

Public Finance and Public Debt Report, April 2007

The public finance and public debt preliminary results up to April 2007 were released today.

The main results for April are the following:

- The public sector posted a Ps. 35.7 billion surplus, which is in line with the fiscal balance authorized by Congress for 2007 as a whole.
- The primary balance, defined as total revenues minus non-interest expenditures, posted a Ps. 51.7 billion surplus.
- Budgetary revenues registered a 9.4 percent increase in real annual terms due mainly to higher non oil tax revenues by 12.0 percent in real terms compared with those observed in April 2006. The revenues related to oil and from public entities under direct budgetary control other than PEMEX increased by 6.0 percent and 4.3 percent in real terms, respectively.
- Net budgetary expenditures registered a 15.1 percent increase in real annual terms. This result is explained mainly due to an increase in energy generating costs in the CFE (Electricity Federal Commission), a higher physical investment spending and pension expenditures in PEMEX, as well as an increase in federal resources transferred to States and Municipalities through federal contributions (Ramo 33).
- The Federal Government's net domestic debt decreased Ps. 36.5 billion while its net external debt increased US\$ 0.3 billion, both with respect to March 2007.
- The public sector's net domestic debt decreased Ps. 36.6 billion and its external debt decreased US\$ 0.2 billion, both with respect to the previous month.

Evolution of the Public Finances during January - April

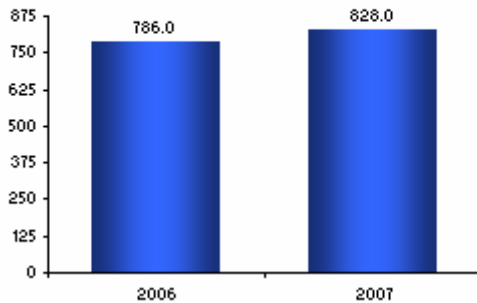
Up to April 2007, the public sector balance posted a surplus of Ps. 138.1 billion, Ps. 51.6 billion higher than the one registered in the same period of the previous year. The primary balance, defined as total revenues minus non-interest expenditures, posted a Ps. 206.1 billion surplus, Ps. 39.1 billion higher than

the one registered in the January-April period 2006.

Public Sector Budgetary Revenues during January - April

The public sector's budgetary revenues were Ps. 828.0 billion, amount which is 5.4 percent higher in real terms than that registered during the same period of the previous year. This behavior is explained by the following:

**Budgetary Revenues
 January - April**
 (Billion pesos of 2007)



- Non-oil tax revenues amounted to Ps. 391.8 billion, 10.6 percent higher in real terms than during the January-April period of the previous year. Worth noting are VAT and income tax increases of 8.3 and 14.0 percent in real terms, respectively.
- Oil related revenues (which include PEMEX's own revenues, royalties and fees, excise tax collection on gasoline and diesel, and the tax on oil returns) totaled Ps. 264.2 billion, amount that is 1.2 percent lower in real terms than those registered in the same period of the previous year. This figure is a result of the decrease of both the oil production platform and the crude oil price, as well as of the reduction in the domestic price of natural gas in cash flow terms.
- Revenues from public entities under direct budgetary control other than PEMEX totaled Ps. 124.2 billion, 5.6 percent lower than those registered in the same period of 2006. This is explained because, until February 2006, the public sector's revenues included the operations of the Housing Fund of ISSSTE, which since March 2006 were excluded according

to the reform in article 174 of ISSSTE's Law.¹

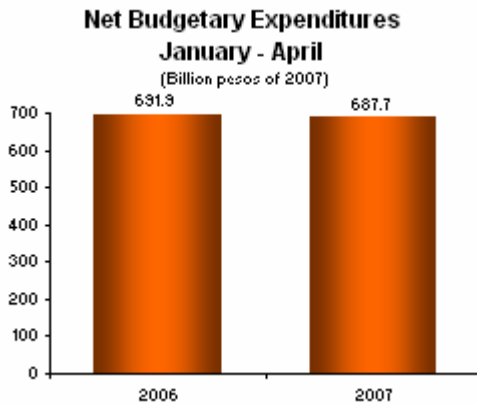
- Non-tax non-oil revenues were Ps. 47.7 billion, amount that is 46.5 percent higher, in real terms, than that observed in the previous year during the same period. This is explained by higher non-recurring revenues registered in 2007 from the sale of Grupo Aeroportuario Centro-Norte, the minimum Guaranteed Return from PEMEX and other fees.

