consists of documented debt of Petróleos Mexicanos, the Pemex Project Funding Master Trust, the Fideicomiso F/163, RepCon Lux, S.A. and PEMEX Finance, Ltd.

Maturity Profile

The following table shows the maturity profile of PEMEX's total debt:

	As of December 31,	
	(Ps. mm)	US\$mm
Documented debt in pesos	94,013	8,652
	2008	652
	2009	13,944
	2010	20,085
	2011	10,300
	2012 and beyond	49,033
Documented debt in other currencies	406,865	37,443
	2008	75,399
	2009	53,509
	2010	50,066
	2011	45,961
	2012 and beyond	181,930
Total debt	500,879	46,095

*Derived from audited consolidated financial statements prepared in accordance with Normas de Información Financiera (Mexican Financial Reporting Standards (FRS)) -formerly Mexican GAAP- issued by the Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (CINIF). Inflation recognition is also in accordance with Mexican FRS. Accordingly, peso figures are presented in constant Mexican pesos as of December 31, 2007.

**Convenience translations into US dollars of amounts in pesos have been made at the established exchange rate of Ps. 10.8662 = US\$1.00 as of December 31, 2007. Such translations should not be construed as a representation that the peso amounts have been or could be converted into US dollars at the foregoing or any other rate.

Note: Numbers may not total due to rounding.

Duration

The following table presents the average duration of our debt exposure:

Table 22

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies

Average duration of debt exposure

	As of December 31,		
	<u>2006</u>	<u>2007</u> (Years)	<u>Change</u>
U.S. Dollars	3.9	3.7	(0.2)
Mexican pesos	1.7	2.4	0.7
Euros	3.6	3.2	(0.4)
Japanese yen	1.8	1.4	(0.5)
Total	3.4	3.5	0.1

Note: Numbers may not total due to rounding.

**Interest
Rate Risk**

PEMEX's policy is to maintain a balance between fixed and floating rate liabilities in order to mitigate the impact of fluctuations in interest rates. As of December 31, 2007, approximately 54.6% of PEMEX's debt exposure carried fixed interest rates, and the remaining 45.4% carried floating rates.

**Currency
and Interest
Rate
Sensitivity**

The following table sets forth PEMEX's debt exposure to currency and interest rate risk:

Table 23

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies

Debt exposure

(excluding accrued interest)

			As of December 31,			
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
			Percentage			
	By currency		At fixed rate		At floating rate	
U.S. Dollars	77.31%	80.13%	60.58%	55.18%	39.42%	44.82%
Mexican pesos	22.60%	19.78%	38.81%	51.92%	61.19%	48.08%
Euros	0.001%	0.001%	100.00%	100.00%	0.00%	0.00%
Japanese yen	0.09%	0.09%	100.00%	100.00%	0.00%	0.00%
Total	100.0%	100.0%	55.7%	54.6%	44.3%	45.4%

Note: Numbers may not total due to rounding.

Other Relevant Topics

Social Development

During 2007, we contributed Ps. 1.7 billion in support of a variety of charities and development projects in communities in which PEMEX carries out its activities.

Among these charities and projects, the following are notable:

- construction of the Shicbul-Carmen parallel aqueduct in the state of Campeche,
- aid to the inhabitants that were affected by the rains and floods in Tabasco,
- supporting fishing programs in Minatitlán, in the state of Veracruz, and
- construction of an underpass on the Matamoros-Monterrey southern beltway, in Tamaulipas.

Sustainable Development

During 2007, PEMEX signed collaboration agreements with Credit Suisse Securities USA LLC and Mitsui for the execution of 18 projects that will allow the reduction of 1.8 annual MMt of green house effect emissions.

Through these agreements, PEMEX seeks to improve the thermal efficiency of its refinery's boilers and gas processing complexes and the cessation of gas flaring in oil fields.

Remediation of the Ex Refinery 18 de Marzo

At the beginning of 2007, 22 hectares were remediated. This phase was completed in December 2007. The remediation of the second phase, consisting of 33 hectares, began in January 2008. We expect to deliver 55 remediated hectares by September 2009.

Remediation work is carried out jointly with institutions and national experts using the best available technologies worldwide. The main remediation work are: removal of sub-surface steams; venting and pumping systems and off-site treatment, which allow total field remediation, and the elimination of pollutants in aquifers.

Collaboration agreements with other oil companies

On February 1, 2008, PEMEX and ExxonMobil Ventures Mexico renewed a general collaboration agreement, which was entered into October 2002.

Within this general framework, a specific agreement was signed through which PEMEX seeks to increase its practical knowledge in exploration risks.

On February 22, 2008, PEMEX and Maersk Olie Og Gas signed a non-commercial collaboration agreement for investigation and development of scientific and technological skills.

National and International Tenders

During 2007, PEMEX published 966 national and international tenders inviting companies to help carry out petroleum infrastructure projects. Of the total tenders, 594 were awarded, 201 were voided and 171 were extended to 2008.

