Forward-Looking Statement and Cautionary Note

Variations
If no further specification is included, comparisons are made against the same realized period of the last year.

Rounding
Numbers may not total due to rounding.

Financial Information
Excluding budgetary and volumetric information, the financial information included in this document 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. We show a reconciliation of EBITDA to net income in Table 33 of the annexes to PEMEX’s Results Report as of March 31, 2015. 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 June 30, 2016, the exchange rate of MXN 18.9113 = USD 1.00 is used.

Fiscal Regime
Beginning January 1, 2015, Petróleos Mexicanos’ fiscal regime is governed by the Ley de Ingresos sobre Hidrocarburos (Hydrocarbons Revenue Law). From January 1, 2006 and to 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.

On April 18, 2016, a decree was published in the Official Gazette of the Federation that allows assignment operators to choose between two schemes to calculate the cap on permitted deductions applicable to the Profit-Sharing Duty: (i) the scheme established within the Hydrocarbons Revenue Law, based on a percentage of the value of extracted hydrocarbons; or (ii) the scheme proposed by the SHCP, calculated upon established fixed fees, USD 6.1 for shallow water fields and USD 8.3 for onshore fields.

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”. As an intermediary between the Ministry of Finance and Public Credit (SHCP) and the final consumer, PEMEX retains the amount of the IEPS and transfers it to the Mexican Government. In 2016, the SHCP published a decree through which it modified the calculation of the IEPS, based on the past five months of international reference price quotes for gasoline and diesel.

As of January 1, 2016, and until December 31, 2017, the SHCP will establish monthly fixed maximum prices of gasoline and diesel based on the following: maximum prices will be referenced to prices in the U.S. Gulf Coast, plus a margin that includes retail, transportation, quality adjustment and management costs, plus the applicable IEPS to automotive fuel, plus other concepts (IEPS on fossil fuel, established quotas on the IEPS Law and value added tax).

PEMEX’s “products” prices are calculated in reference to that of an efficient refinery operating in the Gulf of Mexico. Until December 31, 2017, the Mexican Government is authorized to continue issuing pricing decrees to regulate the maximum prices for the retail sale of gasoline and diesel fuel, taking into account transportation costs between regions, inflation and the volatility of international fuel prices, among other factors. Beginning in 2018, the prices of gasoline and diesel fuel will be freely determined by market conditions.

However the Federal Commission for Economic Competition, based on the existence of effective competitive conditions, has the authority to declare that prices of gasoline and diesel fuel are to be freely determined by market conditions before 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 statistics related; which includes estimations, valuation studies and certifications. On August 13, 2015, the CNH published the Guidelines that rule the valuation and certification of Mexico’s reserves and the related contingency resources.

As of January 1, 2010, the Securities and Exchange Commission (SEC) changed its rules to permit oil and gas companies, in the related contingency resources.

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, storage and distribution of petroleum, natural gas and oil products;
• activities relating to our lines of business, including the generation of electricity;
• projected and targeted capital expenditures and other costs, commitments and revenues;
• liquidity and sources of funding, including our ability to continue operating as a going concern;
• strategic alliances with other companies; and
• the monetization of certain of our assets.

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;
• the 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 gain access to additional reserves and to develop the reserves that we obtain successfully;
• uncertainties inherent in making estimates of oil and gas reserves, including recently discovered oil and gas reserves;
• regulatory, governmental, and environmental risks and uncertainties;
• significant developments in the global economy;
• significant economic or political developments in Mexico;
• 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.
Redefining PEMEX

Short-term Challenges

- Financial consolidation
- Cost structure adjustment
- Business strategy based on low oil prices

Long-term Opportunities

Use all instruments and flexibility available from the Energy Reform
## 2016 Budget Adjustment

### Lines of Action

<table>
<thead>
<tr>
<th>Corporate</th>
<th>Other SPEs&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Ind. Transf.</th>
<th>E&amp;P&lt;sup&gt;2&lt;/sup&gt;</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.1</td>
<td>1.9</td>
<td>0.8</td>
<td>13.1</td>
<td>28.9</td>
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<tr>
<td>0.0</td>
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<td>35.4</td>
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<tr>
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<td>0.0</td>
<td>0.0</td>
<td>6.2</td>
<td>6.2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>100.0</strong></td>
</tr>
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</table>

### Guiding principles

- **Generate efficiencies and reduce costs** to increase operational productivity and promote a rational use of resources.
- **Defer / reassess investments minimizing the impact on future production** based on profitability and availability of budgetary resources.
- **Adjust CAPEX and OPEX from an average of 50 to 25 USD/b** channeling budgetary resources to profitable activities under a low hydrocarbons price scenario.

