PEMEX Finance Vehicles

July 2008
Finance vehicles

PEMEX issues debt in domestic and international markets through its finance vehicles, the funds raised are directly used to finance infrastructure projects.

The vehicles used by PEMEX are:
- Pemex Project Funding Master Trust
- Fideicomiso Irrevocable de Administración F/163
- Pemex Finance Ltd.
- RepCon Lux, S.A
Characteristics of Pemex Project Funding Master Trust

- The Pemex Project Funding Master Trust (MT) is a finance vehicle established in Delaware, U.S., on November 10, 1998, under the figure of a master trust.
- MT was created by a unilateral declaration of The Bank of New York, who acts as Trustee.
- According to the U.S. laws that regulate the creation of the MT, there is no Trustor.
- The purpose of the vehicle is to contract financing or general debt, in order to pay contractors of PIDIREGAS.
- Petróleos Mexicanos and its Subsidiary Entities (PEP, PR y PGPB) guarantee the obligations acquired by the MT.
- Petróleos Mexicanos is the sole beneficiary of the MT, but not its Trustor.
- Petróleos Mexicanos or its Subsidiary Entities yield its obligations to the vehicle regarding making payments derived of tender contracts.
- MT obtains financing specifically for projects in order to pay for completed works.
The MT issues debt securities and receives cash.

Payment of principal and interest is unconditionally and irrevocably guaranteed by Petróleos Mexicanos.

Petroleos Mexicanos obligations are guaranteed jointly by PEP, PR and PGPB.

MT pays the obligations of PIDIREGAS contracts on behalf of the Subsidiary Entities.

During the construction stage, the MT makes the interest payments for project financing during the construction stage.

When the project is completed, the Subsidiary Entity pays the principal and interests to the MT.

MT pays the bondholders.
Characteristics of Fideicomiso Irrevocable de Administración F/163

- The Fideicomiso Irrevocable de Administración F/163 is a finance vehicle established in México, on October 17, 2003.
- F/163 was created by an unilateral declaration of the Bank of Boston.
- Currently, the Manager Trustee is JPMorgan.
- The purpose of the vehicle is to contract financing or general debt, in order to pay contractors of PIDIREGAS.
- Project financing is done through the issuance of Certificados Bursátiles (CEBURES) y contracting of bank loans.
- To do so, Petróleos Mexicanos y and its Subsidiary Entities (PEP, PR y PGPB) guarantee the obligations acquired by the F/163.
- Petróleos Mexicanos or its Subsidiary Entities yield its payment obligations to the vehicle in accordance to the contracts derived by tenders.
- The F/163 obtain financing specifically for projects in order to pay for completed works.
Fideicomiso Irrevocable de Administración F/163

(1) F/163 issues debt securities and receives cash.

(2) Payment of principal and interest is unconditionally and irrevocably guaranteed by Petróleos Mexicanos.

(3) Petróleos Mexicanos obligations as guarantor are guaranteed jointly by PEP, PR y PGPB.

(4) F/163 pays the obligations of PIDIREGAS contracts on behalf of the Subsidiary Entities.

(5) F/163 makes interest payments for project financing during the construction stage.

(6) When the project is completed, the Subsidiary Entity pays the principal and interests to F/163.

(7) F/163 pays the bondholders.
Characteristics of Pemex Finance, Ltd.

- Pemex Finance Ltd. (Pemex Finance) is a finance vehicle constituted in Cayman Islands on November 18, 1998.
- It was created when adverse conditions in the financial markets prevailed.
- Its objective is to finance PIDIREGAS of Pemex-Exploration and Production.
- It uses the resources obtained from the issuance of bonds to purchase accounts receivable from certain clients of PMI Comercio Internacional associated to sales of crude oil.
- Pemex Finance has not issued since 2000.
- On May 26, 2005, the retirement of US$944 million of “AAA” Pemex Finance Ltd. bonds was announced; this prepayment was carried out by exercising an option property of PEMEX.
- In order to finance this prepayment, on June 1, 2005, the Master Trust issued US$1,500 million in 10 and 30 year term bonds.
- Through this operation, Petróleos Mexicanos obtained considerable savings, since no insurance premium was paid anymore, some premiums represented up 1.60% of notional value of the issuance.
Pemex Finance, Ltd.

(1) Pemex Finance, issues debt securities and receives cash.

(2) PEMEX gives a subordinated loan to Pemex Finance every time this last one issues debt.

(3) PMI sells crude and receives accounts receivable.

(4) Pemex Finance uses the resources to buy accounts receivables for the future sale of crude of designated clients of PMI

(5) The payment for this accounts receivable is deposited in a Pemex Finance account. The resources are either used (6i) to pay interest and principal or (6ii) to buy additional accounts receivable.

Designated Clientes

PMI

Pemex Finance, Ltd.

Tenedores
Characteristics of de RepCon Lux, S.A.

- RepCon Lux, S.A. (RepCon) is a Luxemburg limited responsibility finance vehicle, constituted on November 14, 2003.
- On December 10, 2003, with Petróleos Mexicanos as guarantor, RepCon announced to international markets its intention to issue a bond, convertible into stock of Repsol YPF, S.A..
- The issuance of the convertible bond allowed PEMEX to obtain financing below prevailing market conditions, in exchange of giving the investors the possibility to convert the bonds into stock of Repsol YPF, S.A..
- The bonds pay a semi-annual coupon of 4.5%, (January 26 and July 26) and the maturity date is on January 26, 2011.
- Under this scheme, as of March 6, 2004, and up to seven business days before the maturity date, the bondholders have the right to convert the bonds into a proportional part of the stockholding of RepCon.
- RepCon has the obligation to withhold the excess dividends received during each fiscal year and accrue them as part of the exchange property.
RepCon Lux, S.A.

(1) RepCon becomes owner of Repsol YPF, S.A. stock.

(2) RepCon receives the dividends declared by Repsol YPF, S.A. and transfers them to Petróleos Mexicanos.

(3) RepCon receives the resources obtained by the issuance of convertible bonds and must pay the bond coupon but owns no resources.

(4) Petróleos Mexicanos commits itself to pay the coupons of the convertible bonds, in exchange, it receives the corporate rights (vote and dividends) of Repsol YPF, S.A. stock, as well as costs and resources of the convertible bond (asset swap).

(5) Petróleos Mexicanos commits to assume all administrative expenses.