PETRÓLEOS MEXICANOS, SUBSIDIARY ENTITIES AND SUBSIDIARY COMPANIES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013, 2012 AND 2011

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies

Consolidated financial statements
December 31, 2013, 2012 and 2011

Index

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the General Comptroller's Office
and the Board of Directors of
Petróleos Mexicanos:

We have audited the accompanying consolidated statement of financial position of Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies ("PEMEX") as of December 31, 2013, and the related consolidated statements of comprehensive income, changes in equity (deficit), and cash flows for the year ended December 31, 2013. These consolidated financial statements are the responsibility of PEMEX's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to these consolidated financial statements, on December 20, 2013, the Decreto por el que se reforman y adicionan diversas disposiciones de la Constitución Política de los Estados Unidos Mexicanos, en Materia de Energía (Decree that amends and supplements various provisions of the Political Constitution of the United Mexican States relating to energy matters, or the "Energy Reform Decree") was published in the Diario Oficial de la Federación (Official Gazette of the Federation). The Energy Reform Decree includes transitional articles that set forth the general framework for the secondary legislation or implementing laws, which have not been enacted at the date of this report. The Energy Reform Decree contemplates certain changes that will affect the current structure of PEMEX. PEMEX will be converted from a decentralized public entity to a productive state-owned company. The Mexican Government will carry out the exploration and extraction of hydrocarbons in Mexico through assignments to productive state-owned companies or through agreements with such productive state-owned companies or with private sector companies. PEMEX has requested that the Secretaría de Energía (Ministry of Energy) assign to it certain exploration and extraction areas in which it currently operates, based on its operational capabilities. Any such areas that PEMEX does not request or are not assigned to it will be subject to a bidding process that will be open to participation by private sector companies. The Mexican Government will form the Centro Nacional de Control del Gas Natural (National Center of Natural Gas Control), a new decentralized public entity of the Mexican Government, which will be created to own and operate the national gas pipeline system and storage infrastructure. Pemex-Gas and Basic Petrochemicals will transfer and assign to the National Center of Natural Gas Control the assets and contracts necessary for it to manage this system and infrastructure. At the date of this report, the effects related to the Energy Reform Decree have not been quantified due to the fact that the general framework for the secondary legislation has not been enacted. Our opinion is not qualified in respect of this matter.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies as of December 31, 2013, and the results of their operations and cash flows for the year ended December 31, 2013, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Truly yours,

CASTILLO MIRANDA Y COMPAÑÍA, S. C.

C.P.C. Bernardo Soto Peñafiel

Mexico City,
April 14, 2014

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies

Consolidated statements of financial position
as of December 31, 2013 and 2012
(Figures stated in thousands, except as noted)

	Note	December 31, 2013	December 31, 2012
Assets			
Current			
Cash and cash equivalents	5	Ps. 80,745,719	Ps. 119,234,891
Accounts, notes receivable and other	6	122,512,011	133,009,511
Inventories	7	56,914,500	56,847,570
Derivative financial instruments	13	6,741,640	9,050,153
Total current assets		266,913,870	318,142,125
Non-current assets			
Investments in equity instruments	8	17,728,571	15,771,259
Permanent investments in associates	9	16,779,501	14,646,263
Wells, pipelines, properties, plant and equipment, net	10	1,721,578,741	1,658,734,085
Deferred taxes	17	2,493,162	1,935,997
Restricted cash	5	7,701,798	2,605,332
Other assets	11	14,194,710	12,347,835
Total non-current assets		1,780,476,483	1,706,040,771
Total assets		Ps. 2,047,390,353	Ps. 2,024,182,896
Liabilities			
Current			
Current portion of long-term debt	12	Ps. 90,676,943	Ps. 114,241,005
Suppliers		106,745,193	61,513,451
Accounts and accrued expenses payable		14,194,719	9,315,539
Derivative financial instruments	13	6,284,482	6,752,811
Taxes and duties payable	17	41,289,495	43,980,843
Total current liabilities		259,190,832	235,803,649
Long-term liabilities			
Long-term debt	12	750,563,471	672,617,595
Employee benefits	14	1,119,207,870	1,288,540,759
Provisions for sundry creditors	15	69,209,398	63,802,794
Other liabilities		7,405,724	6,346,034
Deferred taxes	17	27,059,698	28,137,915
Total long-term liabilities		1,973,446,161	2,059,445,097
Total liabilities		2,232,636,993	2,295,248,746

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies

Consolidated statements of financial position(continued)
as of December 31, 2013 and 2012
(Figures stated in thousands, except as noted)

	Note	December 31, 2013	December 31, 2012
From the previous page		Ps. 2,232,636,993	Ps. 2,295,248,746
Equity (deficit)	18		
Controlling interest:			
Certificates of Contribution "A"		114,604,835	49,604,835
Mexican Government contributions to Petróleos Mexicanos		115,313,691	178,730,591
Legal reserve		1,002,130	977,760
Accumulated other comprehensive result		(129,065,629)	(383,337,573)
Accumulated losses:			
Deficit from prior years		(117,739,916)	(120,572,948)
Net (loss) profit for the year		(169,865,633)	2,833,032
Total controlling interest		(185,750,522)	(271,764,303)
Total non-controlling interest		503,882	698,453
Total equity (deficit)		(185,246,640)	(271,065,850)
Total liabilities and equity (deficit)		Ps. 2,047,390,353	Ps. 2,024,182,896

The accompanying notes are an integral part of these consolidated financial statements.

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies

Consolidated statements of comprehensive income
For the years ended December 31, 2013, 2012 and 2011
(Figures stated in thousands, except as noted)

	Note	2013	2012	2011
Net sales:				
Domestic		Ps. 910,187,634	Ps. 867,036,701	Ps. 779,197,974
Export		687,677,634	772,699,053	772,965,362
Services income		10,339,357	7,176,286	6,290,781
		1,608,204,625	1,646,912,040	1,558,454,117
Cost of sales	3-g	814,006,338	832,490,574	778,776,371
Gross income		794,198,287	814,421,466	779,677,746
Other revenues and expenses - net	19	64,526,850	209,018,963	189,119,861
General expenses:				
Transportation and distribution expenses		32,448,436	28,488,283	26,709,677
Administrative expenses		98,654,472	89,612,849	80,776,819
Operating income		727,622,229	905,339,297	861,311,111
Financing income	20	24,527,209	23,214,838	30,584,234
Financing cost	20	(54,067,021)	(72,951,238)	(63,236,207)
Exchange (loss) gain - net		(3,951,492)	44,845,661	(60,143,252)
		(33,491,304)	(4,890,739)	(92,795,225)
Profit (loss) sharing in associates	9	706,710	4,797,607	(810,753)
Income before taxes, duties and other		694,837,635	905,246,165	767,705,133
Hydrocarbon extraction duties and others	17	857,356,289	898,397,659	871,686,746
Hydrocarbon income tax	17-k	3,787,543	2,392,919	(677,390)
Income tax	17-m	3,752,230	1,855,109	3,638,034
Total taxes, duties and other		864,896,062	902,645,687	874,647,390
Net (loss) income for the year		(170,058,427)	2,600,478	(106,942,257)
Other comprehensive results:				
Investments in equity instruments		4,453,495	(10,125,874)	3,872,160
Actuarial gains (losses) - employee benefits		247,376,029	(364,878,859)	(14,890,060)
Cumulative currency translation effect		2,440,643	(1,838,242)	4,573,141
Total other comprehensive results		254,270,167	(376,842,975)	(6,444,759)
Comprehensive result for the year		Ps. 84,211,740	Ps. (374,242,497)	Ps. (113,387,016)
Net income (loss) for the year attributable to:				
Controlling interest		Ps. (169,865,633)	2,833,032	(106,732,090)
Non-controlling interest		(192,794)	(232,554)	(210,167)
Net (loss) income for the year		Ps. (170,058,427)	Ps. 2,600,478	Ps. (106,942,257)
Other comprehensive results attributable to:				
Controlling interest		Ps. 254,271,944	Ps. (376,775,350)	Ps. (6,562,223)
Non-controlling interest		(1,777)	(67,625)	117,464
Total other comprehensive results for the year		Ps. 254,270,167	Ps. (376,842,975)	Ps. (6,444,759)
Comprehensive income (loss) for the year:				
Controlling interest		Ps. 84,406,311	Ps. (373,942,318)	Ps. (113,294,313)
Non-controlling interest		(194,571)	(300,179)	(92,703)
Comprehensive result for the year		Ps. 84,211,740	Ps. (374,242,497)	Ps. (113,387,016)