Moreover, 48 tenders published during the last months of 2006 were awarded. The 642 contracts awarded during 2007 totaled to Ps. 98.5 billion.

Information about tender processes is available at www.pemex.com and www.compranet.gob.mx.

**Strategy
Against
Pipeline
Tapping**

During 2007, PEMEX, through the Program Against Pipeline Tapping, increased its supervisory activities in its pipeline infrastructure. The objective is to decrease illicit tapping, thereby preventing risk to inhabitants and the environment. As a result, 5,500 Mbd less petroleum products, as compared to 4,800 Mbd in 2006, were lost.

Appointments

On October 24, 2007, the Board of Directors of Pemex-Gas and Basic Petrochemicals approved the appointment of Miguel Bueno Fernández as Deputy-Director of Liquefied Gas and Basic Petrochemicals.

On December 5, 2007, the Board of Directors of PEMEX approved the appointment of:

- Jorge Borja Navarrete as Corporate Director of Engineering and Project Development (DCIDP),
- Felipe Luna Melo as Deputy-Director of Planning, Evaluation and Control of the DCIDP, and
- Ignacio López Rodríguez as Deputy-Director of Corporate Services of the Administrative Corporate Office.

Annex

Table A1

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
Crude oil production by selected fields (quarterly)

	2000	2001	2002	2003	2004	2005	2006				2007			
							1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Total	3,012	3,127	3,177	3,371	3,383	3,333	3,345	3,329	3,247	3,104	3,158	3,166	3,055	2,951
Northeast Marine Region	1,763	1,986	2,152	2,416	2,441	2,357	2,334	2,289	2,174	2,026	2,074	2,111	2,011	1,901
Cantarell	1,450	1,710	1,889	2,108	2,125	2,029	1,937	1,850	1,751	1,617	1,582	1,580	1,435	1,286
Akal-Nohoch *	1,420	1,673	1,851	2,054	2,079	1,973	1,882	1,797	1,698	1,564	1,529	1,533	1,391	1,239
Sihil	-	-	1	9	6	19	16	14	16	17	18	12	8	10
Ixtoc	12	11	11	11	11	13	14	15	14	13	13	11	11	12
Chac	18	22	17	20	17	12	13	13	12	11	11	11	14	14
Kutz	-	5	9	13	12	12	12	12	12	12	12	12	11	11
Ku	205	176	185	197	191	203	244	278	282	272	310	330	328	342
Zaap	30	26	21	41	57	69	82	76	66	62	89	91	123	148
Maloob	50	45	35	50	53	47	57	64	50	45	55	64	83	91
(Others	28	29	21	21	15	9	14	21	27	29	39	47	42	34
Southwest Marine Region	622	554	452	398	388	396	428	454	498	519	522	493	493	515
Chuc	140	118	107	99	93	103	111	106	110	99	96	94	82	78
Caan	182	163	133	114	108	98	93	90	86	84	75	69	69	75
Sinan	-	-	-	0	18	32	39	44	62	65	66	70	66	62
Ixtal	-	-	-	-	-	9	24	45	53	68	77	50	74	73
Taratunich	50	43	39	36	33	22	24	33	39	40	39	35	26	28
(Others	250	230	173	148	137	133	137	136	148	164	170	177	175	200
Southern Region	550	509	498	483	473	497	499	501	491	474	475	472	465	449
Samaria	83	83	71	73	62	65	66	64	64	61	67	63	59	58
Jujo	61	56	56	51	44	50	54	58	59	55	53	52	51	50
Puerto Ceiba	17	21	38	46	77	77	63	59	52	45	42	41	41	40
Iride	45	43	43	44	46	50	51	50	46	46	46	42	40	38
Tecominoacán	32	29	27	23	20	22	28	31	30	26	25	24	21	20
Sen	30	33	31	21	13	19	22	22	21	21	21	27	29	29
Cunduacán	24	22	21	23	26	27	23	23	21	18	16	15	13	12
Cárdenas	23	20	16	14	13	15	19	21	18	15	15	14	14	13
Pijije	4	5	9	12	11	13	14	15	15	14	14	14	14	15
Yagual	4	4	4	4	6	12	11	10	11	11	11	13	12	10
Mora	9	6	6	5	4	4	5	9	10	11	12	12	12	11
Jolote	20	16	15	12	11	9	9	9	9	8	7	7	6	6
Ogarrio	4	3	5	5	5	7	7	8	9	10	9	10	10	7
Cactus	11	12	10	12	11	9	8	9	9	8	9	9	9	9
Oxiacaque	13	8	7	6	6	6	6	6	9	10	11	12	11	11
(Others	171	147	139	131	117	110	113	109	108	112	117	119	124	119
Northern Region	77	79	75	74	81	84	84	85	84	85	87	89	87	85
Poza Rica	10	11	10	10	11	10	10	10	10	10	10	10	9	9
Arenque	6	8	8	9	8	9	8	9	8	8	8	8	8	7
Coapechapa	0	0	0	0	4	9	10	7	6	6	7	6	5	6
Agua Fría	3	2	2	2	7	6	7	8	8	6	5	4	5	6
Tajín	2	1	1	3	6	6	6	5	5	5	7	8	9	7
Tamaulipas	8	8	7	5	5	5	5	5	5	5	5	4	4	4
(Others	49	48	46	44	40	38	37	41	42	45	46	49	48	45

Note: Numbers may not total due to rounding.