Net Budgetary Public Sector Expenditures during January - April

During the first four months of the year, the net budgetary expenditures of the public sector totaled Ps. 687.7 billion, that is 0.6 percent lower in real terms compared with the amount observed in the same period of 2006.

Paid programmable expenditures totaled Ps. 499.5 billion, that is 6.4 percent higher in real terms to the one observed in the same period of the previous year. The higher expenditures in 2007 have been channeled to education and health services, to rural development and pensions spending as well as to the higher energy generating costs (fuel consumption) and higher PIDIREGAS payments.

¹ If FOVISSSTES's revenues and expenditures transactions are excluded in the January-April 2006 figures, the revenues of public entities other than PEMEX would have observed a 3.3 percent increase in real terms.



Federalized spending, which includes revenue sharing allocated to Federal Entities and Municipalities, as well as resources transferred to these entities (Ramo 33)², and provisions for Basic, Regular Teaching School, Technical and Adult education (Ramo 25) registered a 0.9 percent decrease in real terms. Revenue sharing to States and Municipalities totaled Ps. 108.1 billion, which represents a decrease in real terms of 10.4 percent. This reduction reflects the evolution of the Federal Shareable Revenue and a negative adjustment in the third fourth-month adjustment of 2006. Total resources distributed through Ramo 25 and Ramo 33 all together, registered an 8.4 percent increase in real terms, compared with the one observed in the same period of the previous year.

The Public Sector's financial cost was Ps. 60.4 billion, amount that is 20.0 percent lower in real terms than the one

² According to the Fiscal Coordination Law published on December 27th, 2006 in the Official Gazette of the Federation, the program for the financial strengthening of States (PAFEF) was transformed into a contributions fund in Ramo 33 starting this year. In order to facilitate comparison between years, PAFEF's 2006 data is included in Ramo 33.

registered in the same period of last year. This is due to the smaller requirements of resources by the Institute for the Protection of Bank Savings (IPAB), as well as a smaller cost of the domestic debt of the Federal Government with respect to the same period in 2006.

Public debt update to April

The Federal Government's net domestic debt balance was Ps. 1,482.7 billion, amount that is Ps. 64.4 billion lower than the amount observed at the end of 2006. The difference of stocks is explained by net indebtedness in Ps. 68.1 billion, upward adjustments to the inflation-indexed debt for Ps. 3.9 billion and an increase in the Federal Government's financial assets of Ps. 136.4 billion.

The balance of the Federal Government's net external debt at the end of April was US\$ 40.9 billion, US\$ 1.1 billion higher than the amount observed on December 31, 2006. This increase is due to a reduction in net debt of US\$ 2.2 billion, upward accounting adjustments for US\$ 1.6 billion, and a decrease in financial assets abroad of US\$ 1.8 billion.

The balance of net domestic debt of the Federal Public Sector (Federal Government, PEDBC's and development banks) at the end of the fourth month of the year was Ps. 1,425.1 billion, which implies a Ps. 46.6 billion reduction with respect to the closing balance of 2006. This is due to net domestic borrowing of Ps. 79.8 billion, downward accounting adjustments by Ps. 8.2 billion and an increase in the Public Sector's financial assets by Ps. 118.1 billion.

Mexico City, May 30th, 2007.

The net balance of the Federal Public Sector's external debt stood at US\$ 48.4 billion, amount that exceeded that observed in December 2006 by US\$ 1.1 billion. This is due to an increase in net external debt of US\$ 1.3 billion, upward accounting adjustments by US\$ 2.6 billion and an increase in financial assets abroad by US\$ 2.8 billion.

It is worth noting that the increase of the net external debt is transitory and it will decrease gradually according to the profile of debt maturing in the following months, consistent with the financing

program for this year and the upper limit of a net external debt decrease of US\$ 0.5 billion approved by Congress.