The accompanying notes are an integral part of these consolidated financial statements.

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies

Consolidated statements of changes in equity (deficit)
For the years ended December 31, 2013, 2012 and 2011
(Figures stated in thousands, except as noted)

					Controlling interest							
					Accumulated other comprehensive income (loss)			Accumulated losses				
	Note	Certificates of contribution "A"	Mexican Government contributions to Petróleos Mexicanos	Legal reserve	Investments in equity instruments	Cumulative currency translation effect	Actuarial gains (losses) on employee benefits effect	For the year	From prior years	Total	Non controlling interest	Total equity
Balances as of December 31, 2011		Ps. 49,604,835	Ps. 178,730,591	Ps. 977,760	Ps. 3,872,160	Ps. 4,455,677	Ps. (14,890,060)	Ps. (106,732,090)	Ps. (13,840,858)	Ps. 102,178,015	Ps. 998,632	Ps. 103,176,647
Transfer to prior years' accumulated losses approved by the Board of Directors		-	-	-	-	-	-	106,732,090	(106,732,090)	-	-	-
Comprehensive income (loss) for the year		-	-	-	(10,125,874)	(1,770,617)	(364,878,859)	2,833,032	-	(373,942,318)	(300,179)	(374,242,497)
Balances as of December 31, 2012	18	49,604,835	178,730,591	977,760	(6,253,714)	2,685,060	(379,768,919)	2,833,032	(120,572,948)	(271,764,303)	698,453	(271,065,850)
Transfer to prior years' accumulated losses approved by the Board of Directors		-	-	-	-	-	-	(2,833,032)	2,833,032	-	-	-
Increase in Certificates of Contribution "A"	18-a	65,000,000	-	-	-	-	-	-	-	65,000,000	-	65,000,000
Decrease in Mexican Government Contributions to Petróleos Mexicanos	18-b	-	(65,000,000)	-	-	-	-	-	-	(65,000,000)	-	(65,000,000)
Increase in Mexican Government contributions to Petróleos Mexicanos	18-b	-	3,583,100	-	-	-	-	-	-	3,583,100	-	3,583,100
Increase in Mexican Government contributions to Petróleos Mexicanos – uncalled capital	18-b	-	(2,000,000)	-	-	-	-	-	-	(2,000,000)	-	(2,000,000)
Increase in legal reserve	18-c	-	-	24,370	-	-	-	-	-	24,370	-	24,370
Comprehensive income (loss) for the year		-	-	-	4,453,495	2,442,420	247,376,029	(169,865,633)	-	84,406,311	(194,571)	84,211,740
Balances as of December 31, 2013	18	Ps. 114,604,835	Ps. 115,313,691	Ps. 1,002,130	Ps. (1,800,219)	Ps. 5,127,480	Ps. (132,392,890)	Ps. (169,865,633)	Ps. (117,739,916)	Ps. (185,750,522)	Ps. 503,882	Ps. (185,246,640)

The accompanying notes are an integral part of these consolidated financial statements.

Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies

Consolidated statements of cash flows
For the years ended December 31, 2013, 2012 and 2011
(Figures stated in thousands, except as noted)

	2013	2012	2011
Operating activities:			
Net (loss) income for the year	Ps. (170,058,427)	Ps. 2,600,478	Ps. (106,942,257)
Activities related to investing activities:			
Depreciation and amortization	148,491,704	140,537,720	127,380,409
Impairment of wells, pipelines, properties, plant and equipment	25,608,835	-	(6,855,535)
Unsuccessful wells	12,497,726	13,842,410	12,021,450
Disposal of wells, pipelines, properties, plant and equipment	14,699,620	733,521	4,685,135
Profit (loss) sharing in associates	(706,710)	(4,797,607)	810,753
Dividends	(914,116)	(685,704)	(599,907)
Effects of net present value of reserve for well abandonment	(5,240,305)	3,552,924	6,598,215
Gain on sale of properties, plant and equipment	(768,000)	-	-
Net (profit) loss on investments in equity instruments	(278,842)	-	-
Activities related to financing activities:			
Amortization expenses related to debt issuance	(1,890,710)	1,560,478	762,387
Unrealized foreign exchange gain (loss)	3,308,299	(40,561,801)	69,417,356
Interest expense	39,303,943	45,738,584	34,830,543
	64,053,017	162,521,003	142,108,549
Funds provided bny (used in) operating activities:			
Derivative financial instruments	1,840,184	1,919,393	3,380,190
Accounts and notes receivable	5,401,035	22,597,978	(34,720,103)
Inventories	(66,930)	(11,829,418)	(5,750,281)
Other assets	(12,905,916)	(7,678,603)	(9,669,152)
Accounts payable and accrued expenses	4,879,180	1,362,781	6,759,771
Taxes paid	(2,691,348)	(21,789,616)	13,204,559
Suppliers	45,231,742	8,200,280	9,838,732
Provisions for sundry creditors	8,187,800	(2,696,770)	(5,927,517)
Employee benefits	78,043,140	61,583,267	50,952,857
Deferred taxes	(1,635,382)	(859,954)	(905,882)
Net cash flows from operating activities	190,336,522	213,330,341	169,271,723
Investing activities			
Acquisition of wells, pipelines, properties, plant and equipment	(245,627,554)	(197,508,998)	(167,013,568)
Exploration costs	(1,438,685)	(1,828,043)	(4,135,188)
Investments in equity instruments	2,869,883	-	(20,783,820)
Net cash flows from investing activities	(244,196,356)	(199,337,041)	(191,932,576)
Financing activities			
Increase in equity from the Mexican Government	66,583,100	-	-
Decrease in equity Mexican Government contributions	(65,000,000)	-	-
Loans obtained from financial institutions	236,955,033	377,896,149	189,693,019
Debt payments, principal only	(191,146,091)	(341,863,963)	(152,118,845)
Interest paid	(37,133,100)	(46,589,066)	(33,381,090)
Net cash flows from financing activities	10,258,942	(10,556,880)	4,193,084
Net (decrease) increase in cash and cash equivalents	(43,600,892)	3,436,420	(18,467,769)
Effects of change in cash value	5,111,720	821,924	2,247,961
Cash and cash equivalents at the beginning of the year	119,234,891	114,976,547	131,196,355
Cash and cash equivalents at the end of the year (Note 5)	Ps. 80,745,719	Ps. 119,234,891	Ps. 114,976,547

The accompanying notes are an integral part of these consolidated financial statements.

