



PUBLIC FINANCE AND PUBLIC DEBT REPORT, AUGUST 2010

The public finance and public debt preliminary results as of August 2010 were released today.

The main results during the January-August period are the following:

- The Public Sector deficit was Ps. 140.3 billion and **if Pemex's investment is excluded**, the public balance would register a surplus of Ps. 11.6 billion, results consistent with the approved public deficit for the year.
- Budgetary revenues were lower by 0.8 percent in real annual terms due to the revenues last year from the remnant of operation of Banco de Mexico by Ps. 95.0 billion in April and the use of resources from the oil revenues stabilization fund (FEIP) by Ps. 60.5 billion in August, as well as the effect during 2010 of the fiscal benefits established for the states of Coahuila, Nuevo León and Tamaulipas that were affected by hurricane "**Alex**".
- When adjusting budgetary revenues for the remnant of operation of Banco de Mexico and the resources from the FEIP, these show an increase of 8.6 percent in real terms.
- Non-oil tax revenues, oil revenues and revenues of public entities under direct budgetary control other than PEMEX increased by 11.8, 5.8 and 4.2 percent in real annual terms, respectively.
- Net expenditures were higher by 1.4 percent in real annual terms. Within programmable expenditures, worth highlighting are the resources channeled to health, social security, education, social assistance, access to drinking water and sewerage.
- Shared revenues increased by 14.9 percent in real annual terms.
- **The Federal Public Sector's** net domestic debt increased by Ps. 128.7 billion and the **Federal Public Sector's** net external debt increased by US\$ 6.8 billion with respect to the end of 2009.

Evolution of the Public Finances during January-August

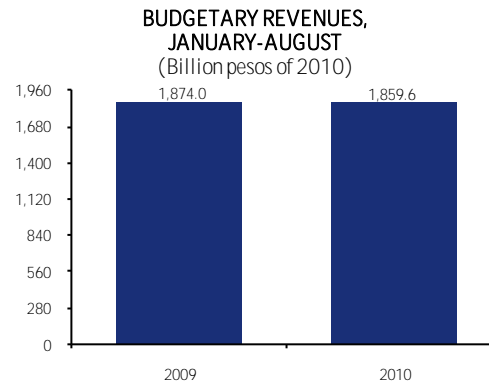
As of August 2010, the Public Sector's balance posted a deficit of Ps. 140.3 billion. The primary balance posted a Ps. 9.9 billion surplus. **If PEMEX's investment is excluded**, the public sector's balance would register a surplus of Ps. 11.6 billion. These results are consistent with the approved deficit for 2010, in compliance with Article 17 of the Federal Budget and Fiscal Responsibility Law.

Public Sector Budgetary Revenues during January-August

The Public Sector's **budgetary revenues** were Ps. 1,859.6 billion, amount 0.8 percent lower in real terms than the one registered during the same period of the previous year. The moderate decrease is due to the revenues registered last year in April by Ps. 95.0 billion associated with the remnant of operation of Banco de Mexico and in August by Ps. 60.5 billion due to the use of resources from the FEIP, as well as the effect during 2010 of the fiscal benefits established for tax payers in the states of Coahuila, Nuevo León and Tamaulipas that were affected by hurricane "Alex". When adjusting the comparison base in 2009 by the budgetary revenues from the remnant of operation of Banco de Mexico and the resources from the FEIP, budgetary revenues in 2010 register an increase of 8.6 percent in real terms with respect to those observed in the previous year. The evolution of the main components of budgetary revenues was the following:

- Non-oil tax revenues were Ps. 890.2 billion, amount 11.8 percent higher in real terms than that observed during the January-August period of the previous year. Excise tax collection, VAT and Income tax collection (which includes the IETU and the

Tax on Cash Deposits) increased by 26.0, 19.5 and 9.0 percent in real terms, respectively.