More details on Public Finance and Public Debt statistics can be obtained in the Ministry of Finance's web page at:

www.apartados.hacienda.gob.mx/clon_e_stadisticas/index.html

ANNEX

PUBLIC SECTOR OVERALL BALANCE (Million pesos)

| Concept | January-April | | Real. % Growth | Composition % | |
|----------------------------|---------------|-----------|-------------------|---------------|---------|
| | 2006 p./ | 2007p./ | | 2006 p./ | 2007p./ |
| PUBLIC BALANCE | 86,483.3 | 138,098.9 | 53.4 | | |
| Budgetary Balance | 90,378.0 | 140,302.6 | 49.2 | | |
| Budgetary Revenues | 755,225.7 | 828,038.6 | 5.4 | 100.0 | 100.0 |
| Oil Related | 256,958.2 | 264,233.8 | -1.2 | 34.0 | 31.9 |
| Federal Government | 201,274.0 | 177,761.0 | -15.1 | 26.7 | 21.5 |
| PEMEX | 55,684.2 | 86,472.8 | 49.2 | 7.4 | 10.4 |
| Non-oil related | 498,267.6 | 563,804.8 | 8.7 | 66.0 | 68.1 |
| Federal Government | 371,764.7 | 439,573.4 | 13.6 | 49.2 | 53.1 |
| Tax | 340,443.1 | 391,826.5 | 10.6 | 45.1 | 47.3 |
| Non-tax | 31,321.5 | 47,746.9 | 46.5 | 4.1 | 5.8 |
| PEDBC | 126,502.9 | 124,231.4 | -5.6 | 16.8 | 15.0 |
| Net Budgetary Expenditures | 664,847.8 | 687,736.0 | -0.6 | 100.0 | 100.0 |
| Programmable | 451,180.5 | 499,488.7 | 6.4 | 67.9 | 72.6 |
| Non programmable | 213,667.2 | 188,247.3 | -15.3 | 32.1 | 27.4 |
| PEIBC | -3,894.7 | -2,203.7 | n.s. | | |
| Primary Balance | 167,025.3 | 206,084.7 | 18.6 | | |

Note: Figures may not add up due to rounding.

p./ Preliminary Figures

Source: Ministry of Finance and Public Credit

Note: Figures may not add up due to rounding.

Mexico City, May 30th, 2007.

PUBLIC SECTOR REVENUES
(Million pesos)

| Concept | January-April | | Real. % Growth | Composition % | |
|---------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
| | 2006 ^{p./} | 2007 ^{p./} | | 2006 ^{p./} | 2007 ^{p./} |
| Budgetary Revenues(I+II) | 755,225.7 | 828,038.6 | 5.4 | 100.0 | 100.0 |
| I. Oil Related (a+b) | 256,958.2 | 264,233.8 | -1.2 | 34.0 | 31.9 |
| a) PEMEX | 55,684.2 | 86,472.8 | 49.2 | 7.4 | 10.4 |
| b) Federal Government | 201,274.0 | 177,761.0 | -15.1 | 26.7 | 21.5 |
| Rights and royalties | 205,356.7 | 188,356.8 | -11.9 | 27.2 | 22.7 |
| Excise taxes ^{1./} | -5,655.8 | -12,708.1 | 115.9 | -0.7 | -1.5 |
| Tax on Oil Returns | 1,573.0 | 2,112.3 | 29.0 | 0.2 | 0.3 |
| II. Non-oil related (c+d) | 498,267.6 | 563,804.8 | 8.7 | 66.0 | 68.1 |
| c) Federal Government | 371,764.7 | 439,573.4 | 13.6 | 49.2 | 53.1 |
| Tax | 340,443.1 | 391,826.5 | 10.6 | 45.1 | 47.3 |
| Income Tax | 173,124.3 | 205,460.6 | 14.0 | 22.9 | 24.8 |
| VAT | 128,406.2 | 144,711.6 | 8.3 | 17.0 | 17.5 |
| Excise taxes | 12,152.7 | 13,636.4 | 7.8 | 1.6 | 1.6 |
| Import taxes | 9,433.6 | 9,362.8 | -4.6 | 1.2 | 1.1 |
| Others ^{2./} | 17,326.3 | 18,655.1 | 3.5 | 2.3 | 2.3 |
| Non-tax | 31,321.5 | 47,746.9 | 46.5 | 4.1 | 5.8 |
| Rights | 7,712.5 | 8,215.5 | 2.4 | 1.0 | 1.0 |
| Fees | 21,750.7 | 37,291.3 | 64.7 | 2.9 | 4.5 |
| Others | 1,858.3 | 2,240.2 | 15.8 | 0.2 | 0.3 |
| d) PEDBC ^{3./} | 126,502.9 | 124,231.4 | -5.6 | 16.8 | 15.0 |
| Memorandum items: | | | | | |
| Total tax related | 336,360.4 | 381,230.7 | 8.9 | 44.5 | 46.0 |
| Total non-tax related | 418,865.3 | 446,807.9 | 2.5 | 55.5 | 54.0 |

Note: Figures may not add up due to rounding.

p./ Preliminary Figures

1./ The negative signs imply that compensations were greater than receipts.