1. Structure and business operations of Petróleos Mexicanos, Subsidiary Entities and Subsidiary Companies

Petróleos Mexicanos was created on June 7, 1938, and began operations on July 20, 1938 in accordance with a decree of the Mexican Congress stating that all foreign-owned oil companies in operation at that time in the United Mexican States ("Mexico") were thereby nationalized. Petróleos Mexicanos and its four Subsidiary Entities (as defined below) are decentralized entities of the Federal Government of Mexico (the "Mexican Government") and together comprise the Mexican oil and gas industry.

The operations of Petróleos Mexicanos and its Subsidiary Entities (as defined below) are regulated mainly by the Constitución Política de los Estados Unidos Mexicanos (Political Constitution of the United Mexican States, or the "Mexican Constitution"), the Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo (Regulatory Law to Article 27 of the Political Constitution of the United Mexican States concerning Petroleum Affairs, or the "Regulatory Law"), the Ley de Petróleos Mexicanos (Petróleos Mexicanos Law) and the Reglamento de la Ley de Petróleos Mexicanos (Regulations to the Petróleos Mexicanos Law), which establish the state will be exclusively entrusted with the activities in the strategic areas of petroleum, hydrocarbons and basic petrochemicals through Petróleos Mexicanos and its Subsidiary Entities (as defined below).

The Petróleos Mexicanos Law, which was published in the Diario Oficial de la Federación (Official Gazette of the Federation) on November 28, 2008, establishes that the four Subsidiary Entities (as defined below) will continue carrying out their activities in accordance with their objectives, fulfilling the commitments they have already assumed in Mexico and abroad.

On March 21, 2012, the President of Mexico issued the Decreto que tiene por objeto establecer la estructura, el funcionamiento y el control de los organismos subsidiarios de Petróleos Mexicanos (Decree to establish the structure, operation and control of the subsidiary entities of Petróleos Mexicanos, or the "Subsidiary Entities Decree"), which was published in the Official Gazette of the Federation and became effective as of the following day.

Under the Subsidiary Entities Decree:

- Petróleos Mexicanos continues to have the authority to direct the central planning and strategic management of the Subsidiary Entities (as defined below) in accordance with the Petróleos Mexicanos Law, and to provide general corporate services of an administrative and technical nature, as requested by the Subsidiary Entities (as defined below).

- The Subsidiary Entities (as defined below) will continue to undertake all activities related to technical and industrial operations that are strictly productive and commercial in nature, in accordance with their purpose.

- The organization continues to allocate the duties to each Subsidiary Entity (as defined below) in accordance with the rationale of distributing core activities of a productive character as referred to in the Petróleos Mexicanos Law.

- The activities related to petrochemical products, as opposed to basic petrochemicals, must be undertaken by the Subsidiary Entities (as defined below), and such products will continue to be manufactured by Pemex-Petrochemicals (as defined below), notwithstanding undertakings by the private sector.

- The activities, operations or services required by the Subsidiary Entities (as defined below) for carrying out their respective objectives may be undertaken by companies owned by Petróleos Mexicanos, the Subsidiary Entities (as defined below) or both. With respect to any activities not reserved exclusively for the State, the Subsidiary Entities (as defined below) may enter into alliances or partnerships with third parties.

In addition, on September 4, 2009, the Board of Directors of Petróleos Mexicanos (the "Board") approved the Estatuto Orgánico (Organic Statute) of Petróleos Mexicanos, which became effective on September 25, 2009 and has since been modified on August 9, 2010, August 2, 2011, February 23, 2012, March 27, 2013 and September 30, 2013.

On March 28, 2013, the Organic Statutes of each Subsidiary Entity (as defined below) was published in the Official Gazette of the Federation. These Organic Statutes establish the structure, organizational basis and functions of the administrative units of each of the Subsidiary Entities (as defined below), and also delineate the duties and internal regulations of their respective Boards of Directors.

The Subsidiary Entities are decentralized entities of a technical, industrial and commercial nature with their own corporate identity and equity and with the legal authority to own property and conduct business in their own names and are grouped in accordance with the areas delineated by the Secretary of Energy. The Subsidiary Entities are controlled by and have the characteristics of subsidiaries of Petróleos Mexicanos. The Subsidiary Entities, of which Petróleos Mexicanos owns 100% of the equity, are:

- Pemex-Exploración y Producción ("Pemex-Exploration and Production").
- Pemex-Refinación ("Pemex-Refining").
- Pemex-Gas y Petroquímica Básica ("Pemex-Gas and Basic Petrochemicals").
- Pemex-Petroquímica ("Pemex-Petrochemicals").

The principal objectives of the Subsidiary Entities are as follows:

i. Pemex-Exploration and Production explores for and produces crude oil and natural gas; additionally, this entity transports, stores and markets such products.

ii. Pemex-Refining refines petroleum products and derivatives thereof that may be used as basic industrial raw materials; additionally, this entity stores, transports, distributes and markets such products and derivatives.

iii. Pemex-Gas and Basic Petrochemicals processes natural gas, natural gas liquids and artificial gas, derivatives thereof that may be used as basic industrial raw materials, and stores, transports, distributes and markets such products; additionally, this entity stores, transports, distributes and markets basic petrochemicals.

iv. Pemex-Petrochemicals processes industrial petrochemicals other than basic petrochemicals and stores, distributes and markets secondary petrochemicals.

For purposes of these consolidated financial statements, any capitalized name or term that is not defined herein will have the meaning attributed to it in the Regulatory Law or in the Petróleos Mexicanos Law.

On December 12, 2013, the Permanent Commission of the Mexican Congress approved amendments to Articles 25, 27 and 28 of the Mexican Constitution, which were subsequently approved by a majority of Mexico's state legislatures and signed into law by President Peña Nieto. On December 20, 2013, these amendments were published as the Decreto por el que se reforman y adicionan diversas disposiciones de la Constitución Política de los Estados Unidos Mexicanos, en Materia de Energía (Decree that amends and supplements various provisions of the Mexican Constitution relating to energy matters, or the "Energy Reform Decree") in the Official Gazette of the Federation and took effect on December 21, 2013. The Energy Reform Decree includes transitional articles that set forth the general framework for the secondary legislation or implementing laws, which have not been enacted as of the date of these consolidated financial statements.

The key features of the Energy Reform Decree with respect to the hydrocarbons sector in Mexico and PEMEX's operations are the following:

- Ownership by Mexican Nation: Solid, liquid and gaseous hydrocarbons located in the subsoil of Mexico remain the property of the Mexican nation.

- Private sector participation: The Mexican Government will carry out the exploration and extraction of hydrocarbons in Mexico through assignments to "productive state-owned companies" (as described below) or through agreements with such productive state-owned companies or with private sector companies. As part of the secondary legislation to be adopted, the Mexican Congress must make the necessary adjustments to the legal framework regulating the contractual regime for exploration and extraction activities, which may include the creation of licenses, service contracts, profit-sharing contracts and production-sharing contracts.

