Financial Information

Including budgetary and volumetric information, the financial information included in this report and the annexes hereto is based on unaudited consolidated financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), which PEMEX has adopted effective January 1, 2012. Information from prior periods has been retrospectively adjusted in certain accounts to make it comparable with the unaudited consolidated financial information under IFRS. For more information regarding the transition to IFRS, see Note 23 to the consolidated financial statements included in Petróleos Mexicanos’ 2012 Form 20-F filed with the Securities and Exchange Commission 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 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 Convention

Convenience translations into U.S. dollars of amounts in Mexican pesos have been made at the exchange rate 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 March 31, 2016, the exchange rate of MXN 17.4051: 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, 2008 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 January 1, 2015, 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 that modified the calculation of the IEPS, based on the past five months of international reference price 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, freight, transportation, quality adjustment and management costs, plus the applicable IEPS to automotive fuel, plus other concepts (IEPS on fossil fuel, established quota on the IEPS Law and value added tax).

PEMEX’s “producing price” is 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 before July 1, 2018.

Hydrocarbons Reserves

In accordance with the Hydrocarbons Law, published in the Official Gazette on August 11, 2014, 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 estimating, valuating studies and certifications. On August 13, 2015, the CNH published the Guidelines that rule the Hydrocarbons Law. As of January 1, 2016, PEMEX has adopted International Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") to present its 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 and its Annual Report filed with the Comisión Nacional Bancaria y de Valores (CNBV). As of January 1, 2010, the Securities and Exchange Commission ("SEC") changed its rules to permit oil and gas companies, in their filings with the SEC, to disclose not only proved reserves, but also probable reserves and possible reserves. Nevertheless, any description of probable or possible reserves included herein may not meet the recoverability thresholds established by the SEC in its definitions. Investors are urged to consider the disclosure in our Form 20-F and our Annual Report to the CNBV and SEC, available at http://www.pemex.com/.

Forward-looking Statements

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

- exploration and production activities, including drilling;
- activities relating to import, export, refining, petrochemicals and transportation, 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;
- technical difficulties;
- significant developments in the global economy;
- significant economic or political developments in Mexico;
- changes in international crude oil and natural gas prices;
- limitations on our access to sources of financing on competitive terms;
- changes in effective competitive conditions, having the authority to declare that prices of gasoline and diesel fuel are to be freely determined before July 1, 2018.

Disclaimer

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.
Short-term Challenges

Adjust the cost structure and business strategy to a low oil price scenario

Long-term Opportunities

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

### Lines of Action

<table>
<thead>
<tr>
<th>MXN Billion</th>
<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><strong>Generate efficiencies and reduce costs</strong> to increase operational productivity and promote a rational use of resources</td>
<td>13.1</td>
<td>1.9</td>
<td>0.8</td>
<td>13.1</td>
<td>28.9</td>
</tr>
<tr>
<td><strong>Defer / reassess investments minimizing the impact on future production</strong> based on profitability and availability of budgetary resources</td>
<td>0.0</td>
<td>2</td>
<td>35.4</td>
<td>27.5</td>
<td>64.9</td>
</tr>
<tr>
<td><strong>Adjust CAPEX and OPEX from an average of 50 to 25 USD/b</strong> channeling budgetary resources to profitable activities under a low hydrocarbons price scenario</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>6.2</td>
<td>6.2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>13.1</td>
<td>3.9</td>
<td>36.2</td>
<td>46.8</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Guiding principles that pursue the redefinition of the company, taking advantage of the Energy Reform’s mechanisms.

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<sup>1</sup> Refers to Pemex Logistics, Pemex Fertilizers, Pemex Ethylene and Pemex Cogeneration and Services.

<sup>2</sup> Includes Pemex Drilling and Services.

Impacts production in 2016.
Federal Government Support Measures

Cash Flow Injection
MXN 73.5 bn
MXN 26.5 bn capitalization
MXN 47.0 bn pension liability

Fiscal Benefit
MXN 38.5 bn permanent fiscal benefit

Pension Liability Assumption
MXN 137.2 bn

Liquidity Improvement
- Reduce accounts payable to suppliers by year-end and stabilize obligations for upcoming years.

