

FOR: The Mexico Equity and
Income Fund, Inc.

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FOR IMMEDIATE RELEASE

**THE MEXICO EQUITY AND INCOME FUND, INC.
ANNOUNCES SUSPENSION OF RIGHTS OFFERING**

NEW YORK, NEW YORK, August 16, 2007 - **The Mexico Equity and Income Fund, Inc. (NYSE: MXE and MXE Pr)** today announced that the nontransferable rights offering currently being conducted for the purchase of its common stock (the "Offer") has been suspended due to the fact that the Fund's current net asset per share (NAV) has declined by more than 10% from its NAV as of the date the registration statement related to the Offer was declared effective by the Securities and Exchange Commission.

The Offer originally expired on August 17, 2007, but, because of the NAV decline, this expiration date is required to be postponed pursuant to an undertaking made by the Fund to the Securities and Exchange Commission in connection with the registration statement. The Fund will amend its registration statement to reflect a new expiration date by which shareholders must exercise their rights to purchase common stock under the Offer, however, all the other terms and conditions of the Offer will remain the same as set forth in such registration statement. The Fund will file a supplement to its registration statement as soon as reasonably practicable. The new expiration date for the Offer will be August 31, 2007.

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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