Table A2

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies														
Natural gas production by selected fields (quarterly)														
	2000	2001	2002	2003	2004	2005	2006				2007			
							1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(MMcfd)													
Total	4,679	4,511	4,423	4,498	4,573	4,818	5,094	5,281	5,478	5,565	5,816	6,033	6,094	6,285
Northeast Marine Region	737	794	831	940	947	928	931	958	923	870	992	1,129	1,147	1,356
Cantarell	562	635	701	782	786	759	731	739	715	678	782	930	925	1,124
Akal-Nohoch *	543	610	676	750	759	720	687	698	675	634	740	888	873	1,069
Ixtoc	11	13	13	13	13	21	24	21	21	22	19	23	34	31
Sihil	-	-	1	6	2	8	10	9	10	12	13	10	7	12
Kutz	-	2	4	6	5	5	5	5	5	5	5	5	5	5
Chac	7	9	7	9	7	5	5	5	5	5	5	5	6	6
Ku	133	123	98	111	101	103	127	152	150	137	146	138	147	153
(Others)	42	37	32	47	61	65	73	67	58	56	64	61	75	79
Southwest Marine Region	820	736	621	581	603	655	750	810	908	953	985	940	1,010	1,035
Caan	278	258	215	206	215	206	196	189	181	176	171	159	200	212
May	-	-	-	-	-	24	67	68	65	139	135	121	152	165
Ixtal	-	-	-	-	-	13	35	87	98	122	143	99	151	147
Sinan	-	-	-	1	48	80	94	104	156	136	140	152	144	141
Chuc	177	148	131	119	95	113	118	113	121	109	107	107	93	84
Taratunich	75	67	65	67	66	43	57	73	87	81	79	75	58	61
(Others)	290	262	209	188	178	176	183	177	200	190	210	227	212	224
Southern Region	1,857	1,743	1,704	1,630	1,495	1,400	1,361	1,318	1,355	1,375	1,365	1,392	1,378	1,277
Iride	68	76	74	77	70	93	109	109	101	106	108	116	104	96
Samaria	113	114	94	99	102	88	78	76	81	76	107	101	88	89
Narvaez	-	-	-	-	-	0	0	-	47	73	87	83	82	85
Muspac	216	212	235	215	145	115	92	86	81	78	76	74	75	24
Sen	86	92	91	64	33	47	56	57	55	55	54	71	73	75
Giraldas	96	102	103	96	89	74	64	61	63	63	60	61	62	62
Cunduacán	64	57	51	55	71	88	99	101	97	92	85	80	61	58
Jujo	82	81	71	58	45	54	64	54	54	57	58	57	53	57
Copano	79	86	80	82	78	65	60	55	53	51	50	49	47	48
Tizón	6	7	5	13	24	28	26	26	33	32	31	36	42	40
Catedral	134	123	124	128	100	74	66	54	53	49	44	44	40	11
Pijije	12	14	26	35	32	37	42	42	43	42	42	41	37	38
Puerto Ceiba	11	18	24	29	53	51	43	39	35	32	29	29	29	29
José Colomo	63	60	47	37	36	35	32	31	28	29	29	30	29	28
Tecominoacán	40	37	30	25	31	34	40	41	41	37	28	30	28	26
Cárdenas	47	35	31	28	27	33	41	41	38	33	31	25	26	28
Cactus	21	22	19	25	26	23	20	23	24	19	20	20	23	24
Bellota	26	25	28	27	25	25	23	21	21	19	14	13	15	14
(Others)	694	584	571	538	508	436	409	401	404	432	412	432	462	444
Northern Region	1,266	1,238	1,268	1,347	1,528	1,835	2,052	2,196	2,292	2,366	2,475	2,572	2,559	2,616
Lizamba	320	274	219	201	169	172	157	161	171	183	154	160	167	170
Arquimia	-	1	2	4	12	103	137	139	160	173	235	233	225	279
Culebra	-	-	-	-	-	52	121	139	150	162	168	181	157	175
Apertura	122	126	109	91	113	116	121	120	116	112	100	100	96	91
Velero	-	-	-	8	80	117	120	116	118	113	100	90	66	64
Cuicláhuac	-	-	-	-	-	-	16	125	147	161	195	219	198	195
Arcabuz	199	175	148	141	104	92	104	101	100	78	69	67	60	61
Fundador	-	-	2	3	14	50	93	94	102	91	87	84	89	86
Lankahuasa	93	57	46	33	40	65	71	77	81	79	97	88	95	98
Vistoso	2	9	13	22	38	50	54	65	73	91	105	112	124	111
Arcos	18	27	45	90	101	74	57	52	55	52	42	41	38	36
Cañón	0	1	5	16	22	53	59	56	49	51	50	53	53	53
Cocuite	-	-	-	-	-	-	6	28	69	98	104	101	83	79
(Others)	511	569	679	737	834	892	936	922	903	922	968	1,043	1,109	1,119

Note: Numbers may not total due to rounding.