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

Cash Position Improvement
- MXN 137.2 bn redeemable in the future for liquid instruments, which in addition to the exchanged MXN 47 bn promissory note, total MXN 184.2 bn.

1. MXN 50 bn 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 25 USD/b for the Mexican Crude Oil Basket.
As of January 1, 2016, accounts payable to suppliers and contractors from previous years amounted to MXN 147.2 bn\(^1\).

As of August 31, 2016, PEMEX has paid MXN 135.6 bn (92% of the total amount) to 96% of suppliers, in line with its commitment to cover these accounts payable to suppliers and contractors.

### Payment to Suppliers

<table>
<thead>
<tr>
<th>Initial Balance (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>

1. Accounts payable to suppliers from the Income Statement as of December 31, 2015, total MXN 167.2 bn, regarding liabilities of budget-controlled entities (MXN 147.2 bn), affiliates (MXN 17 bn) and Value Added Tax (MXN 3 bn).
2016 Financing Program

• PEMEX has a net indebtedness ceiling of MXN 240.4 billion for 2016.

• As of today, the company has managed to overcome volatility and address the company’s financial needs:

<table>
<thead>
<tr>
<th>Domestic Market: MXN 27 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>January: MXN 7 billion bank loan</td>
</tr>
<tr>
<td>March: MXN 5 billion of <em>Certificados Bursátiles</em></td>
</tr>
<tr>
<td>March: MXN 15 billion through three credit lines with Mexican development banks</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>International Markets: USD 10.8 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>January: USD 5 billion in three tranches, due 3, 5 and 10 years</td>
</tr>
<tr>
<td>March: EUR 2.25 billion in two tranches, due 2019 and 2023</td>
</tr>
<tr>
<td>April: bilateral bank loan for EUR 0.5 billion due 7 years</td>
</tr>
<tr>
<td>May: CHF 375 million in two tranches, due 2 and 5 years</td>
</tr>
<tr>
<td>June and July: USD 1.74 billion in two financial lease transactions</td>
</tr>
<tr>
<td>July: JPY 80 billion due 10 years</td>
</tr>
</tbody>
</table>

• In the second half of 2016, PEMEX will seek to pre-fund part of the 2017 funding needs, to financially consolidate the company in an environment of macroeconomic uncertainty.
PEMEX MXN 10Y

- PEMEX has recorded a rally against its main benchmarks in pesos, showing a reduction of approximately 110bps during the year.

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

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

Eight companies have bought data packages and access to data rooms, and begun the prequalification process, among those are Shell, ExxonMobil, Total, BP and Chevron.
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Energy Reform’s Available Tools

- **JVs**
  - Prospect of alliances to complement technically, economically or experience-wise.
  - Financial sponsors and operating partners.

- **Monetizations**
  - Alternatives to monetize PEMEX’s stake in accumulated assets.
  - Divestment of non-strategic or non-profitable assets.

- **Migrations**
  - Migration of contracts to improve projects’ profitability and their fiscal regime.
Historical Pension Liability Agreement

A. Retired employees → comprehensive salary will increase based on inflation.

B.1 Current Union employees with ≥ 15 years of service → maintain previous retirement parameters.

B.2 Current Union employees with < 15 years of service and white collar employees: → new retirement parameters:

<table>
<thead>
<tr>
<th>Year</th>
<th>Age</th>
<th>Years of Service</th>
<th>% of Last Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>55</td>
<td>25</td>
<td>80%</td>
</tr>
<tr>
<td>2016 - 2020</td>
<td>60</td>
<td>30</td>
<td>100%</td>
</tr>
<tr>
<td>2021 onwards</td>
<td>65</td>
<td>30</td>
<td>100%</td>
</tr>
</tbody>
</table>

→ Retirement without reaching age limit increases from 35 to 40 years of service.
→ Optional migration to defined contribution plans (C).

C. New employees → individual defined contribution plan.

Net present value estimated savings of MXN 186.5 billion