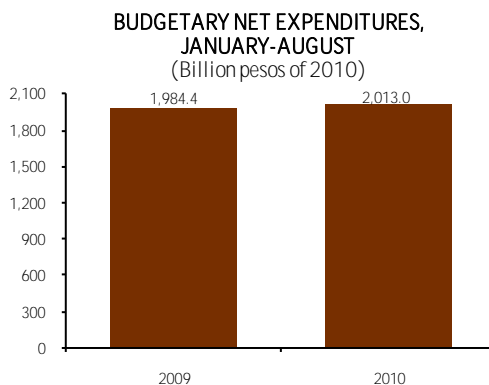


- Oil related revenues (which include **PEMEX's own revenues**, royalties and fees, excise tax collection on gasoline and diesel, and the tax on oil returns) totaled Ps. 590.5 billion, amount that is 5.8 percent higher in real terms than the one registered in the same period of 2009. This result is explained mainly by the higher price of the Mexican oil mix (70.5 dpb compared with 47.5 dpb observed in the same period of last year), that was partially offset by the real appreciation of the exchange rate by 11.3 percent with respect to the same period of the previous year, the higher value of imports of hydrocarbons by 42.8 percent in real terms and the decline in the oil production platform of 1.6 percent.
- Revenues of public entities under direct budgetary control other than PEMEX were Ps. 293.6 billion, which represented an increase of 4.2 percent in real terms with respect to those registered in the same period of the previous year. This is mainly explained by the higher value of energy sales and higher fees and social security contributions.

- Non-tax non-oil revenues totaled Ps. 85.3 billion, amount lower by 64.2 percent in real terms with respect to the same period of the previous year, due mainly to the fact that as of August 2009 non-recurrent revenues by Ps. 155.5 billion had been received from the remnant of operation of Banco de Mexico and the use of the FEIP.

Net Budgetary Public Sector Expenditures during January-August

During the first eight months of the year, net budgetary expenditures of the Public Sector totaled Ps. 2,013.0 billion, amount higher by 1.4 percent in real terms than the one observed in the same period of 2009.



Paid programmable expenditures totaled Ps. 1,547.1 billion, amount similar in real terms to the one observed in the same period of the previous year. Within this item, worth highlighting are the resources channeled to health, social security, education, social assistance, access to drinking water and sewerage.

Resources transferred to Federal Entities and Municipalities through shared revenues, decentralization agreements and reallocations increased by 5.4 percent in real terms. Shared

revenues increased by 14.9 percent in real terms due to higher Federal shareable revenues, while the remainder of the resources distributed to Federal Entities and Municipalities decreased by 1.1 percent in real annual terms.

The Public Sector's financial cost was Ps. 150.9 billion, amount 14.6 percent lower in real terms than the one registered in the same period of last year due to the reduction in the resources allocated to support programs for debtors and creditors of the banking system, lower interest rates and the appreciation of the exchange rate.

Stock of Public Debt as of August

At the end of August, the Federal Government's net domestic debt was Ps. 2,617.8 billion, amount that is Ps. 146.5 billion higher than that observed at the end of 2009. The change in the stock is explained by net indebtedness of Ps. 214.3 billion, by upward adjustments to the inflation indexed debt by Ps. 17.1 billion and an increase in the Federal Government's financial assets by Ps. 84.9 billion.

The stock of the Federal Government's net external debt in August was US\$ 50.6 billion, amount US\$ 4.4 billion higher than the one observed at the end of 2009. This result is explained by a net indebtedness by US\$ 2.5 billion, by downward accounting adjustments by US\$ 0.3 billion and a decrease in financial assets in foreign currency by US\$ 2.2 billion.