2./ Includes new vehicle, vehicle ownership, luxury goods and services, exports and accessory taxes.

3./ Excludes Federal Government transfers to the ISSSTE.

Source: Ministry of Finance and Public Credit

Mexico City, May 30th, 2007.

PUBLIC SECTOR EXPENDITURES

(Million pesos)

| Concept | January-April | | Real. % Growth | Composition % | |
|--|---------------|-----------|-------------------|---------------|----------|
| | 2006 p./ | 2007 p./ | | 2006 p./ | 2007 p./ |
| TOTAL (I+II) | 664,847.8 | 687,736.0 | -0.6 | 100.0 | 100.0 |
| I. Primary Expenditures (a+b) | 592,311.6 | 627,347.3 | 1.8 | 89.1 | 91.2 |
| a) Programmable | 451,180.5 | 499,488.7 | 6.4 | 67.9 | 72.6 |
| b) Non- programmable | 141,131.0 | 127,858.6 | -12.9 | 21.2 | 18.6 |
| II. Financing Costs ^{1/} | 72,536.2 | 60,388.7 | -20.0 | 10.9 | 8.8 |

Note: Figures may not add up due to rounding

p./ Preliminary Figures

1_/ Includes interests, commissions and other public debt expenditures associated to debtor support programs.

Source: Ministry of Finance and Public Credit

Mexico City, May 30th, 2007.

FEDERAL GOVERNMENT DOMESTIC DEBT, JANUARY- APRIL^{1/}
(Million pesos)

| Concept | Outstanding as of December 2006 ^{p/} | Indebtedness | | | Adjustments ^{1/} | Outstanding as of April 2007 ^{p/} |
|----------------------------------|--|------------------|------------------|-----------------|---------------------------|--|
| | | Originations | Amort. | Net | | |
| Net Domestic debt balance | 1,547,112.1 | | | | | 1,482,691.8 |
| Assets ^{2/} | -125,670.3 | | | | | -262,107.8 |
| Gross Domestic debt stock | 1,672,782.4 | 501,348.4 | 433,257.0 | 68,091.4 | 3,925.8 | 1,744,799.6 |
| Government Securities | 1,569,926.4 | 473,104.4 | 405,074.2 | 68,030.2 | 2,385.6 | 1,640,342.2 |
| Cetes | 346,004.6 | 340,464.1 | 339,361.1 | 1,103.0 | 0.0 | 347,107.6 |
| Bondes | 214,822.0 | 0.0 | 31,026.3 | -31,026.3 | 0.0 | 183,795.7 |
| Bondes D | 144,801.4 | 23,150.0 | 0.0 | 23,150.0 | 0.0 | 167,951.4 |
| Fixed Rate Bonds | 708,971.5 | 86,560.3 | 34,686.8 | 51,873.5 | 60.8 | 760,905.8 |
| Udibonos | 155,326.9 | 22,930.0 | 0.0 | 22,930.0 | 2,324.8 | 180,581.7 |
| <i>Udibonos udi's</i> | <i>41,014.4</i> | <i>6,000.0</i> | <i>0.0</i> | <i>6,000.0</i> | <i>0.0</i> | <i>47,014.4</i> |
| S.A.R. | 59,499.5 | 28,159.2 | 26,927.5 | 1,231.7 | 1,169.1 | 61,900.3 |
| Siefores (pesos) | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| <i>Siefores udi's</i> | <i>0.1</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.1</i> |
| Others | 43,356.3 | 84.8 | 1,255.3 | -1,170.5 | 371.1 | 42,556.9 |

Note: Figures may not add up due to rounding.

^{1/} Figures subject to revisions and methodological changes.

^{p/} Preliminary Figures

^{1/} Refers to adjustment for inflation .Fixed Rate Bonds refers to the adjustment due to debt changes.

^{2/} Represents the balance, denominated in pesos, of the General Account of the Federal Treasury and deposits in the national banking system

Source: Ministry of Finance and Public Credit

Mexico City, May 30th, 2007.

