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Press Release

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FEDERAL GOVERNMENT 2009 OIL HEDGE RESULTS

- **The Mexican Federal Government receives 5,085 million dollars as a result of the oil hedge program for the fiscal year 2009**
- **The Ministry of Finance and Public Credit hedges once again the Federal Government's 2010 oil revenue**

The Ministry of Finance and Public Credit announces the results of the oil hedge program for 2009.

The hedge was implemented by the acquisition of put options on the average price of the Mexican crude oil Export Mix, guarantying an average price of \$70 dollars per barrel for the year as a whole. The transaction was executed through the Government's Oil Stabilization Fund (FEIP for its acronym in Spanish).

Given the reduction in oil prices observed during 2009, the Federal government received 5,085 million dollars. This amount compensates the reduction on the oil revenue considered in the 2009 Federal Revenue Law.

This amount was received by the FEIP last Monday December 7th and was converted into Mexican Pesos through an FX transaction with the Central Bank, therefore they will appear as an increase in International Reserves on the next statement published by the Central Bank. The peso denominated resources of the FEIP will then be transferred to the Federal Government, through a direct deposit to the Federal Treasury in order to compensate the fall in the Federal Government's revenue as established in the "Ley Federal de Presupuesto y Responsabilidad Hacendaria".

This oil hedge transaction received the 2009 Most Innovative or Creative Use of Derivatives Award given by the global derivatives magazine *Futures and Options World*.

Additionally, the Federal Government announces the recent acquisition of hedging instruments for the fiscal year 2010, through a similar scheme than the one used for this year. Put options were acquired on the average price of the Mexican crude oil Export Mix at a level of 57 dollars per barrel, for a total cost of 1,172 million dollars.

This hedge, along with the resources available in the FEIP for the following year, will allow the Federal Government to secure its oil related revenues against the possibility that the oil price were to fall under the level approved within the 2010 Federal Revenue Law.

The oil revenue hedging program is part of the Federal Government's comprehensive risk management strategy, which has allowed the Government to mitigate the negative effects of the global financial crisis on public finances. The favorable results achieved through the hedging program this year contributed to protect spending programs on social development and infrastructure as well as to maintain the countercyclical impulse of public finances. In this sense, programmable expenditures increased 10.3% in real terms during the period comprehended between January and October of this year with respect to the level observed in the same period of 2008 and fostered investment has increased 19.7 per cent for the same period.

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