The stock of the Federal Public Sector's net domestic debt (Federal Government, PEDBC's and development banks) at the end of August was Ps. 2,722.9 billion, which implies an increase of Ps. 128.7 billion with respect to the stock recorded at the end of 2009. This is due to net domestic indebtedness during the



period of Ps. 216.3 billion, upward accounting adjustments by Ps. 18.5 billion and an increase in the non-financial **Public Sector's assets by Ps. 106.0 billion.**

The stock of the **Federal Public Sector's net external debt** was US\$ 98.5 billion, amount that is higher by US\$ 6.8 billion than the one registered at the end of 2009. This result is explained by net external borrowing by US\$ 3.9 billion, downward accounting adjustments by US\$ 0.7 billion and a decrease in foreign financial assets by US\$ 3.7 billion.

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/estadisticas_oportunas/ing/index.html

ANNEX

PUBLIC SECTOR BALANCE (Million pesos)						
Concept	January - August		Real % Growth	Composition %		
	2009	2010 ^{p_/}		2009	2010 ^{p_/}	
PUBLIC BALANCE^{1_/}	-100,209.3	-140,266.8	n.s.			
PUBLIC BALANCE EXCLUDING PEMEX'S INVESTMENT^{2_/}	51,283.6	11,589.3	-78.3			
Budgetary Balance	-106,051.4	-153,342.2	n.s.			
Budgetary Revenues	1,798,775.7	1,859,622.0	-0.8	100.0	100.0	
Oil Related	535,909.9	590,511.9	5.8	29.8	31.8	
Federal Government	313,276.7	393,772.1	20.7	17.4	21.2	
PEMEX	222,633.2	196,739.7	-15.2	12.4	10.6	
Non-oil related	1,262,865.8	1,269,110.1	-3.5	70.2	68.2	
Federal Government	992,440.3	975,519.5	-5.6	55.2	52.5	
Tax	764,029.5	890,238.8	11.8	42.5	47.9	
Non-tax	228,410.8	85,280.6	-64.2	12.7	4.6	
PEDBC	270,425.5	293,590.7	4.2	15.0	15.8	
Net Budgetary Expenditures	1,904,827.1	2,012,964.2	1.4	100.0	100.0	
Programmable	1,485,113.9	1,547,061.2	0.0	78.0	76.9	
Non programmable	419,713.3	465,903.0	6.6	22.0	23.1	
PEIBC	5,842.2	13,075.4	114.8			
Primary Balance	70,328.1	9,911.3	-86.5			

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

n.s.: No significant.

1_/ In 2009, the liabilities of long term productive infrastructure projects (PIDIREGAS) were converted, in an exceptional manner, into PEMEX's direct public debt with liabilities. The information presented excludes the effect of this conversion because their inclusion would complicate the evaluation of public finance results throughout the year.

2_/ In 2009 and 2010, PEMEX's physical investment is excluded.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR REVENUES
(Million pesos)

Concept	January-August		Real % Growth	Composition %	
	2009	2010 ^{p_/_}		2009	2010 ^{p_/_}
Budgetary Revenues(I+II)	1,798,775.7	1,859,622.0	-0.8	100.0	100.0
I. Oil Related (a+b)	535,909.9	590,511.9	5.8	29.8	31.8
a) PEMEX	222,633.2	196,739.7	-15.2	12.4	10.6
b) Federal Government	313,276.7	393,772.1	20.7	17.4	21.2
Rights and royalties	294,279.1	434,991.6	41.9	16.4	23.4
Excise taxes ^{1_/_}	17,757.3	-43,856.3	n.s.	1.0	-2.4
Tax on Oil Returns	1,240.3	2,636.8	104.1	0.1	0.1
II. Non-oil related (c+d)	1,262,865.8	1,269,110.1	-3.5	70.2	68.2
c) Federal Government	992,440.3	975,519.5	-5.6	55.2	52.5
Tax	764,029.5	890,238.8	11.8	42.5	47.9
Income Tax, IETU and IDE	411,034.0	466,685.5	9.0	22.9	25.1
Income Tax	362,404.2	421,370.3	11.6	20.1	22.7
IMPAC	-2,193.0	-276.2	n.s.	-0.1	0.0
IETU (Unique Rate Corporate Tax)	33,866.6	33,240.4	-5.8	1.9	1.8
IDE (Tax on Cash Deposits)	16,956.1	12,351.0	-30.1	0.9	0.7
VAT	267,827.3	333,397.5	19.5	14.9	17.9
Excise taxes	30,493.9	40,027.6	26.0	1.7	2.2
Import taxes	19,320.9	15,040.8	-25.3	1.1	0.8
Others ^{2_/_}	35,353.3	35,087.4	-4.7	2.0	1.9
Non-tax	228,410.8	85,280.6	-64.2	12.7	4.6
Rights	21,597.7	23,825.9	5.9	1.2	1.3
Fees	201,985.7	58,559.5	-72.2	11.2	3.1
Others	4,827.5	2,895.3	-42.4	0.3	0.2
d) PEDBC ^{3_/_}	270,425.5	293,590.7	4.2	15.0	15.8
Memorandum items:					
Total tax related	783,027.1	849,019.3	4.1	43.5	45.7
Total non-tax related	1,015,748.6	1,010,602.7	-4.5	56.5	54.3

