

FOR IMMEDIATE RELEASE

**The Mexico Equity and Income Fund, Inc.
Announces the Annual Meeting of Stockholders and Earnings
for the Fiscal Year Ending July 31, 2006**

Business Editors

NEW YORK – (BUSINESS WIRE) – October 4, 2006 – The Mexico Equity and Income Fund, Inc. (NYSE: MXE; MXEPR) (the “Fund”) announced that the Fund will hold its Annual Meeting of Stockholders on November 15, 2006. The preferred stockholders will be asked to elect Rajeev Das to serve as a Class II member of the Board of Directors. The common stockholders will be asked to elect Andrew Dakos to serve as a Class II member of the Board of Directors and to ratify the Fund’s prior issuance of shares of its preferred stock.

The Fund, a closed-end management investment company that seeks total return through capital appreciation and current income, today announced financial results for the fiscal year ended July 31, 2006.

On July 31, 2006, total net assets of the Fund were \$86,580,323 and the net asset value (“NAV”) for common and preferred stock was \$22.18 per share, based on 2,473,504 and 1,429,336 shares outstanding, respectively. The Fund’s common stock closed at \$19.40 per share and its preferred stock closed at \$19.00 per share on the New York Stock Exchange on July 31, 2006.

For the fiscal year ended July 31, 2006, the Fund’s net realized and unrealized gains totaled \$19,386,698 and the Fund’s net investment income was \$192,161.

On July 31, 2006, the Fund’s investments in equity securities of Mexican companies totaled \$78,153,483 (or 90.3% of the Fund’s net assets) and investments in debt instruments totaled \$7,909,753 (or 9.1% of the Fund’s net assets), while cash and cash equivalents (including foreign currency) totaled \$533,803 (or 0.6 % of net assets). Other liabilities in excess of other assets totaled \$16,716 (or less than 0.1% of the Fund’s net assets). Additional information regarding the Fund’s investments may be obtained by calling the Fund’s Administrator at (414) 765-4499.

As of July 31, 2006, the Fund’s 10 largest investments in common stocks represented 57.3% of the Fund’s net assets and are listed below in descending order:

1. America Telecom, S.A. de C.V. – Class A1	10.1%
2. Wal-Mart de Mexico, S.A. de C.V. – Class V	8.0%
3. Cemex, S.A. de C.V. CPO	5.8%
4. Promotora y Operadora de Infraestructura, S.A. de C.V.	5.5%
5. Mexichem, S.A. de C.V.	5.3%
6. Corporación GEO, S.A. de C.V.	5.2%
7. Urbi, Desarrollos Urbanos, S.A. de C.V.	4.5%

8. Industries CH, S.A. – Class B	4.5%
9. Grupo Financiero Banorte, S.A. de C.V. – Class O	4.3%
10. Empresas ICA Sociedad Controladora S.A. de C.V.	4.1%

The Mexico Equity and Income Fund, Inc. common stock is traded on the New York Stock Exchange under the trading symbol “MXE”. The Mexico Equity and Income Fund, Inc. preferred stock is traded on the New York Stock Exchange under the trading symbol “MXEPR”.

Periodically updated information on the Fund can be obtained by calling the Fund’s dedicated telephone line. Information provided includes a recorded update reviewing the Fund’s top holdings, net asset value and other information. The Fund’s toll free number is (866) 700-6104. Inquiries regarding change of address, transfer of shares, lost certificates, and non-receipt of dividend checks or reinvestment statements should be directed to Computershare Investor Services, P.O. Box A35014, Chicago, IL 60690-3504; (888) 294-8217.

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