- Conversion: Petróleos Mexicanos will be converted from a decentralized public entity to a productive state-owned Company within two years from the enactment of the Energy Reform Decree. During the two-year transition period, PEMEX will be entitled to be awarded the assignments and agreements mentioned above. As a productive state-owned Company, Petróleos Mexicanos' corporate purpose will be to create economic value and increase the income of the Mexican nation while adhering to principles of equity as well as social and environmental responsibility, and it will be granted technical, managerial and budgetary autonomy, subject to certain controls. The Mexican Government will continue to control Petróleos Mexicanos once it is converted to a productive state-owned Company.

- Round zero: Pursuant to the Energy Reform Decree, PEMEX has requested that the Secretaría de Energía (Ministry of Energy) assign to it certain exploration and extraction areas in which it currently operates, based on its operational capabilities. Any such areas that it does not request or are not assigned to it will be subject to a bidding process that will be open to participation by private sector companies.

- Booking of reserves: Productive state-owned companies and private companies will be allowed to report assignments or contracts and the corresponding expected benefits for accounting and financial purposes, with the understanding that any solid, liquid or gaseous hydrocarbons that are in the subsoil will remain the property of the Mexican nation.

- Pipeline system: The Centro Nacional de Control del Gas Natural (National Center of Natural Gas Control), a decentralized public entity of the Mexican Government, will be created to own and operate the national gas pipeline system and storage infrastructure. Pursuant to the applicable secondary legislation, Pemex-Gas and Basic Petrochemicals will transfer and assign to the National Center of Natural Gas Control the assets and contracts necessary for it to manage this system and infrastructure.

- Regulatory oversight and authority: The Ministry of Energy, the Comisión Nacional de Hidrocarburos (National Hydrocarbons Commission, or the "NHC") and the Comisión Reguladora de Energía (Energy Regulatory Commission) will be granted additional technical and administrative authority over certain of PEMEX's operations and the energy sector generally. In addition, the Ministry of Energy will be granted the authority to issue permits for oil treatment and refining, and for natural gas processing, activities which are currently reserved to PEMEX.

As of the date of these consolidated financial statements, PEMEX does not know what the scope of the secondary legislation will be. Accordingly, it cannot currently predict what specific effects these developments may have, although they will likely result in significant changes to PEMEX's structure and have a material effect on its results of operations and financial position.

The principal distinction between the Subsidiary Entities and the Subsidiary Companies (as defined below) is that the Subsidiary Entities are decentralized public entities created by the predecessor statute to the Ley Orgánica de Petróleos Mexicanos y Organismos Subsidiarios (Organic Law of Petróleos Mexicanos and the Subsidiary Entities), whereas the Subsidiary Companies are companies that were formed in accordance with the applicable laws of each of the respective jurisdictions in which they were incorporated. In addition, unlike the Subsidiary Entities, the Subsidiary Companies are not decentralized entities and are managed as private corporations. The "Subsidiary Companies" are defined as those companies which are controlled by PEMEX (see Note 3-a).

"Associates", as used herein, means those companies in which Petróleos Mexicanos does not have effective control (see Note 3-a).

Petróleos Mexicanos, the Subsidiary Entities and the Subsidiary Companies are referred to collectively herein as "PEMEX".

PEMEX's address and its principal place of business is:

Av. Marina Nacional No. 329
Col. Petróleos Mexicanos
Delegación Miguel Hidalgo
México, D.F. 11311
México

2. Basis of preparation

a. Statement of compliance

PEMEX prepared its consolidated financial statements as of December 31, 2013 and 2012, and for the years ended December 31, 2013, 2012 and 2011, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

On April 14, 2014, these consolidated financial statements under IFRS and the notes thereto were authorized for issuance by the following officers: Public Accountant Víctor M. Cámara Peón, Deputy Director of Accounting and Fiscal Matters and C. Francisco J. Torres Suárez, Associate Managing Director of Accounting.

These consolidated financial statements and the notes thereto will be presented for approval at the next Board's meeting of Petróleos Mexicanos, where it is expected that such governing board approves the results for the year in terms of Article 104 Fraction III, paragraph a, of the Mexican Ley del Mercado de Valores (Securities Market Law), and of Article 33 Fraction I, paragraph a, section 3 and Article 78 of the general provisions applicable to Mexican securities issuers and other participants in the Mexican securities market.

b. Basis of measurement

These consolidated financial statements have been prepared using the historical cost basis method, except where it is indicated that certain items have been measured using the fair value model, amortized cost or present value. The principal items measured at fair value are derivative financial instruments. The principal items measured at amortized cost are loans held to maturity, while the principal item measured at present value is the provision for employee benefits.

c. Functional and reporting currency and translation of financial statements of foreign operations

These consolidated financial statements are presented in Mexican pesos, which is both PEMEX's functional currency and reporting currency, due to the following:

i. The economic environment in which PEMEX operates is Mexico, where the legal currency is the Mexican peso.

ii. PEMEX is an entity owned and regulated by the Mexican Government; accordingly, PEMEX's budget is subject to legislative approval and is included in the Mexican annual budget, which is published in pesos.

iii. Benefits to employees were approximately 50% and 56% of PEMEX's total liabilities as of December 31, 2013 and 2012, respectively. The reserve maintained to meet these obligations is computed, denominated and payable in Mexican pesos.

iv. Cash flows for payment of general expenses, taxes and duties are realized in Mexican pesos.

Although the prices of several products are based on international U.S. dollar-indices, domestic selling prices are governed by the economic and financial policies established by the Mexican Government. Accordingly, cash flows from domestic sales are generated and recorded in Mexican pesos.

Mexico's monetary policy regulator, the Banco de México, requires that Government entities other than financial entities sell their foreign currency to the Banco de México in accordance with its terms, receiving Mexican pesos in exchange, which is the legal currency in Mexico.

Translation of financial statements of foreign operations

The financial statements of foreign subsidiaries and associates are translated into the reporting currency by identifying if the functional currency is different from the currency for recording the foreign operations. If the currencies for a foreign transaction are different, then the currency for recording the foreign transaction is first translated into the functional currency and then translated into the reporting currency using the year-end exchange rate for assets and liabilities reported in the consolidated statements of financial position, the historical exchange rate at the date of the transaction for equity items and the weighted average exchange rate for income and expenses reported in the statement of comprehensive income of the period.

d. Terms definition

References in these consolidated financial statements and the related notes to "pesos" or "Ps." refers to Mexican pesos, "U.S. dollars" or "U.S. $" refers to dollars of the United States of America, "yen" or "¥" refers to Japanese yen, "euro" or "€" refers to the legal currency of the European Economic and Monetary Union, "Pounds sterling" or "£" refers to the legal currency of the United Kingdom, "Swiss francs" or "CHF" refers to the legal currency of the Swiss Confederation, "Canadian dollars" or "CAD" refers to the legal currency of Canada and "Australian dollars" or "AUD" refers to the legal currency of Australia. Figures in all currencies are presented in thousands of the relevant currency unit, except exchange rates and product and share prices.

3. Significant accounting policies

The preparation of the consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions made by PEMEX's management that affect the recorded amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of these consolidated financial statements, as well as the recorded amounts of income and expenses during the year.

Significant estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which any estimates are revised and in any future periods affected by such revision.

In particular, information about assumptions, estimation uncertainties and critical accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in the following notes:

- Note 3-d Financial instruments
- Note 3-h Wells, pipelines, properties, plant and equipment; Successful efforts method of accounting
- Note 3-j Impairment of non-financial assets
- Note 3-l Provisions
- Note 3-m Employee benefits
- Note 3-n Taxes and federal duties; deferred taxes
- Note 3-p Contingencies

Actual results could differ from those estimates and assumptions.