Table A3

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies					
Consolidated balance sheet					
	As of December 31,				
	2006	2007	Change	2007	
	(Ps. mm)			(US\$mm)	
Current assets	399,393	428,561	7.3%	29,167	39,440
Cash & cash equivalents	195,776	170,997	-12.7%	(24,779)	15,737
Net accounts receivable	141,553	164,420	16.2%	22,867	15,131
Inventories	62,064	93,143	50.1%	31,079	8,572
of products	56,796	87,971	54.9%	31,175	8,096
of materials	5,268	5,172	-1.8%	(96)	476
Investments in shares	32,761	33,063	0.9%	302	3,043
Properties and equipment	737,196	793,846	7.7%	56,650	73,056
Intangible asset derived from the actuarial computation of labor obligations	76,495	72,009	-5.9%	(4,486)	6,627
Other assets	4,176	2,802	-32.9%	(1,373)	258
Total assets	1,250,020	1,330,281	6.4%	80,260	122,424
Short-term liabilities	176,314	289,464	64.2%	113,150	26,639
Short-term debt ⁽¹⁾	66,240	76,050	14.8%	9,810	6,999
Suppliers	37,103	35,138	-5.3%	(1,965)	3,234
Net accounts payable	27,964	31,682	13.3%	3,718	2,916
Taxes payable	45,007	146,593		101,587	13,491
Long-term liabilities	1,032,251	990,909	-4.0%	(41,342)	91,192
Long-term debt ⁽¹⁾	524,475	424,829	-19.0%	(99,647)	39,096
Reserve for retirement payments, pensions and seniority premiums	471,665	528,201	12.0%	56,536	48,610
Reserve for abandonment and dismantling, provisions, diverse credits and others	31,513	31,467	-0.15%	(46)	2,896
Deferred taxes	4,597	6,412	39.5%	1,815	590
Total liabilities	1,208,565	1,280,373	5.9%	71,808	117,831
Total equity	41,456	49,908	20.4%	8,452	4,593
Total liabilities and equity	1,250,020	1,330,281	6.4%	80,260	122,424

*Derived from audited consolidated financial statements prepared in accordance with Normas de Información Financiera (Mexican Financial Reporting Standards (FRS)) -formerly Mexican GAAP- issued by the Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (CINIF). Inflation recognition is also in accordance with Mexican FRS. Accordingly, peso figures are presented in constant Mexican pesos as of December 31, 2007.

**Convenience translations into US dollars of amounts in pesos have been made at the established exchange rate of Ps. 10.8662 = US\$1.00 as of December 31, 2007. Such translations should not be construed as a representation that the peso amounts have been or could be converted into US dollars at the foregoing or any other rate.

(1) Includes documented debt of Petróleos Mexicanos, the Pemex Project Funding Master Trust, the Mexican Trust F/163, Pemex Finance Ltd. and Repon Lux, S.A.

(2) Corresponds to the balance of the reserve for dismantlement and abandonment activities, sundry creditors and others.

Note: Numbers may not total due to rounding.

Table A4

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
Consolidated income statement