FEDERAL GOVERNMENT EXTERNAL DEBT, JANUARY ^{*_/}
(Million Dollars)

| Concept | Outstanding as of December 2006 p_/_/ | Indebtedness | | | Adjustments | Outstanding as of April 2007p_/_/ |
|-------------------------|--|----------------|----------------|-----------------|----------------|---|
| | | Originations | Amort. | Net | | |
| Net Debt | 39,806.6 | | | | | 40,945.4 |
| Assets ^{1_/_/} | -2,129.7 | | | | | -370.5 |
| Gross Debt | 41,936.3 | 2,672.7 | 4,875.5 | -2,202.8 | 1,582.4 | 41,315.9 |
| Privately Placed Bonds | 36,212.5 | 2,266.6 | 4,645.7 | -2,379.1 | 1,570.3 | 35,403.7 |
| IFI's | 5,389.2 | 406.1 | 167.4 | 238.7 | 7.7 | 5,635.6 |
| Bilateral | 203.2 | 0.0 | 7.8 | -7.8 | 4.7 | 200.1 |
| Restructured | 131.4 | 0.0 | 54.6 | -54.6 | -0.3 | 76.5 |

Note: Figures may not add up due to rounding.

*_/_/ Figures subject to revisions.

p_/_/ Preliminary figures.

^{1_/_/} Considers the US Dollar denominated balance of the Federal Treasury's General Account and other assets from PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit

Mexico City, May 30th, 2007.

PUBLIC SECTOR DOMESTIC DEBT, JANUARY-APRIL ^{*/}
(Million Pesos)

| Concept | Outstanding as of December 2006 p_/ | Indebtedness | | | Adjust. | Outstanding as of April 2007p_/ |
|----------------------------|--|------------------|------------------|-----------------|-----------------|---------------------------------------|
| | | Originations | Amort. | Net | | |
| Net Debt | 1,471,714.9 | | | | | 1,425,127.8 |
| Assets ^{1/} | -269,692.7 | | | | | -387,840.1 |
| Gross Debt | 1,741,407.6 | 536,202.3 | 456,447.8 | 79,754.5 | -8,194.2 | 1,812,967.9 |
| By Term | 1,741,407.6 | 536,202.3 | 456,447.8 | 79,754.5 | -8,194.2 | 1,812,967.9 |
| Long-term | 1,460,601.5 | 186,870.9 | 120,158.8 | 66,712.1 | -8,195.1 | 1,519,118.5 |
| Short-term | 280,806.1 | 349,331.4 | 336,289.0 | 13,042.4 | 0.9 | 293,849.4 |
| By User | 1,741,407.6 | 536,202.3 | 456,447.8 | 79,754.5 | -8,194.2 | 1,812,967.9 |
| Federal Government | 1,672,782.4 | 501,348.4 | 433,257.0 | 68,091.4 | 3,925.8 | 1,744,799.6 |
| Long-term | 1,400,725.3 | 186,870.9 | 119,301.9 | 67,569.0 | 3,925.8 | 1,472,220.1 |
| Short-term | 272,057.1 | 314,477.5 | 313,955.1 | 522.4 | 0.0 | 272,579.5 |
| PEDBC's | 19,353.0 | 19,053.9 | 2,387.5 | 16,666.4 | -12,591.8 | 23,427.6 |
| Long-term | 19,353.0 | 0.0 | 64.3 | -64.3 | -12,591.8 | 6,696.9 |
| Short-term | 0.0 | 19,053.9 | 2,323.2 | 16,730.7 | 0.0 | 16,730.7 |
| Development Banks | 49,272.2 | 15,800.0 | 20,803.3 | -5,003.3 | 471.8 | 44,740.7 |
| Long-term | 40,523.2 | 0.0 | 792.6 | -792.6 | 470.9 | 40,201.5 |
| Short-term | 8,749.0 | 15,800.0 | 20,010.7 | -4,210.7 | 0.9 | 4,539.2 |
| By Financing Source | 1,741,407.6 | 536,202.3 | 456,447.8 | 79,754.5 | -8,194.2 | 1,812,967.9 |
| Privately Placed Bonds | 1,618,589.6 | 488,904.4 | 425,865.5 | 63,038.9 | 2,843.8 | 1,684,472.3 |
| SAR | 59,499.5 | 28,159.2 | 26,927.5 | 1,231.7 | 1,169.1 | 61,900.3 |
| Commercial Banks | 1,170.3 | 0.0 | 76.3 | -76.3 | 13.6 | 1,107.6 |
| Others | 62,148.2 | 19,138.7 | 3,578.5 | 15,560.2 | -12,220.7 | 65,487.7 |

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions.

p_/ Preliminary Figures

1_/ Considers the domestic currency denominated balance of the Federal Treasury's General Account and other held by PEDBC's and Development Banks..