Numbers may not total due to rounding.

1. Refers to Pemex Logistics, Pemex Fertilizers, Pemex Ethylene and Pemex Cogeneration and Services.
2. Includes Pemex Drilling and Services.

Impacts production in 2016.
Federal Government Support Measures

**Federal Government Support Plan**

**Cash Flow Injection**
MXN 73.5 billion to permanently reduce accounts payable to suppliers

**Fiscal Benefit**
MXN 38.5 billion permanent fiscal benefit to reduce the financial deficit

**Pension Liability Assumption**
MXN 137.2 billion

**Liquidity Improvement**
- MXN 26.5 billion capitalization
- Exchange of MXN 47 billion promissory note\(^1\) for BONDES D, sold on August 15, 2016.

**Decrease in Fiscal Burden**
- Reduce financing needs.
- Improve cash position.

**Cash Position Improvement**
- MXN 137.2 billion promissory notes redeemable in the future, which in addition to the exchanged MXN 47 billion promissory note, total MXN 184.2 billion.

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1. MXN 50 billion promissory note received in December 2015.
2. Cost cap set at USD 6.1/b for shallow waters and at USD 8.3/b for onshore fields, to similar levels set on previous fiscal regime and compared to current cost cap of 11.075% of the value of the hydrocarbons extracted. Considers USD 34.25/b for the Mexican Crude Oil Basket.
Reduce and Regularize Payment to Suppliers

- The payment regularization to suppliers has the objective of making the accounts payable that are transferred from one year to the next to converge in a normal operating level.

- As of August 31, 2016, PEMEX has paid 96% of the suppliers it had outstanding accounts payable from 2015.

- In addition to understanding the relevance of balancing the accounts payable to suppliers, PEMEX acknowledges the importance of the financial sector in providing financing for its suppliers and contractors.

- PEMEX’s strategy of paying its overdue accounts payable allows it to preserve access to credit by freeing up obligations that have PEMEX as its source of payment and reduce the balance permanently.

<table>
<thead>
<tr>
<th>Initial Balance 2015 Accounts Payable (MXN Billion)</th>
<th>Paid Jan - Aug (MXN Billion)</th>
<th>Outstanding Sep - Dec (MXN Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>147.2</td>
<td>135.6</td>
<td>11.6</td>
</tr>
</tbody>
</table>
Performance vs the Energy Industry

- PEMEX's financing cost in the U.S. dollar market is positively compared to its peers in Latin America, which reflects the company’s attractive cost structure and its importance to Mexico’s public finances.
- Furthermore, the company’s credit profile has improved in line with higher oil prices.

Oil and Gas Companies in Latin America

Mexican Mix Price vs PEMEX’s Risk of Default

Source: Bloomberg.
Debt Profile

- PEMEX’s portfolio strategy has prioritized the development of new sources of financing to diversify the its investor base and currencies.

- To reduce external impacts, the company has chosen a hedging strategy that matches its U.S. dollar-based income structure.

As of June 30, 2016. Sums may not total due to rounding.
**Low Refinancing Risk**

- An indebtedness strategy has been exposed to improve the amortizations’ profile and extend the average term and duration of the debt.

Source: PEMEX
Market Development

• PEMEX stands out due to its leadership in the domestic and international markets by the creation of new references and the implementation of liability management structures that promote efficiency and depth in the company’s financing strategy.

PEMEX’s Nominal Yield Curves

Source: Bloomberg and Proveedor Integral de Precios (PIP)
Financing Strategy – Domestic Market

- PEMEX has implemented several mechanisms that offer more liquidity in its peso-denominated bonds.