	Fourth quarter (Oct. - Dec.)				Twelve months ending Dec. 31,					
	2006 (Ps. mm)	2007	Change	2007 (US\$mm)	2006 (Ps. mm)	2007	Change	2007 (US\$mm)		
Total sales	249,877	314,290	25.8%	64,413	28,924	1,103,510	1,136,035	2.9%	32,526	104,548
Domestic sales	138,019	156,541	13.4%	18,521	14,406	567,290	592,048	4.4%	24,758	54,485
Exports	111,630	157,572	41.2%	45,942	14,501	535,144	542,927	1.5%	7,783	49,965
Revenues from services	228	178	-22.0%	(50)	16	1,076	1,061	-1.4%	(15)	98
Cost of sales⁽¹⁾	110,490	139,737	26.5%	29,247	12,860	418,258	460,666	10.1%	42,408	42,394
Gross income	139,387	174,553	25.2%	35,166	16,064	685,252	675,370	-1.4%	(9,882)	62,153
General expenses⁽¹⁾	25,452	24,614	-3.3%	(838)	2,265	80,975	84,939	4.9%	3,965	7,817
Distribution expenses ⁽¹⁾	7,287	6,044	-17.1%	(1,243)	556	24,922	24,799	-0.5%	(123)	2,282
Administrative expenses ⁽¹⁾	18,165	18,570	2.2%	405	1,709	56,053	60,141	7.3%	4,088	5,535
Operating income (loss)	113,935	149,939	31.6%	36,004	13,799	604,277	590,431	-2.3%	(13,846)	54,336
Net other revenues (expenses)⁽²⁾	4,602	30,908		26,306	2,844	61,214	83,019	35.6%	21,806	7,640
Comprehensive financing result	(2,905)	(1,422)	51.0%	1,483	(131)	(23,847)	(20,047)	15.9%	3,800	(1,845)
Participation in results of subsidiaries and associates	4,338	843		(3,495)	78	10,074	5,545	-45.0%	(4,529)	510
Income before taxes and duties	119,970	180,268	50.3%	60,297	16,590	651,718	658,948	1.1%	7,230	60,642
Taxes and duties	124,275	212,708	71.2%	88,433	19,575	604,765	677,256	12.0%	72,491	62,327
Net income (loss)	(4,305)	(32,440)		(28,135)	(2,985)	46,953	(18,308)		(65,261)	(1,685)

*Derived from audited consolidated financial statements prepared in accordance with Normas de Información Financiera (Mexican Financial Reporting Standards (FRS)) -formerly Mexican GAAP- issued by the Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (CINIF). Inflation recognition is also in accordance with Mexican FRS. Accordingly, peso figures are presented in constant Mexican pesos as of December 31, 2007.

**Convenience translations into US dollars of amounts in pesos have been made at the established exchange rate of Ps. 10.8662 = US\$1.00 as of December 31, 2007. Such translations should not be construed as a representation that the peso amounts have been or could be converted into US dollars at the foregoing or any other rate.

(1) Includes the cost of the reserve for retirement payments, pensions and indemnities.

(2) Includes the reimbursement of the Special Tax on Production and Services (IEPS).

Note: Numbers may not total due to rounding.

Table A5

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies
Subsidiary Entities' contribution to financial results
Figures in millions of constant pesos as of December 31, 2007

	<u>Exploration and Production</u>	<u>Refining</u>	<u>Gas and Basic Petrochemicals</u>	<u>Petrochemicals</u>	<u>Subsidiary Companies and Corporate</u>	<u>Intersegment eliminations</u>	<u>Total</u>
Twelve months ending December 31, 2007							
Total sales	912,295	472,612	222,904	57,643	792,801	(1,322,221)	1,136,035
External clients	-	430,383	139,963	21,701	542,927	-	1,134,974
Intersegment	912,295	42,230	82,941	35,942	247,994	(1,321,402)	(0)
Revenues from services	-	-	-	-	1,880	(819)	1,061
Gross income (loss)	740,812	(81,025)	15,817	(6,560)	41,180	(34,855)	675,370
Operating income (loss)	707,402	(114,307)	7,336	(14,115)	5,850	(1,735)	590,431
Comprehensive financing result	25,562	5,765	(1,071)	1,181	(10,097)	(1,292)	20,047
Depreciation and amortization	57,263	10,160	3,437	1,092	640	-	72,592
Cost of the reserve for retirement payments	29,125	28,579	6,492	8,215	12,896	-	85,307
Taxes and duties	663,549	3,847	5,537	257	4,065	-	677,256
Net income (loss)	19,966	(45,654)	4,958	(16,086)	(11,473)	29,981	(18,307)
As of December 31, 2007							
Current assets	630,760	229,537	85,312	58,651	495,165	(1,070,864)	428,561
Investment in shares	343	157	1,096	-	612,696	(581,228)	33,063
Fixed assets	565,434	162,586	42,006	15,570	8,250	-	793,845
Acquisition of fixed assets	99,253	22,912	5,871	999	210	-	129,245
Total assets	1,237,968	417,394	133,971	79,872	2,331,377	(2,870,301)	1,330,281
Short-term liabilities	191,867	148,710	33,464	8,897	929,479	(1,022,952)	289,464
Reserve for retirement payments, pensions and seniority premiums	180,931	178,387	40,792	49,058	79,033	-	528,201
Total liabilities	998,714	377,308	85,453	59,276	2,262,119	(2,502,497)	1,280,373
Equity	239,255	40,085	48,518	20,597	69,258	(367,804)	49,908
Twelve months ending December 31, 2006							
Total sales	890,012	453,206	221,746	31,293	708,832	(1,201,580)	1,103,510
External clients	-	406,963	138,688	21,639	535,144	-	1,102,434
Intersegment	890,012	46,242	83,058	9,654	171,981	(1,200,948)	(0)
Revenues from services	-	-	-	-	1,707	(631)	1,076
Gross income (loss)	718,463	(52,194)	18,030	(4,925)	31,718	(25,840)	685,252
Operating income (loss)	690,607	(82,910)	10,721	(11,855)	(1,720)	(566)	604,277
Comprehensive financing result	24,174	9,026	(1,135)	4,173	(12,659)	267	23,847
Depreciation and amortization	51,820	8,723	3,530	903	697	-	65,672
Cost of the reserve for retirement payments	25,563	24,775	5,637	6,972	11,546	-	74,493
Taxes and duties	591,866	3,165	4,704	395	4,635	-	604,765
Net income (loss)	75,888	(35,325)	6,312	(18,030)	54,656	(36,548)	46,953
As of December 31, 2006							
Current assets	533,418	173,293	84,554	50,301	457,243	(899,414)	399,393
Investment in shares	331	157	1,968	-	491,079	(460,774)	32,761
Fixed assets	514,468	156,938	41,253	15,908	8,629	-	737,195
Acquisition of fixed assets	61,907	13,231	5,133	1,713	15,668	-	97,651
Total assets	1,096,350	356,909	133,753	72,280	2,038,713	(2,447,985)	1,250,020
Short-term liabilities	84,579	113,869	38,595	11,677	787,977	(860,384)	176,314
Reserve for retirement payments, pensions and seniority premiums	162,516	160,502	36,305	43,602	68,740	-	471,665
Total liabilities	805,563	322,205	84,445	55,769	1,984,483	(2,043,900)	1,208,565
Equity	290,787	34,705	49,308	16,511	54,230	(404,085)	41,456

