

FOR IMMEDIATE RELEASE

New York, New York, July 10, 2006 – The Mexico Equity and Income Fund, Inc. (NYSE: MXE; MXEPR) (the “Fund”) announced today that the issuance of the Fund’s preferred stock on or about January 6, 2006, pursuant to a nontransferable rights offering to all shareholders conducted between November and December 2005, may have inadvertently contravened one of the Fund’s fundamental investment restrictions, which prohibits the Fund from issuing senior securities. Given the facts and circumstances, including the inadvertent nature of this matter, and in light of the fact that the market price of each share of preferred stock was \$19.01 as of the close of business on July 7, 2006 and that the original issuance price of each share of preferred stock was \$17.97, the Fund’s Board of Directors has determined that no action should be taken at this time with respect to this matter.

The Mexico Equity and Income Fund, Inc., is a non-diversified closed-end management investment company with the investment objective of high total return through capital appreciation and current income by investing its assets in equity and convertible debt securities issued by Mexican companies and debt securities of Mexican issuers. Its shares of common stock are listed on the New York Stock Exchange under the symbol “MXE,” and its shares of preferred stock are listed on the New York Stock Exchange under the symbol “MXEPR.” The Fund provides a vehicle to investors who wish to invest in Mexican companies through a managed non-diversified portfolio as part of their overall investment program.

Because the Fund is non-diversified, it can take larger positions in few companies, increasing its overall risk profile. Investments in securities of foreign issuers present greater risks including currency fluctuations and changes in political/economic conditions. Foreign securities markets generally exhibit greater price volatility and are less liquid than the US markets. Please read the Fund’s prospectus and other public reports for specific details regarding its risk profile.

Shares of closed-end funds frequently trade at a discount to net asset value. The price of the Fund’s shares is determined by a number of factors, several of which are beyond the control of the Fund. Therefore, the Fund cannot predict whether its shares will trade at, below or above net asset value.

This press release may contain forward-looking statements regarding future circumstances. These forward-looking statements are based upon the Fund’s current expectations and assumptions and are subject to various risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements including, in particular, the risks and uncertainties described in the Fund’s filings with the Securities and Exchange Commission. Actual results, events, and performance may differ. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Fund undertakes no obligation to release publicly any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. The inclusion of any statement in this release does not constitute an admission by the Fund or any other person that the events or circumstances described in such statement are material.

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