### Description

<table>
<thead>
<tr>
<th>GDN</th>
<th>Allows the company to issue debt in the local currency and distribute it among international investors through an efficient structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Makers</td>
<td>Program that provides liquidity and broadens the scope of PEMEX’s analysis of bonds issued in local currency</td>
</tr>
<tr>
<td>Euroclearable CEBURES (“ECC”)</td>
<td>PEMEX’s bonds issued in local currency (CEBURES) traded and cleared through a global custodian or clearing house</td>
</tr>
</tbody>
</table>

### Advantages

| ✓ Clearable through international clearing houses |
| ✓ Does not require local custodian |
| ✓ Fungible with CEBURES |
| ✓ Guarantee a minimum amount in the primary issuance |
| ✓ Presence in the secondary market through buy/sell offers |
| ✓ Increased liquidity |
| ✓ Standard international registration 144a |
| ✓ Reduces friction costs |
| ✓ Does not require depositary receipt |
Maintain Access to Financing

• In accordance with its strategy, PEMEX has maintained access to different markets and currencies to satisfy its 2016 financing needs.

February 4. USD 5 billion in three tranches due 3, 5 and 10 years
• Approximate demand of USD 18 billion, 3.5x the allocated amount

March 15. EUR 2.5 billion in two tranches due 3 and 7 years
• Approximate demand of 2.67x the allocated amount, distributed among institutional investors of Europe, Asia and the Middle East, providing greater diversification to PEMEX’s investor base

July 15. JPY 80.0 billion at 0.54% due 10 years
• Marked PEMEX’s return to the Japanese market after eight years
• Largest amount issued by a Latin American corporation in that market
• Historic low nominal rate reached by PEMEX in any currency
• Guaranteed by the JBIC

October. Liability-Management Transaction, two bonds due 7 and 30 years with a purchase and exchange option
• This type of transaction hadn’t been done since 2007
• Improves amortization profile, increases average debt term and increases the curve’s liquidity
• Financing needs for 2017 are partly pre-funded
Exploring New Financing Structures

Before the Energy Reform

- **Balance**
  - Through the generation of own resources

- **Debt**
  - Capital Markets and Bank Loans

- **Other Financing Alternatives**
  - Project Finance

With the Energy Reform

- **Joint Ventures**
  - Strategic alliances with third parties to complement PEMEX technically, economically or experience-wise, and share risk and knowhow

- **Monetizations**
  - Alternatives to monetize PEMEX’s stake on several assets
  - **Divestment** of non-strategic assets

- **Migrations**
  - Migration of assignment contracts to improve projects’ profitability and fiscal regime
Materialization of the Energy Reform

• First deep water farm out through the Trión field in December 2016.

<table>
<thead>
<tr>
<th>Trión</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Year Discovered</td>
<td>2012</td>
</tr>
<tr>
<td>3P Reserves</td>
<td>485 MMboe</td>
</tr>
<tr>
<td>Water Depth</td>
<td>2,532 m</td>
</tr>
<tr>
<td>Estimated Investment</td>
<td>USD 10-11 billion</td>
</tr>
<tr>
<td>Type of Hydrocarbons</td>
<td>Light Crude Oil</td>
</tr>
</tbody>
</table>

• Trión is located in the Perdido Fold Belt, near the US border and adjacent to blocks that will be tendered in Round 1.4.

• Farm outs allow PEMEX to strengthen its technical and financial capabilities, and foster the competitive development of the Mexican oil and gas sector.

• Ten companies have bought data packages and access to data rooms, and begun the prequalification process, among those are Shell, ExxonMobil, Total, Lukoil and Chevron.
Reflection in the Markets

- As a result of implemented measures and PEMEX’s financing strategy has recorded a rally against its main benchmarks in USD, showing a reduction of around 123 bps during the year.

**PEMEX USD 5Y**

Source: Bloomberg
Conclusion

• PEMEX has adapted in a timely manner to the adverse environment in the global oil and gas industry, with a vision that promotes the company’s sustainability in the long-term.

• The company's financial structure has been strengthened by the implementation of an efficient cost and expense strategy in accordance with the new price environment, which will result in a decreasing trajectory of the financial deficit.

• PEMEX has been capable of preserving access to credit and to the capital markets to satisfy its financing needs in the most efficient way and under an adequate risk balance.

• The company stands out as one of the most important actors in the capital markets, increasing its access to diverse sources of financing, developing and promoting the correct performance of its curves, fostering liquidity and establishing long-term relationships with its investors.

• PEMEX will actively seek to complement its financing and investment needs through the use of the new schemes and tools provided by the Energy Reform.