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Table A6

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies					
Consolidated statements of changes in financial position					
	As of December 31,				
	2006	2007	Change	2007	
	(Ps. mm)			(US\$mm)	
Operating activities					
Net income (loss)	46,953	(18,308)		(65,261)	(1,685)
<i>Charges to operations not requiring the use of funds:</i>	<i>141,773</i>	<i>165,258</i>	<i>16.6%</i>	<i>23,485</i>	<i>15,208</i>
Depreciation and amortization	65,672	72,592	10.5%	6,920	6,681
Other non-cash flow items	76,101	92,667	21.8%	16,566	8,528
Funds from net income (loss)	188,726	146,951	-22.1%	(41,776)	13,524
<i>Funds provided (used) in operating activities</i>	<i>(52,754)</i>	<i>42,299</i>		<i>95,053</i>	<i>3,893</i>
Accounts, notes receivable and other	(12,436)	(22,867)	83.9%	(10,432)	(2,104)
Inventories	(2,678)	(12,441)		(9,763)	(1,145)
Intangible asset derived from actuarial computation of labor obligations and other assets	5,697	5,860	2.9%	163	539
Suppliers	3,677	(1,965)		(5,641)	(181)
Other liabilities	(47,014)	73,712		120,725	6,784
Funds provided by (used in) operating activities	135,972	189,249	39.2%	53,277	17,416
Financing activities					
	10,203	(89,837)		(100,040)	(8,268)
Bank loans	64,303	27,837	-56.7%	(36,466)	2,562
Securities	99,505	15,755	-84.2%	(83,750)	1,450
Amortization of bank loans	(136,693)	(23,571)	-82.8%	113,122	(2,169)
Amortization of securities	(3,137)	(110,181)		(107,044)	(10,140)
Other items	(13,775)	322		14,097	30
Own financing activities	32,335	10,897	-66.3%	(21,438)	1,003
Minimum guaranteed dividends paid to the Mexican Government	(16,393)	(263)	-98.4%	16,129	(24)
Other equity movements	48,728	11,161	-77.1%	(37,567)	1,027
Funds provided by (used in) financing activities	42,538	(78,939)		(121,478)	(8,268)
Investing activities					
Acquisition of property, plants and equipment	(109,104)	(129,242)	18.5%	(20,138)	(11,894)
Sale of other permanent investments	(4,080)	(5,847)	43.3%	(1,768)	(538)
Funds provided by (used in) investing activities	(113,184)	(135,089)	19.4%	(21,906)	(12,432)
Net increase in cash and cash equivalents	65,327	(24,779)		(90,106)	(2,280)
Cash and cash equivalents at the beginning of the year	130,450	195,776	50.1%	65,326	18,017
Cash and cash equivalents at the end of the year	195,777	170,997	-12.7%	(24,779)	15,737
Funds provided by (used in) operating activities	135,972	189,249	39.2%	53,277	17,416
Funds provided by (used in) investing activities	(113,184)	(135,089)	19.4%	(21,906)	(12,432)
Free cash-flow⁽¹⁾	22,788	54,160		31,372	4,984

*Derived from audited consolidated financial statements prepared in accordance with Normas de Información Financiera (Mexican Financial Reporting Standards (FRS)) - formerly Mexican GAAP- issued by the Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera (CINIF). Inflation recognition is also in accordance with Mexican FRS. Accordingly, peso figures are presented in constant Mexican pesos as of December 31, 2007.