Below is a summary of the principal accounting policies followed by PEMEX in the preparation of its consolidated financial statements:

a. Basis of consolidation

The consolidated financial statements include those of Petróleos Mexicanos, the Subsidiary Entities and the Subsidiary Companies.

Investment in subsidiaries

The Subsidiary Entities and Subsidiary Companies are those controlled by Petróleos Mexicanos. Control requires exposure or rights to variable returns and the ability to affect those returns through power over a Company. The Subsidiary Entities and Subsidiary Companies are consolidated from the date that control commences until the date that control ceases.

The consolidated Subsidiary Entities are Pemex-Exploration and Production, Pemex-Refining, Pemex-Gas and Basic Petrochemicals and Pemex-Petrochemicals.

The consolidated Subsidiary Companies are companies that are 100% owned by Petróleos Mexicanos (with the exception of Pemex Finance, Ltd. ("FIN") and P.M.I. Comercio Internacional, S. A. de C. V. ("PMI CIM")), and are as follows: PMI CIM(i); P.M.I. Trading, Ltd. ("PMI Trading")(i); P.M.I. Holdings North America, Inc. ("PMI HNA")(i); P.M.I. Holdings Petróleos España, S. L. ("PMI HPE")(i); P.M.I. Holdings, B.V. ("PMI HBV")(i); P.M.I. Norteamérica, S. A. de C. V. ("PMI NASA")(i); Kot Insurance Company, AG ("KOT"); Pemex Procurement International, Inc. ("PPI")(ii); P.M.I. Marine, Ltd. ("PMI Mar")(i); P.M.I. Services, B.V. ("PMI SHO")(i); Pemex Internacional España, S. A. ("PMI SES")(i); Pemex Services Europe, Ltd. ("PMI SUK")(i)(iii); P.M.I. Services North America, Inc. ("PMI SUS")(i); P.M.I. Field Management Resources, S. L. ("FMR")(i)(iv); P.M.I. Campos Maduros, S. de R. L. de C. V. ("SANMA")(iv); Mex Gas International, Ltd. ("MGAS"); FIN; Instalaciones Inmobiliarias para Industrias, S. A. de C. V. ("III")(iv); III Servicios, S. A. de C. V. ("III Services")(iv); PPQ Cadena Productiva, S. L. ("PPQCP")(iv) and Hijos de J. Barreras, S. A. ("HJ BARRERAS")(iv).

(i) Member Company of the "PMI Group".
(ii) Formerly Integrated Trade Systems, Inc. ("ITS").
(iii) As of December 2013, PMI SUK is no longer included in the consolidated financial statements of PEMEX due to its liquidation, which did not have an impact on these consolidated financial statements.
(iv) As of 2013, these companies are included in the consolidated financial statements of PEMEX.

The financial information of the Subsidiary Entities and Subsidiary Companies has been prepared based on the same period of Petróleos Mexicanos' financial statements applying the same accounting policies.

Investments in associates and joint ventures

Investments in associates are those in which PEMEX has significant influence but not the power to control financial and operational decisions. There is significant influence when PEMEX owns directly or indirectly between 20% and 50% of voting rights in another entity.

Joint ventures are those arrangements whereby two or more parties undertake an economic activity that is subject to joint control. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Investments in associates and joint ventures are recognized based on the equity method and recorded initially at cost, including any goodwill identified on acquisition. With respect to joint operations, the assets, liabilities, income and expenses are recognized in relation to participation in the arrangement and in accordance with the applicable IFRS. The investment cost includes transaction costs.

The consolidated financial statements include the proportion of gains, losses and other comprehensive income corresponding to PEMEX's share in each investee, once these items are adjusted to align with the accounting policies of PEMEX, from the date that significant influence and joint control begins to the date that such influence or joint control ceases.

When the value of the share of losses exceeds the value of PEMEX's investment in an associate or joint venture, the carrying value of the investment, including any long-term investment, is reduced to zero and PEMEX ceases to recognize additional losses, except in cases where PEMEX is jointly liable for obligations incurred by those associates and joint ventures.

Eliminated transactions in consolidation

All intercompany balances and transactions have been eliminated in the preparation of the consolidated financial statements pursuant to IFRS 10, "Consolidated Financial Statements" ("IFRS 10").

Unrealized gains arising from transactions with entities whose investment is accounted for using the equity method are eliminated against the investment to the extent of participation in such entities. Unrealized losses are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests

The interests of third parties who do not have a controlling interest in the equity or comprehensive result of subsidiaries of PEMEX are presented in the consolidated statements of financial position, the consolidated statements of changes in equity (deficit) as "non-controlling interests", and as net income and comprehensive income for the period, attributable to non-controlling interests, in the consolidated statements of comprehensive income.

Dividends paid in cash and assets other than cash

A liability for distributions of dividends in cash and non-cash assets to third parties is recognized when the distribution is authorized by the Board. The corresponding amount is recognized directly in equity.

Distributions of non-cash assets are measured at the fair value of the assets to be distributed. Changes relating to re-measurements of the fair value between the date on which the distribution is declared and the time when the assets are transferred are recognized directly in equity.

When distributing non-cash assets, any difference between the dividend paid and the carrying amount of the assets distributed is recognized in the consolidated statements of comprehensive income.

b. Transactions in foreign currency

In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates" ("IAS 21"), transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss in the period in which they arise. When a gain or loss on a non-monetary item is recognized in other comprehensive results, any exchange component of that gain or loss is recognized in other comprehensive results. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss for the year.

c. Fair value measurement

PEMEX measures certain financial instruments such as derivative financial instruments at fair value as of the closing date of the relevant reporting period, and the fair value of such instruments is disclosed in Note 13. The financial instruments valued at amortized cost are disclosed in Note 12.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A measurement at fair value assumes that the sale of the asset or transfer of a liability occurs:

i. In the principal market for the asset or liability.

ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible for PEMEX.

The fair value of an asset or liability is measured based on by using the same assumptions that market participants would make when pricing the asset or liability under the premise that market participants take into account highest and best use of the asset or liability.

d. Financial instruments

Financial instruments are classified as: (i) financial instruments measured at fair value through profit or loss; (ii) financial instruments held to maturity; (iii) available for sale financial assets; (iv) investments in equity instruments; (v) loans held to maturity; or (vi) derivative financial instruments. PEMEX determines the classification of its financial instruments at the time of initial recognition.

PEMEX's financial instruments include cash and short-term deposits, equity investments, accounts receivable, other receivables, loans, accounts payable to suppliers, other accounts payable, borrowings and debts, as well as derivatives.

Financial instruments measured at fair value through profit or loss

A financial instrument is measured at fair value through profit or loss if it is classified as held for trading or designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if PEMEX manages such investments and makes purchase and sale decisions based on their fair value in accordance with PEMEX's documented risk management or investment strategy. In addition, directly attributable transaction costs are recognized in the consolidated statements of comprehensive income for the period. These financial instruments are recognized at fair value and corresponding changes relating to dividend income are recognized in the consolidated statements of comprehensive income.