Note: Figures may not add up due to rounding.

p_/_ Preliminary figures.

n.s.: No significant.

1_/_ The negative sign implies that compensations were greater than receipts.

2_/_ Includes new vehicle, vehicle ownership, exports, those which do not belong to these concepts and accessory taxes.

3_/_ Excludes Federal Government transfers to the ISSSTE.

Source: Ministry of Finance and Public Credit.



**PUBLIC SECTOR NET EXPENDITURES
(Million pesos)**

Concept	January-August		Real % Growth	Composition %	
	2009	2010 ^{p_/}		2009	2010 ^{p_/}
TOTAL (I+II)	1,904,827.1	2,012,964.2	1.4	100.0	100.0
I. Primary Expenditures (a+b)	1,735,279.1	1,862,040.4	3.0	91.1	92.5
a) Programmable	1,485,113.9	1,547,061.2	0.0	78.0	76.9
b) Non- programmable	250,165.2	314,979.2	20.9	13.1	15.6
II. Financial Cost ^{1_}	169,548.0	150,923.9	-14.6	8.9	7.5

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, as well as expenditures to support savers and bank debtors.

Source: Ministry of Finance and Public Credit.

FEDERAL GOVERNMENT DOMESTIC DEBT, AUGUST*_{1/}

Concept	Outstanding as of December 2009 ^{1/}	Indebtedness			Adjustments ^{2/}	Outstanding as of August 2010 ^{3/}
		Originations	Amort.	Net		
I. Net Debt (III-II)	2,471,343.7					2,617,823.1
II. Assets ^{3/}	231,436.0					316,376.8
III. Gross Domestic Debt	2,702,779.7	1,460,708.6	1,246,386.4	214,322.2	17,098.0	2,934,199.9
Government Securities	2,379,349.7	1,374,317.3	1,157,905.7	216,411.6	10,056.1	2,605,817.4
Cetes	498,759.8	1,026,088.9	1,040,313.5	-14,224.6	0.0	484,535.2
Bondes	20,600.0	0.0	20,600.0	-20,600.0	0.0	0.0
Bondes D	222,889.3	29,066.8	67,700.0	-38,633.2	0.0	184,256.1
Fixed Rate Bonds	1,206,516.2	232,098.6	20,580.6	211,518.0	470.9	1,418,505.1
Udibonos	430,584.4	87,063.0	8,711.6	78,351.4	9,585.2	518,521.0
<i>Udibonos udi's</i>	99,209.2	19,694.4	1,965.0	17,729.4	183.0	117,121.6
S.A.R.	92,222.3	83,699.4	76,825.0	6,874.4	3,134.4	102,231.1
Obligations from ISSSTE Law	193,859.2	17.6	7,530.9	-7,513.3	3,437.4	189,783.3
Others	37,348.5	2,674.3	4,124.8	-1,450.5	470.1	36,368.1

Note: Figures may not add up due to rounding.