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(1) Free cashflow is not registered under NIF but are reconciled to NIF as set forth above.

Note: Numbers may not total due to rounding.

Table A7

Main tenders of Pemex - Exploration and Production

Tender number	Total amount in US\$MM	Announcement date	Description	Status
18575088-004-07	2,843.7	01/06/2007	Semi-submersible drilling platform	Awarded to Industrial Perforadora de Campeche, Larsen Oil & Gas Limited and Sea Dragon de México
18575051-050-06	1,399.1	13/06/2007	Oil field exploitation work	Awarded to Dowell Schlumberger
18575069-020-06	1,242.7	03/03/2007	Drilling and completion work	Awarded to Cobra Instalaciones México
18575110-034-06	935.3	05/03/2007	Development and maintenance of non-associated gas oil fields	Awarded to Cobra Instalaciones México
18575069-004-07	688.0	19/04/2007	Complementary activities to the drilling and completions work of wells	Awarded to Dowell Schlumberger
18575069-012-07	687.6	26/10/2007	Complementary activities to the drilling and completions work of wells	Awarded to Halliburton de México
18575110-035-06	445.7	22/03/2007	Development and maintenance of non-associated gas oil fields	Awarded to GPA Energy
18575111-006-07	392.9	31/10/2007	Reinforcement of the hydrocarbon transport system	Awarded to EMS Energy Services
18575111-006-07	392.9	31/10/2007	Assuring the integrity and reliability of the hydrocarbons transport pipeline system number 4	Awarded to EMS de México and EMS
18575051-015-07	392.6	16/08/2007	Drilling and completion integrated services	Awarded to Meyer & Asociates
18575088-041-06	340.5	07/02/2007	Jackup	Awarded to Perforadora Central, Compañía Perforadora México and Todco México
18575108-052-07	339.5	18/12/2007	Providing workover services for offshore platforms and processing centers using a semi-submersible platform	Awarded to Cotemar
18575108-057-07	293.9	23/11/2007	Maintenance to offshore platforms	Awarded to Cotemar
18575088-040-06	274.4	27/07/2007	Semi-submersible drilling platform	Awarded to Perforaciones and Servicio Central
18575107-074-07	246.7	04/01/2007	Housing services	Awarded to Cotemar
18575108-058-07	242.6	09/11/2007	Installing, renovating, modifying, reconditioning and providing maintenance for structures, equipment, processing lines and auxiliary services	Awarded to Constructora and Arrendadora de México
18575108-045-07	215.4	08/01/2007	Maintenance to offshore facilities	Awarded to Oceanografía
18575107-058-07	187.2	13/11/2007	Catering and housing services	Awarded to Cotemar
18575107-058-07	187.2	13/11/2007	Catering services	Awarded to Cotemar
18575088-002-07	184.7	16/04/2007	Jackup	Awarded to Noble Contracting Sarl, Pride Drilling, Pride International
18575088-006-07	181.9	29/05/2007	Jackup	Awarded to Noble Contracting and Pride International
18575107-065-07	179.0	26/10/2007	Cargo and personnel transportation services	Awarded to Transportes Aéreos Pegaso and Helicópteros and Vehículos Aéreos Nacionales
18575107-065-07	179.0	26/10/2007	Cargo and personnel transportation services	Awarded to Transportes Aéreos Pegaso and Helicópteros y Vehículos Aéreos Nacionales
18575088-008-07	173.0	25/06/2007	Jackup and semi-submersible drilling platform	Awarded to Noble Contracting and Goimar
18575088-017-07	158.3	01/10/2007	Jackup	Awarded to Enco Drilling México
18575051-051-06	145.9	30/03/2007	Work with pipe casing	Awarded to Halliburton de México
18575008-015-07	141.6	13/06/2007	Integral services oriented to the optimization and development of fields	Awarded to DS Servicios Petroleros y D&S Petroleum
18575099-002-07	131.6	10/04/2007	Drilling rig	Awarded to Industrial Perforadora de Campeche
18575107-059-07	128.9	26/11/2007	Housing services	Awarded to Cotemar
18575108-020-07	115.7	11/09/2007	Maintenance work to offshore platforms	Awarded to Condux
18575088-012-07	113.8	07/08/2007	Jackup	Awarded to Mexdrill Offshore and Pride Drilling
18575051-047-06	101.3	05/03/2007	Geophysical data processing work	Awarded to Schlumberger Offshore Services
18575051-063-07	61.8	13/12/2007	Drilling exploratory and development wells in the Northern region	Awarded to Dowell Schlumberger de México
18575069-015-07	56.4	29/11/2007	Drilling activities in the Southern region	Awarded to Halliburton de México
18575106-025-07	34.4	13/11/2007	Purchasing, construction, testing, loading and anchoring for the Maloob-C drilling platforms	Awarded to J. Ray McDermott de México
18575099-018-07	30.7	11/12/2007	Installing fluid recovery equipment in order to prevent crusting problems	Awarded to Dupont México
18575049-025-07	26.9	11/12/2007	Purchasing mud line equipment and providing technical assistance during installation, testing and operating activities for the offshore regions	Awarded to Cooper Cameron de México
18575050-042-07	23.7	20/12/2007	Cementing wells in offshore regions	Awarded to Dowell Schlumberger de México
18575107-064-07	14.4	09/11/2007	Providing refrigerated transport services to offshore facilities	Awarded to Cotemar
18575051-074-07	8.9	14/12/2007	Housing services for drilling and well maintenance equipment in the Northern region	Awarded to Grupo Kualamex
18575008-016-07	2.1	12/06/2007	Maintenance to civil and electrical work in the Northern region and at the Poza Rica-Altamira asset	Awarded to Constructora CIS
18575107-034-07	0.06	24/08/2007	Providing services for solid, liquid and gas handling	Awarded to Leon Well and Ferreteria la Fragua
18575108-050-07	0.06	16/09/2007	Revamping platforms and processing centers located in the Gulf of Mexico	Cancelled
18575108-053-07	0.06	04/01/2007	Complementary activities in processing centers and satellite platforms	Void
18575095-028-07	0.06	23/07/2007	Separating, rectifying, compressing and injecting sour wet gas into wells located in the Southern region	Cancelled
18575062-006-08	0.06	31/01/2008	Building, expanding and reconditioning exploration and development well locations at the Cinco Presidentes business unit.	Award scheduled for March 31, 2008
18575062-007-08	0.06	31/01/2008	Constructing, expanding and reconditioning exploratory and development well locations in the Southern region	Award scheduled for March 24, 2008
18575062-005-08	0.06	31/01/2008	Substituting the dehydration and desalinization crude system in Samaria II	Award scheduled for April 2, 2008
18575107-006-08	0.06	27/02/2008	Cargo and personnel transportation services	Award scheduled for March 13, 2008