Source: Ministry of Finance and Public Credit

Mexico City, May 30th, 2007.

PUBLIC SECTOR EXTERNAL DEBT, JANUARY-APRIL^{1/}
(Million Dollars)

| Concept | Outstanding as of December 2006 p _/ | Indebtedness | | | Adjust | Outstanding as of April 2007p _/ |
|--|---|----------------|----------------|----------------|----------------|--|
| | | Originations | Amort. | Net | | |
| Net Debt | 47,247.2 | | | | | 48,369.3 |
| Financial Assets in Foreign Currency ^{1/} | -7,519.1 | | | | | -10,330.6 |
| Gross Debt | 54,766.3 | 9,011.0 | 7,722.2 | 1,288.8 | 2,644.8 | 58,699.9 |
| By Term | 54,766.3 | 9,011.0 | 7,722.2 | 1,288.8 | 2,644.8 | 58,699.9 |
| Long-term | 53,921.6 | 3,852.7 | 5,190.3 | -1,337.6 | 2,630.4 | 55,214.4 |
| Short-term | 844.7 | 5,158.3 | 2,531.9 | 2,626.4 | 14.4 | 3,485.5 |
| By User | 54,766.3 | 9,011.0 | 7,722.2 | 1,288.8 | 2,644.8 | 58,699.9 |
| Federal Government | 41,936.3 | 2,672.7 | 4,875.5 | -2,202.8 | 1,582.4 | 41,315.9 |
| Long-term | 41,936.3 | 2,672.7 | 4,875.5 | -2,202.8 | 1,582.4 | 41,315.9 |
| Short-term | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| PEDBC's | 7,212.0 | 4,394.4 | 801.8 | 3,592.6 | 1,049.8 | 11,854.4 |
| Long-term | 7,202.8 | 1,141.4 | 134.1 | 1,007.3 | 1,047.1 | 9,257.2 |
| Short-term | 9.2 | 3,253.0 | 667.7 | 2,585.3 | 2.7 | 2,597.2 |
| Development Banks | 5,618.0 | 1,943.9 | 2,044.9 | -101.0 | 12.6 | 5,529.6 |
| Long-term | 4,782.5 | 38.6 | 180.7 | -142.1 | 0.9 | 4,641.3 |
| Short-term | 835.5 | 1,905.3 | 1,864.2 | 41.1 | 11.7 | 888.3 |
| By Financing Source | 54,766.3 | 9,011.0 | 7,722.2 | 1,288.8 | 2,644.8 | 58,699.9 |
| Privately Placed Bonds | 38,558.0 | 2,266.6 | 4,645.7 | -2,379.1 | 1,569.6 | 37,748.5 |
| IFI's | 8,255.4 | 438.6 | 322.2 | 116.4 | 8.1 | 8,379.9 |
| Bilateral | 3,139.2 | 742.5 | 614.9 | 127.6 | 8.8 | 3,275.6 |
| Commercial Banks | 1,578.0 | 2,337.7 | 1,472.0 | 865.7 | 11.6 | 2,455.3 |
| Restructured 1989 - 1990 | 76.5 | 0.0 | 0.0 | 0.0 | 0.0 | 76.5 |
| Spanish Bank Bonds | 76.5 | 0.0 | 0.0 | 0.0 | 0.0 | 76.5 |
| Others ^{2/} | 3,159.2 | 3,225.6 | 667.4 | 2,558.2 | 1,046.7 | 6,764.1 |

Note: Figures may not add up due to rounding

*_/ Figures subject to revisions.

p_/ Preliminary Figures

1_/ Considers the US Dollar denominated balance of the Federal Treasury's General Account and other assets in foreign currency and assets from PEDBC's and Development Banks.

2_/ Considers direct debt due to Projects of Productive Infrastructure of Long-term (PIDIREGAS).

Source: Ministry of Finance and Public Credit

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