Held-to-maturity financial instruments

Financial instruments that are intended to be and are capable of being held to maturity are classified as held-to-maturity. Held-to-maturity financial instruments are recognized initially at fair value in addition to any directly attributable transaction costs. Subsequent to their initial recognition, held-to-maturity financial instruments are measured at amortized cost using the effective interest rate method ("EIR method"), less any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments that are designated as available-for-sale or are not classified in any of the previous categories. PEMEX's investments in certain equity securities and debt securities are classified as available-for-sale financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. In addition, any gains or losses associated with such instruments, as well as foreign exchange differences are recognized in other comprehensive result and presented in the fair value reserve in equity. When an investment is derecognized, any gains or losses accumulated in the equity are reclassified to profit or loss.

Sales and purchases of financial assets that require the delivery of such assets within a period of time established by market practice are recognized as of the negotiation date (the date on which PEMEX commits to purchase or sell the asset).

Investments in equity instruments

Certain investments in equity instruments are designated irrevocably as investments in equity instruments upon initial recognition, as required under IFRS 9, "Financial Instruments" ("IFRS 9"). These investments are valued at fair value and changes in their fair value are recognized in other comprehensive results. Dividends arising from these investments are recognized in results of the period when the shareholder's right to receive payment of the dividend is established.

Loans held to maturity

After initial recognition, loans and debt securities that bear interest are measured at amortized cost using the EIR method, less impairment losses.

The amortized cost is calculated based on any discount or premium on acquisition and fees and costs that are an integral part of the EIR method. Amortization of costs is included under the heading of financing cost—net in the statement of comprehensive income.

Derivative financial instruments

Derivative financial instruments ("DFIs") presented in the consolidated statement of financial position are carried at fair value. In the case of DFIs held for trading, changes in fair value are recorded in profit or loss; in the case of DFIs formally designated as and that qualify for hedging, changes in fair value are recorded in the statement of comprehensive income using cash flow or fair value hedge accounting, with gains or losses classified in accordance with the earnings treatment of the hedge transaction.

Embedded derivatives

PEMEX evaluates the potential existence of embedded derivatives, which may be found in the terms of its contracts, or combined with other host contracts, which could be structured financial instruments (debt or equity instruments with embedded derivatives). Embedded derivatives have terms that implicitly or explicitly meet the characteristics of a DFI. In some instances, these embedded derivatives must be segregated from the underlying contracts and measured, recognized, presented and disclosed as DFIs, such as when the economic risks and terms of the embedded derivative are not clearly and closely related to the underlying contract.

Impairment of financial assets measured at amortized cost

At each reporting date, PEMEX evaluates whether there is objective evidence that a financial asset or group of financial assets is impaired in which case the value of the recoverable amount of the asset is calculated. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of the financial asset.

e. Cash and cash equivalents

Cash and cash equivalents are comprised of cash balances on hand, deposits in bank accounts, foreign currency reserves and instruments with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, which are used in the management of PEMEX's short-term commitments.

With respect to the consolidated statement of cash flows, the cash and cash equivalents line item consists of the cash and cash equivalents described above, net of bank overdrafts pending payment.

Cash subject to restrictions or that cannot be exchanged or used to settle a liability within twelve months is not considered part of this line item and is presented in non-current assets.

f. Accounts, notes receivable and other

Accounts, notes receivable and other are recognized at realizable value. The realizable value, if any, of a long-term account receivable is determined by considering its present value. In addition, interest income from accounts receivable is recognized on an accrued basis, provided that the amount can be reliably measured and collection is probable.

g. Inventories and cost of sales

PEMEX's inventories are valued at the lower of cost or net realizable value. Cost is determined based on the cost of production or acquisition of inventory and other costs incurred in transporting such inventory to its present location and in its present condition, using the average cost formula. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. The estimate takes into consideration, among other things, the decrease in the value of inventories due to obsolescence.

Cost of sales represents the cost of production or acquisition of inventories at the time of sale, increased, where appropriate, by declines in net realizable value of inventories during the year.

Advances to suppliers are recognized as part of inventory when the risks and benefits of the ownership of the inventory have been transferred to PEMEX.

h. Wells, pipelines, properties, plant and equipment

Wells, pipelines, properties, plant and equipment are measured at acquisition or construction cost less accumulated depreciation and accumulated impairment losses.

PEMEX uses the successful efforts method for the exploration and production of crude oil and gas activities, considering the criteria mentioned in IFRS 6, "Exploration for and Evaluation of Mineral Resources" in relation to the recognition of exploration and drilling assets. Costs of development wells and related plant, property and equipment involved in the exploitation of oil and gas are recorded as part of the cost of assets. The costs of exploratory wells in areas that have not yet been designated as containing proved reserves are recorded as intangible assets until it is determined whether they are commercially viable. Otherwise, the costs of drilling the exploratory well are charged to exploration expense. Other expenditures on exploration are recognized as exploration expenses as they are incurred.

Wells, pipelines, properties, plant and equipment are initially recorded at cost, which includes their original purchase price or construction cost, any costs attributable to bringing the assets to a working condition for their intended use and the costs of dismantling and removing the items and restoring the site on which they are located, including the estimated cost of plugging and abandoning wells, in accordance with IAS 16, "Property, Plant and Equipment" ("IAS 16").

The cost of financing projects that require large investments or financing incurred for projects, net of interest revenues from the temporary investment of these funds, is recognized as part of wells, pipelines, properties, plant and equipment when the cost is directly attributable to the construction or acquisition of a qualifying asset. The capitalization of these costs is suspended during periods in which the development of construction is interrupted, and its capitalization ends when the activities necessary for the use of the qualifying asset are substantially completed. All other financing costs are recognized in the consolidated statements of comprehensive income in the period in which they are incurred.

The cost of selconstructed assets includes the cost of materials and direct labor, any other costs directly attributable to the commissioning and interest on financing. In some cases the cost also includes the cost of dismantling and removal.

Expenditures related to the construction of wells, pipelines, properties, plant and equipment during the stage prior to commissioning are stated at cost as intangible assets or construction in progress, in accordance with the characteristics of the asset. Once the assets are ready for use, the costs are transferred to the respective component of wells, pipelines, properties, plant and equipment and depreciation or amortization begins.

The costs of major maintenance or replacement of a component of an item of wells, pipelines, properties, plant and equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to PEMEX and its cost can be measured reliably. The costs of recurring maintenance, repairs and renovations of wells, pipelines, properties, plant and equipment are recognized in profit or loss as incurred.

Depreciation and amortization of capitalized costs in wells are determined based on the estimated commercial life of the field to which the wells belong, considering the relationship between the production of barrels of oil equivalent for the period and proved developed reserves of the field, as of the beginning of the year, with quarterly updates for new development investments.

Depreciation of other elements of wells, pipelines, properties, plant and equipment is recognized in profit or loss on a straight-line basis over the estimated useful life of the asset, beginning as of the date that the asset is available for use, or in the case of construction, from the date that the asset is completed and ready for use.

When parts of an item of wells, pipelines, properties and equipment have different useful lives than such item and a cost that is significant relative to the total cost of the item, the part is depreciated separately. Useful lives of items of properties, plant and equipment are reviewed if expectations differ from previous estimates.

Pipelines, properties, and equipment received from customers are initially recognized at fair value as revenue from ordinary operating activities if PEMEX has no future obligations to the customer who transferred the item. In contrast, if PEMEX does have future obligations to such a customer, the initial recognition is as a deferred liability relating to the period in which the items will provide PEMEX with a service.

The capitalized value of finance leases is also included in the line item of wells, pipelines, properties, plant and equipment. Properties, plant and equipment acquired through financial leases are depreciated over the shorter of the lease term or the useful life of the asset.

