

FOR IMMEDIATE RELEASE

**The Mexico Equity and Income Fund, Inc.
Announces Stock Dividend, Second In-kind Tender Offer for Preferred Shares
and Results of the Annual Meeting of Shareholders**

Business Editors

New York--(BUSINESS WIRE)—Dec. 14, 2007-- The Mexico Equity and Income Fund, Inc. (the “Fund”) (NYSE: MXE; MXEPR) today announced that its Board of Directors has declared a stock dividend of \$7.4121 per share with an option to elect cash to both its common and preferred stockholders payable on January 25, 2008 to stockholders of record on December 28, 2007. The dividend on each class of stock will be paid in shares of common stock valued at the greater of market value or 95% of the net asset value on January 21, 2008. The Fund will not issue fractional shares, but instead will pay cash in lieu of fractional shares. The dividend consists of \$3.2342 short-term capital gain and \$4.1779 long-term capital gain.

Registered stockholders that elect to receive cash in lieu of the stock dividend must notify the Fund prior to January 18, 2008. Stockholders who hold their shares through a third party intermediary such as a bank or brokerage firm and that wish to receive cash in lieu of the stock dividend must notify their broker or other financial institution prior to January 18, 2008.

The Fund also announced that it expects to commence its second in kind tender offer to the Fund’s preferred shareholders in the second quarter of 2008.

The Fund also announced the results of the Annual Meeting of Stockholders of the Fund, which was held on November 26, 2007. At the Annual Meeting of Stockholders, the common and preferred stockholders elected Gerald Hellerman as a Director of the Fund and the preferred stockholders, voting as a separate class, elected Glenn Goodstein as a Director of the Fund, each to serve until the 2010 Annual Meeting of Stockholders. In addition, the Fund’s common and preferred stockholders, each voting as a separate class, approved an amendment to the Fund’s Articles Supplementary to permit preferred stockholders, at their sole discretion, to convert any of their shares of preferred stock into common stock on a one – for – one basis. Stockholders did not approve the proposed amended to the investment advisory agreement

The Fund also announced that at the 2007 Annual Meeting the Fund's common and preferred stockholders, voting together, ratified the Board's determination to implement a managed distribution policy. The commencement of the managed distribution policy is subject to Fund's receiving an order from the Securities and Exchange Commission for the necessary exemptive relief. No assurance can be given that such an order will be obtained. Upon implementation, the managed distribution policy would provide a regular monthly distribution to stockholders which is not dependent on the amount of income earned or capital gains realized by the Fund. Any particular distribution may consist of net investment income, long-term capital gains or return of capital, but the exact tax characteristics of the distributions will not be known until the Fund's fiscal year-end. Stockholders should not confuse a distribution that may include a return of capital with "dividend yield" and should understand that a "return of capital" represents a return of their original investment in the Fund's shares.

The Fund also announced that on October 31, 2007 total net assets of the Fund were \$195,694,854 and the net asset value ("NAV") for the common and preferred stock was \$39.91 per share, based on 3,474,169 and 1,429,336 shares outstanding, respectively. The Fund's common stock closed at \$35.18 per share and its preferred stock closed at \$37.00 per share on the New York Stock Exchange on October 31, 2007.

For the three months ended October 31, 2007, the Fund's net realized and unrealized gains totaled \$10,023,905 and the Fund's net investment income was \$115,727.

On October 31, 2007, the Fund's investments in equity securities of Mexican companies totaled \$191,650,673 (or 97.9% of the Fund's net assets) and investments in cash and cash equivalents (including foreign currency) totaled \$455,544 (or 0.2% of the Fund's net assets) while other assets in excess of liabilities totaled \$3,588,638 (or 1.8% of the Fund's net assets). Additional information regarding the Fund's investments may be obtained by calling the Fund's Administrator at (414) 287-3311.

As of October 31, 2007, the Fund's 10 largest investments in common stocks represented 61.2% of the Fund's net assets and are listed below in descending order:

1. Wal-Mart de México, S.A. de C.V. – Class V	9.5%
2. Empresas ICA Sociedad Consoladora, S.A. de C.V.	8.3%
3. Promotora y Operadora de Infraestructura, S.A. de C.V.	7.7%
4. América Móvil, S.A. de C.V. – Class L	7.6%
5. Grupe, S.A. de C.V.	6.3%
6. Grupo México, S.A. – Series B	5.0%
7. Promotora Ambiental, S.A. de C.V.	4.9%
8. Grupo Financiero Banorte, S.A. de C.V. – Class O	4.7%
9. Carso Infraestructura y Construcción, S.A. de C.V.	3.7%
10. Grupo Mexicano de Desarrollo, S.A.	3.5%

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