

FOR: The Mexico Equity and
Income Fund, Inc.

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FOR IMMEDIATE RELEASE

**THE MEXICO EQUITY AND INCOME FUND, INC.
ANNOUNCES RIGHTS OFFERING, SUBSEQUENT TENDER OFFER FOR
PREFERRED SHARES, AND PROPOSED MANAGED DISTRIBUTION PLAN**

NEW YORK, NEW YORK, July 18, 2007 - The Mexico Equity and Income Fund, Inc. (NYSE: MXE and MXE Pr) announced that the Securities and Exchange Commission has declared effective the Fund's registration statement for a nontransferable rights offering for the purchase of its common stock (the "Offer"). The Fund will issue to each stockholder of record as of July 27, 2007 (the "Record Date") one nontransferable right for every two shares of common or preferred stock such stockholder owns as of the Record Date. Each right will entitle the holder to purchase one share of common stock.

The common stock purchased pursuant to the Offer is expected to be admitted for trading on the New York Stock Exchange ("NYSE"). The Offer will be made only by means of a prospectus to be distributed to Record Date stockholders as soon as possible after the Record Date. The prospectus is also available free of charge on the SEC's Internet website at <http://www.sec.gov>.

Important Dates:

Record Date	July 27, 2007
Expiration Date	August 17, 2007

The subscription price (the "Subscription Price") will be the greater of: (i) the Fund's net asset value per share ("NAV"), or (ii) 95% of the average trade weighted market price of the Fund's common stock at the expiration of the Offer, August 17, 2007 (the "Expiration Date"), unless extended. Because the Subscription Price will not be known until the Expiration Date, we are requiring that stockholders deliver an estimated Subscription Price of \$40.05 per share.

Record Date stockholders who exercise all rights issued to them will be entitled to subscribe for additional shares at the Subscription Price pursuant to an over-subscription privilege. If sufficient shares are not available to honor all over-subscription requests, available shares will be allocated pro rata among those who over-subscribe based on the number of rights issued to them by the Fund on the Record Date.

In addition, promptly after completion of the Offer, the Fund intends to commence an in-kind tender offer for 25% of its issued and outstanding preferred stock. The consideration for the

preferred stock to be repurchased by the Fund shall be a pro rata distribution of the Fund's portfolio securities and cash valued at 99% of the NAV of the shares repurchased.

Finally, the Fund intends to file an application with the SEC requesting exemption from the provisions of Section 19(b) of the Investment Company Act of 1940, as amended, and Rule 19b-1 thereunder to permit more than one capital gain distribution per year. This exemption would allow the Fund to make periodic long-term capital gain distributions to stockholders as often as monthly. If its application is approved, the Board of Directors currently intends to make monthly cash distributions to stockholders equal to 1% of the Fund's NAV (or 12% per annum).

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 at least 80% of its assets in equity and convertible debt securities issued by Mexican companies and debt securities of Mexican issuers. Its shares of common stock and preferred stock are listed on the New York Stock Exchange under the symbols "MXE" and "MXE Pr," respectively. 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 preliminary 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 certain 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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