Advance payments for the acquisition of pipelines, properties, plant and equipment are also recognized in the line item of wells, pipelines, properties, plant and equipment when the risks and benefits of the ownership have been transferred to PEMEX.

i. Crude oil and natural gas reserves

Under the Mexican Constitution and the Regulatory Law, all oil and other hydrocarbon reserves within Mexico are owned by the Mexican nation and not by PEMEX. As of the date of these consolidated financial statements, under the Petróleos Mexicanos Law, Pemex-Exploration and Production has the right to extract these reserves and to sell the resulting production, but the reserves are not registered for accounting purposes since they are not owned by PEMEX. Pemex-Exploration and Production estimates total proved oil and natural gas reserve volumes in accordance with Rule 4-10(a) of Regulation S-X of the SEC, as amended ("Rule 4-10(a)"), and where necessary, in accordance with the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers (the "SPE") as of February 19, 2007. These procedures are consistent with international reserves reporting practice. The estimation of these reserves depends on assumptions made and the interpretation of the data available, and may vary among analysts. The results of drilling activities, test wells and production after the date of estimation are utilized in future revisions of reserves estimates. Although PEMEX does not own the oil and other hydrocarbon reserves within Mexico, these accounting procedures allow PEMEX to record the effects that such oil and other hydrocarbon reserves have on its consolidated financial statements, including, for example, in the depreciation and amortization line item.

j. Impairment of non-financial assets

The carrying amounts of PEMEX's non-financial assets, other than inventories and deferred taxes, are assessed for indicators of impairment at the end of each reporting period. If the net carrying value of the asset exceeds the recoverable amount, PEMEX records an impairment charge in its statement of comprehensive income.

A cash-generating unit is the smallest identifiable group of assets which can generate cash inflows independently from other assets or groups of assets.

The recoverable amount is defined as the higher of the fair value minus the cost of disposal and the use value. Value in use is the discounted present value of the future cash flows expected to arise from the continuing use of an asset, and from its disposal at the end of its useful life. In measuring value in use, the discount rate applied is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value is calculated using discounted cash flows determined by the assumptions that market participants would apply in order to estimate the price of an asset or cash generating unit if such participants were acting in their best economic interest.

In the case of cash-generating assets or items dedicated to the exploration and evaluation of hydrocarbons reserves, the recoverable amount is determined by adjusting the fair value, which is based on the proved and probable reserves, for the risk factor associated with such reserves.

Impairment losses are recognized in the statement of comprehensive income. If an impairment loss subsequently improves, and such improvement is greater than the carrying value of the asset and appears to be permanent, the impairment loss recorded previously is reversed only up to the carrying amount of the item, as though no impairment had been recognized.

k. Leases

The determination of whether an agreement is or contains a lease is based on the content of the agreement at the date of execution. An agreement contains a lease if performance under the agreement depends upon the use of a specific asset or assets, or if the agreement grants the right to use the asset.

Finance leases, which transfer to PEMEX substantially all the inherent benefits and risks of the leased property, are capitalized at the date the lease commences, and the value is recorded as the lower of the fair value of the leased property and the present value of the minimum lease payments. Payments on the lease are divided between the financial costs and the amortization of the remaining debt principal in order to achieve a constant interest rate for the outstanding liability. The financing costs are recognized in the statement of comprehensive income.

Operating lease payments that do not transfer to PEMEX substantially all the risks and benefits of ownership of the leased asset are recognized as expenses in the statement of comprehensive income on a straight line basis over the term of the lease. Operating lease payments that do transfer to PEMEX substantially all the risks and benefits of ownership are instead capitalized and treated as under the paragraph above (see Note 10(e)).

l. Provisions

PEMEX recognizes provisions where, as a result of a past event, PEMEX has incurred a legal or contractual obligation for which the transfer of an asset is probable and the amount of such transfer is reasonably estimable. In certain cases, such amounts are recorded at their present value.

Environmental liabilities

In accordance with applicable legal requirements and accounting practices, an environmental liability is recognized when the cash outflows are probable and the amount is reasonably estimable. Disbursements related to the conservation of the environment that are linked to revenue from current or future operations are accounted for as costs or assets, depending on the circumstances of each disbursement. Disbursements related to past operations, which no longer contribute to current or future revenues, are accounted for as current period costs.

The accrual of a liability for a future disbursement occurs when an obligation related to environmental remediation, for which PEMEX has the information necessary to determine a reasonable estimated cost, is identified.

Retirement of assets

The obligations associated with the future retirement of assets, including those related to the retirement of well, pipelines, properties, plant and equipment and their components, but excluding those related to the retirement of wells, are recognized at the date that the retirement obligation is incurred, based on the discounted cash flow method. The determination of the fair value is based on existing technology and regulations. If a reliable estimation of fair value cannot be made at the time the obligation is incurred, the accrual will be recognized when there is sufficient information to estimate the fair value.

The obligations related to the costs of future retirement of assets associated with the principal refining processes for gas and petrochemicals are not recognized. These assets are considered to have an indefinite useful life due to the potential for maintenance and repairs, and, accordingly, PEMEX lacks sufficient information to reasonably determine the date on which they will be dismantled.

The abandonment costs related to wells currently in production and wells temporarily closed are recorded in the statement of comprehensive income based on the units of production method. Total cost of abandonment and plugging for non-producing wells is recognized in the statement of comprehensive income at the end of each period. All estimations are based on the useful lives of the wells, considering their discounted present value. Salvage values are not considered, as these values commonly have not traditionally existed.

m. Employee benefits

PEMEX operates a defined benefit pension plan under which it makes contributions to a fund that is administrated separately. PEMEX recognizes the cost for defined benefit plans based on independent actuarial computations applying the projected unit credit method. Actuarial gains and losses are recognized within other comprehensive result for the period in which they occur.

The costs of prior services are recognized within profit or loss for the period in which they are incurred.

PEMEX's net obligation with respect to the defined benefit plan equals the present value of the defined benefit obligation less the fair value of plan assets. The value of any asset is limited to the present value of available reimbursements and reductions in future contributions to the plan.

In addition, seniority premiums payable for disability are recognized within other long-term employee benefits.

Termination benefits are recognized in profit or loss for the period in which they are incurred.

n. Taxes and federal duties

Petróleos Mexicanos and the Subsidiary Entities are primarily subject to the following special tax laws: Derecho ordinario sobre hidrocarburos (Ordinary Hydrocarbons Duty, or "DOSH"), Derecho sobre hidrocarburos para el fondo de estabilización (Hydrocarbons Duty for the Stabilization Fund) and Impuesto a los rendimientos petroleros (Hydrocarbon Income Tax, or "IRP"), all of which are based mainly on petroleum production and revenues from oil, gas and refined products taking into account certain tax deductions. These taxes and federal duties are recognized within profit or loss for the period in which they are incurred (see Note 17).

Petróleos Mexicanos is not subject to the Ley del Impuesto Sobre la Renta (Income Tax Law) and the Ley del Impuesto Empresarial a Tasa Única (Flat Rate Business Tax, or "IETU"). The Subsidiary Entities are subject to these taxes.

