

FOR IMMEDIATE RELEASE

**The Mexico Equity and Income Fund, Inc.
Announces the Holdings of its Investment Portfolio and Expiration of its Repurchase Offer for Preferred Shares**

NEW YORK – (BUSINESS WIRE) – December 29, 2008 – The Mexico Equity and Income Fund, Inc. (the “Fund”) (NYSE: MXE; MXEPR), announced today that the Fund’s offer to repurchase from Preferred Stockholders up to 25% of the Fund’s issued and outstanding shares of preferred stock (the “Preferred Shares”) at 99% of the Fund’s per share net asset value in exchange for portfolio securities of the Fund (the “Portfolio Securities”) expired on Friday, December 26th, 2008 at 5:00 P.M., New York City Time (the “Expiration Date”). A total of 674,604 shares were tendered including 37,879 shares subject to guaranteed delivery by participating Preferred Stockholders, representing approximately 79% of the Preferred Shares outstanding.

Portfolio Securities are defined as a pro-rata portion of each of the securities (other than short-term fixed income securities with maturities of less than one year, securities with transfer restrictions and certain illiquid securities), subject to adjustments for fractional shares and odd lots, and any cash held in the Fund’s investment portfolio at the close of regular trading on the NYSE on the Expiration Date. The Portfolio Securities to be received by participating Preferred Stockholders will be distributed pro-rata among tendering Preferred Stockholders in proportion to the number of Preferred Shares tendered to the Fund by each such Preferred Stockholder. The Fund expects to begin delivery of Portfolio Securities commencing after January 12, 2009.

The sale proceeds of the Offer will be remitted in Portfolio Securities except for (a) securities which, if distributed, would be required to be registered under the Securities Act of 1933, as amended (the “Securities Act”); (b) securities issued by entities in countries which restrict or prohibit the holding of securities by non-nationals other than through qualified investment vehicles; and (c) certain portfolio assets (such as forward currency exchange contracts, futures and options contracts and repurchase agreements) that, although they may be liquid and marketable, involve the assumption of contractual obligations, require special trading facilities or can only be traded with the counterparty to the transaction in order to effect a change in beneficial ownership. With respect to the Portfolio Securities, as to fractional shares and/or odd lots of securities and/or amounts attributable to any cash position (including short-term non-equity securities), the Fund will (a) pay cash for fractional shares and/or odd lots of securities and/or amounts attributable to any cash position (including short-term non-equity securities); (b) round off (up or down) odd lots or fractional shares so as to eliminate them prior to distribution; or (c) pay a higher pro-rata percentage of equity securities to represent such items. The choice of option (a), (b) or (c) with respect to the treatment of fractional shares and/or odd lots of securities is at the discretion of the Fund.

As of December 26, 2008, the Fund's investment portfolio in securities to be received by participating Preferred Stockholders is as follows:

ISIN		% of Total Assets
MXP001691213	America Movil, S.A. de C.V. - Class L	21.6%
MX01CI030007	Grupe, S.A. de C.V.	8.6%
MX01PI000005	Promotora y Operadora de Infraestructura, S.A. de C.V.	7.9%
MXP371491046	Empresas ICA Sociedad Conroladora, S.A. de C.V.	6.4%
MXP370841019	Grupo Mexico, S.A. - Series B	5.4%
MXP4987V1378	Grupo Televisa, S.A. CPO	5.1%
MX01H0000007	Desarrolladora Homex S.A. de C.V.	5.0%
MX01UR000007	Urbi, Desarrollos Urbanos, S.A. de C.V.	4.8%
MX01GM080002	Grupo Mexicano de Desarrollo, S.A.	3.0%
US02364W1053	America Movil, S.A. de C.V. - Class L - ADR	2.7%
MX01ME050007	Mexichem, S.A. de C.V.	2.5%
MX01PA0B0006	Promotora Ambiental, S.A. de C.V.	2.4%
MX01GB0D0001	Corporativo GBM SAB de CV	2.1%
MXP524131127	Industrias CH, S.A. - Class B	2.0%
MXP001161019	Consorcio ARA, S.A. DE C.V.	1.8%
MX1BNA060006	NAFTRAC	1.7%
MX01GC2M0006	Grupo Cementos de Chihauhau, S.A. de C.V.	1.1%
MXP01AR2E0007	Embotelladoras Arca S.A.	1.0%
MX01GM090001	GMD Resorts SAB de CV	1.0%
MXP314311103	Corporacion Moctezuma, S.A. de C.V.	1.0%
MXP554091415	Industrias Penoles, S.A.	0.9%
US40049J2069	Grupo Televisa, S.A. - ADR	0.9%
MXP2861W1067	Coca-Cola Femsa, S.A.B. DE C.V.	0.4%
MXP001391012	Alsea , S.A.B. DE C.V.	0.4%
MXP495211262	Grupo Bimbo, S.A.B DE C.V.	0.2%
MX01CI050005	Carso Infraestructura y Construccion, S.A.	0.2%

The Fund is a closed-end management investment company that seeks high total return through capital appreciation and current income by investing primarily in equity and convertible debt securities issued by Mexican companies and debt securities of Mexican issuers. Pichardo Asset Management, S.A. de C.V. is the investment adviser to the Fund. The Fund's common and preferred stocks are traded on the New York Stock Exchange under the trading symbol "MXE" and "MXEPR", respectively.

Periodically updated information on the Fund can be obtained by calling the Fund's dedicated telephone line or by visiting the Fund's website at www.mxefund.com. Information includes a recorded update providing the Fund's net asset value. 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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