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

p_{1/} Preliminary figures.

^{1/} The net debt balances differ from those published in the "Report on Public Finances and Public Debt Fourth Quarter of 2009", due to the modifications of the balances of bank accounts of December 2009 made by the Federal Treasury in February 2010.

^{2/} Refers to adjustment for inflation.

^{3/} Represents the balance, denominated in pesos, of the General Account of the Federal Treasury.

Source: Ministry of Finance and Public Credit.



Press Release

Mexico City, September 30th, 2010.

FEDERAL GOVERNMENT EXTERNAL DEBT, AUGUST*_{-/}
(Million Dollars)

Concept	Outstanding as of December 2009 ^{1/}	Indebtedness			Adjustments	Outstanding as of August 2010 ^{2/}
		Originations	Amort.	Net		
I. Net Debt (III-II)	46,207.8					50,595.7
II. Assets ^{2/}	2,500.0					313.7
III. Gross Debt	48,707.8	5,333.3	2,813.4	2,519.9	-318.3	50,909.4
Public Bonds	34,961.7	4,107.8	2,359.9	1,747.9	-318.5	36,391.1
IFI's	13,496.5	902.8	368.8	534.0	-1.9	14,028.6
Bilateral	173.1	322.7	8.2	314.5	2.1	489.7
Restructured	76.5	0.0	76.5	-76.5	0.0	0.0

Note: Figures may not add up due to rounding.

*_{-/} Figures subject to revisions and methodological changes.

p_{-/} Preliminary figures.

1_{-/} The net debt balances differ from those published in the "Report on Public Finances and Public Debt Fourth Quarter of 2009", due to the modifications of the balances of bank accounts of December 2009 made by the Federal Treasury in February 2010.

2_{-/} Considers the US Dollar denominated balance of the Federal Treasury's General Account.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR DOMESTIC DEBT, AUGUST^{*_1/}
(Million Pesos)

Concept	Outstanding as of December 2009 ^{2/}	Indebtedness		Adjustments Net	Outstanding as of August 2010 ^{3/}
		Originations	Amort.		
I. Net Debt (III-II)	2,594,133.2				2,722,879.2
II. Assets ^{3/}	293,746.9				399,793.0
III. Gross Debt	2,887,880.1	1,558,115.8	1,341,794.7	216,321.1	3,122,672.2
By Term	2,887,880.1	1,558,115.8	1,341,794.7	216,321.1	3,122,672.2
Long-term	2,474,856.6	545,736.5	306,300.0	239,436.5	2,732,841.6
Short-term	413,023.5	1,012,379.3	1,035,494.7	-23,115.4	389,830.6
By User	2,887,880.1	1,558,115.8	1,341,794.7	216,321.1	3,122,672.2
Federal Government	2,702,779.7	1,460,708.6	1,246,386.4	214,322.2	2,934,199.9
Long-term	2,314,221.4	511,976.5	293,185.2	218,791.3	2,550,110.7
Short-term	388,558.3	948,732.1	953,201.2	-4,469.1	384,089.2
PEDBC's	141,653.5	39,547.9	20,013.1	19,534.8	162,606.9
Long-term	134,235.5	33,757.4	12,546.0	21,211.4	156,865.5
Short-term	7,418.0	5,790.5	7,467.1	-1,676.6	5,741.4
Development Banks	43,446.9	57,859.3	75,395.2	-17,535.9	25,865.4
Long-term	26,399.7	2.6	568.8	-566.2	25,865.4
Short-term	17,047.2	57,856.7	74,826.4	-16,969.7	0.0
By Financing Source	2,887,880.1	1,558,115.8	1,341,794.7	216,321.1	3,122,672.2
Bonds Placed in Domestic Markets	2,493,795.2	1,404,324.7	1,170,943.2	233,381.5	2,737,550.0
SAR	92,222.3	83,699.4	76,825.0	6,874.4	102,231.1
Commercial Banks	58,897.0	3,752.6	14,335.0	-10,582.4	48,229.8
ISSSTE's Law obligations	193,859.2	17.6	7,530.9	-7,513.3	189,783.3
Others	49,106.4	66,321.5	72,160.6	-5,839.1	44,878.0

Note: Figures may not add up due to rounding.