Table A8

Main tenders of Pemex - Gas and Basic Petrochemicals

Tender number	Total amount in US\$MM	Announcement date	Description	Status
18577001-045-07	64.4	30/11/2007	Transport of liquid sulfur	Awarded to Coordinadora y Comercializadora Internacional de Carga Terrestre
18572039-001-07	36.8	18/12/2007	Modernizing the fire prevention systems at the Nuevo Pemex facility	Awarded to Abener Energia, Abengoa México and Conip
18572039-002-07	27.6	13/12/2007	Modernizing the fire prevention systems at the Ciudad Pemex facility	Awarded to Abener Energia, Abengoa México and Conip Contratistas

Table A9

Main tenders of Pemex - Refining

Tender number	Total amount in US\$MM	Announcement date	Description	Status
18576057-036-07	940.8	16/11/2007	Chemical treatment in catalytic plant	Awarded to Química Apollo
18576009-054-07	745.8	04/09/2007	Seamless pipes	Awarded to Sandvik de México
18576009-061-07	229.1	24/08/2007	Pipes, valves and metal products	Awarded to Tubrivalco, Válvulas de Calidad de Monterrey
18576011-087-07	201.7	08/11/2007	Solvents and wax remover	Awarded to Carlos Roberto Escamilla y Key Química

Table A10

Main tenders of Pemex - Petrochemicals

Tender number	Total amount in US\$MM	Announcement date	Description	Status
18572002-005-07	254.0	13/06/2007	General services	Awarded to Seguros Inbursa
18572047-018-07	128.0	24/09/2007	Medicines	Awarded to Nadro, Farmacias de la Oferta, Farmacos especializados, Casa Saba

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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., its international trading arm.

Amounts in US dollars are translated at the December 31, 2007 exchange rate of Ps. 10.8662 per US dollar.

This report contains forward-looking statements. We may also make written or oral forward-looking statements in our periodic reports to the Mexican National Banking and Securities Commission and the U.S. Securities and Exchange Commission, in our annual report, 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;*
- *projected and targeted capital expenditures and other costs, commitments and revenues; and liquidity.*

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, as amended, with the U.S. Securities and Exchange Commission (www.sec.gov) and the PEMEX prospectus filed with the National Banking and Securities Commission (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.

The U.S. Securities and Exchange Commission (SEC) permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this document, such as total reserves, probable reserves and possible reserves, that the SEC's guidelines strictly prohibit us from including in filings with the SEC. Investors are urged to consider closely the disclosure in our Form 20-F, as amended, "File No. 0-99", available from us at www.pemex.com or Marina Nacional 329, Floor 38, Col. Huasteca, Mexico City 11311 or at (52 55) 1944 9700. You can also obtain this Form from the SEC's website, www.sec.gov. Investors are also welcome to review the annual report to the CNBV, available at www.pemex.com.

EBITDA and free cash-flow are non-US GAAP measures.