

FOR IMMEDIATE RELEASE

THE MEXICO EQUITY AND INCOME FUND ANNOUNCES DELAY IN ITS INITIAL IN-KIND REPURCHASE OFFER

September 13, 2006 –The Mexico Equity and Income Fund, Inc. (NYSE: MXE; MXEPR) (the “Fund”) announced today that its initial in-kind repurchase offer to its preferred shareholders will be delayed until such time as the Fund has received exemptive relief from the U.S. Securities and Exchange Commission to permit shareholders holding 5% or more of the preferred shares to participate in the repurchase offer without regard to whether they would be deemed to be “affiliated persons” of the Fund. The Board of Directors of the Fund had previously announced its intention to commence an initial repurchase offer of up to 25% of the Fund’s issued and outstanding shares of preferred stock at 99% of the Fund’s per share net asset value at the close of business on the expiration date of the repurchase offer.

In addition, to resolve previously announced concerns that the issuance of the preferred shares may have been in contravention of the Fund’s fundamental investment restrictions against issuing senior securities, the Board of Directors also announced its intention to seek shareholder ratification of the issuance of the preferred stock at the Fund’s annual meeting. Subject to ratification, the Board of Directors anticipates commencing the initial repurchase offer no later than November 30, 2006.

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.