*_ / Figures subject to revisions and methodological changes.

p_ / Preliminary figures.

1_ / Including the Federal Government, PEDBC's and Development Banks Debt.

2_ / The net debt balances differ from those published in the "Report on Public Finances and Public Debt Fourth Quarter of 2009", due to the modifications reported by the development banks on their financial assets of December 2009 made by the Federal Treasury in February 2010.

3_ / 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.



PUBLIC SECTOR EXTERNAL DEBT, AUGUST^{*_ / 1/}
(Million Dollars)

Concept	Outstanding as of December 2009 ^{2/}	Indebtedness			Adjustments	Outstanding as of August 2010 ^{p_ /}
		Originations	Amort.	Net		
I. Net Debt (III-II)	91,721.9					98,514.2
II. Financial Assets in Foreign Currency ^{3/}	4,631.8					967.7
III. Gross Debt	96,353.7	21,714.8	17,861.6	3,853.2	-725.0	99,481.9
By Term	96,353.7	21,714.8	17,861.6	3,853.2	-725.0	99,481.9
Long-term	94,599.6	12,327.5	8,503.8	3,823.7	-722.8	97,700.5
Short-term	1,754.1	9,387.3	9,357.8	29.5	-2.2	1,781.4
By User	96,353.7	21,714.8	17,861.6	3,853.2	-725.0	99,481.9
Federal Government	48,707.8	5,333.3	2,813.4	2,519.9	-318.3	50,909.4
Long-term	48,707.8	5,333.3	2,813.4	2,519.9	-318.3	50,909.4
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	41,101.2	7,318.9	5,734.7	1,584.2	-464.9	42,220.5
Long-term	41,101.2	6,982.1	5,512.3	1,469.8	-464.9	42,106.1
Short-term	0.0	336.8	222.4	114.4	0.0	114.4
Development Banks	6,544.7	9,062.6	9,313.5	-250.9	58.2	6,352.0
Long-term	4,790.6	12.1	178.1	-166.0	60.4	4,685.0
Short-term	1,754.1	9,050.5	9,135.4	-84.9	-2.2	1,667.0
By Financing Source	96,353.7	21,714.8	17,861.6	3,853.2	-725.0	99,481.9
Public Bonds	58,731.2	8,247.6	4,763.3	3,484.3	-869.4	61,346.1
IFI's	17,143.8	914.9	516.2	398.7	-0.4	17,542.1
Bilateral	12,287.6	2,365.0	2,625.8	-260.8	88.4	12,115.2
Commercial Banks	7,791.4	9,850.5	9,657.4	193.1	46.5	8,031.0
Restructured	76.5	0.0	76.5	-76.5	0.0	0.0
Pidiregas	323.2	336.8	222.4	114.4	9.9	447.5

Note: Figures may not add up due to rounding.

*_ / Figures subject to revisions and methodological changes.

p_ / Preliminary figures.

1_ / Including the Federal Government, PEDBC's and Development Banks Debt.

2_ / The net debt balances differ from those published in the "Report on Public Finances and Public Debt Fourth Quarter of 2009", due to the modifications of the balances of bank accounts of December 2009 made by the Federal Treasury in February 2010.

3_ / Considers the US Dollar denominated balance of the Federal Treasury's General Account and other federal government assets in foreign currency, as well as other held by PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit.

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