Deferred taxes

Deferred taxes are recorded based on the assets and liabilities method, which consists of the recognition of deferred taxes by applying tax rates applicable to the IRP and income tax to the temporary differences between the carrying value and tax values of assets and liabilities at the date of these consolidated financial statements. Deferred tax assets are recognized to the extent that it is probable that the tax benefits will be utilized.

o. Impuesto Especial sobre Producción y Servicios
(Special Tax on Production and Services or "IEPS Tax")

The IEPS Tax charged to customers is a tax on domestic sales of gasoline and diesel. The applicable rates depend on, among other factors, the product, producer's price, freight costs, commissions and the region in which the respective product is sold.

p. Contingencies

Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation cannot be made, qualitative disclosure is provided in the notes to the consolidated financial statements. Contingent revenues, earnings or assets are not recognized until realization is assured.

q. Revenue recognition

Sales revenue is recognized the moment at which the risks and benefits of ownership of crude oil, refined products, natural gas, and derivative and petrochemical products are transferred to the customers who acquire them, which occurs as follows:

- In accordance with contractual terms.
- The moment at which the customer picks up product at PEMEX's facilities.
- The moment at which PEMEX delivers the product to the delivery point.

PEMEX recognizes revenues for services at the time the collection right on such services arises.

r. Presentation of consolidated statements of comprehensive income

The costs and expenses shown in PEMEX's consolidated statements of comprehensive income are presented based on their function, which allows for a better understanding of the components of PEMEX's operating income. This classification allows for a comparison to the industry to which PEMEX belongs.

Cost of sales

Cost of sales represents the cost of inventories at the time of sale. Cost of sales includes depreciation, amortization, salaries, wages and benefits, a portion of the cost of the reserve for employee benefits and operating expenses related to the production process.

Transportation, distribution and administrative expenses

Transportation, distribution and administrative expenses are costs in connection to the storage and delivery of products, as well as costs related to PEMEX's administrative personnel, such as depreciation, personnel-related expenses and operating expenses associated with these activities.

Other revenues and expenses, net

Other revenues consists primarily of income received due to the "negative" IEPS Tax rate (see Notes 17-j and 19).

Financing income and cost

Financing income and cost are comprised of interest income and expenses and the valuation effects of financial instruments, minus any portion of the financing cost that is capitalized.

Exchange rate variations

Exchange rate variations relating to assets or liabilities governed by contracts denominated in foreign currencies are recorded in income of the period.

s. Operating segments

Operating segments are identifiable components of PEMEX that pursue business activities from which PEMEX earns revenues and incurs expenses, including those revenues and expenses from transactions with other segments of PEMEX, and for which information is available to management on a segmented basis and is assessed by the Board management in order to allocate resources and assess the profitability of the segments.

t. Accounting policy changes

The IASB issued the following new IFRS, which apply to annual periods beginning on or after January 1, 2013:

IFRS 10, Consolidated Financial Statements ("IFRS 10")

IFRS 10 defines the principle of control, establishes control as the basis for consolidation and sets outs the accounting requirements for the preparation of consolidated financial statements. IFRS 10 supersedes both IAS 27, "Consolidated and Separate Financial Statements" ("IAS 27"), and SIC-12, "Consolidation—Special Purpose Entities".

The adoption of IFRS 10 did not have any accounting impact on PEMEX's financial statements.

IAS 27 (Revised), Separate Financial Statements ("IAS 27 Revised")

IAS 27 Revised supersedes IAS 27, and is now limited to only setting the standards to be applied in accounting for investments in subsidiaries, joint ventures, associates and structured entities within separate (non-consolidated) financial statements. The general requirements for the aforementioned entities remain substantially unchanged under IAS 27 Revised.

The adoption of IAS 27 did not have any accounting impact on PEMEX's financial statements.

IFRS 11, Joint Arrangements ("IFRS 11")

IFRS 11, which supersedes IAS 31, "Joint Ventures", outlines the accounting practices for entities that agree to jointly control an arrangement. Arrangements subject to joint control are classified as either a joint operation or a joint venture. IFRS 11 sets forth that investments in joint ventures should be recognized using the equity method and no longer allows for the application of the proportionate consolidation method.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement and a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is recognized through the equity method and a joint operation's assets, liabilities, revenues and expenses related to its involvement in the arrangement are accounted for in accordance with relevant IFRS standards.

The adoption of IFRS 11 did not have any accounting impact on PEMEX's financial statements.

IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12")

IFRS 12 establishes the disclosure requirements relating to investments in subsidiaries, joint ventures, associates and/or unconsolidated structured entities. The additional required disclosure is included in Note 9.

The adoption of IFRS 12 did not have any accounting impact on PEMEX's financial statements.

IFRS 13, Fair Value Measurement ("IFRS 13")

IFRS 13 defines fair value, establishes a framework for measurement and requires disclosure about fair value measurements. However, it does not set forth additional requirements or prohibitions on the use of fair value.

The adoption of IFRS 13 did not have any accounting impact on PEMEX's financial statements.

IAS 19 (Revised), Employee Benefits ("IAS 19 Revised")

IAS 19 Revised eliminates the "corridor" approach previously used to recognize actuarial gains and losses related to employee benefits. Under IAS 19 Revised, actuarial gains and losses related to employee benefits are recognized in other comprehensive results upon their determination. Any such gains and losses that are recognized in the consolidated statements of comprehensive income are limited to past and current service costs, termination gains and losses and interest income or expense. All other changes to the liabilities and assets related to retirement and post-employment benefits are recognized in other comprehensive results and have no further impact on the consolidated statements of comprehensive income. PEMEX chose the early adoption of IAS 19 Revised in 2012.

u. New accounting policies not yet adopted

The IASB issued the new IFRS mentioned below, which are effective for annual periods described therein. PEMEX is in the process of evaluating the impact that these standards will have on its financial statements.

IFRS 9, Financial Instruments (2010) ("IFRS 9 (2010)") and IFRS 9, Financial Instruments (2009) ("IFRS 9 (2009)")

IFRS 9 (2009) introduces new requirements for classifying and measuring financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the entity's business model for the financial asset and the characteristics of the contractual cash flows associated with the financial asset. IFRS 9 (2010) introduces additional changes relating to financial liabilities. Currently, the IASB intends to make limited modifications to the classification and measurement requirements of IFRS 9 (2009) and IFRS 9 (2010) and to add new requirements to address the impairment of financial assets and changes to hedge accounting.

IFRS 9 (2010) and IFRS 9 (2009) are effective for annual periods beginning on or after January 1, 2018, and early adoption is permitted. It is anticipated that the adoption of these standards will have an impact on PEMEX's financial assets but not its financial liabilities.

In November 2013, the IASB announced the completion of a package of amendments to the accounting requirements for financial instruments. The amendments:

i. Bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

ii. Allow the changes that address the so-called "own credit" issue that were already included in IFRS 9 to be applied in isolation without the need to change any other accounting for financial instruments.

iii. Remove the January 1, 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

IFRS 14, Regulatory Deferral Accounts ("IFRS 14")

The objective of this standard is to specify the reporting requirements for rate-regulated activities that arise when an entity is subject to rate regulation. In many countries, industry sectors are subject to rate regulation, whereby governments regulate the supply and prices of certain types of activities undertaken by private entities.

IFRS 14 allows first-time adopters of IFRS to continue recognizing amounts related to rate regulation, in accordance with their respective previous local generally accepted accounting principles requirements. However, to facilitate comparison of financial statements among entities that have already adopted IFRS, the standard requires separate presentation of regulatory rate effects.

Entities that already present financial statements in accordance with IFRS, such as PEMEX, are not eligible to apply IFRS 14.

IFRS 14 is effective for annual periods beginning on or after January 1, 2016; however, early adoption is permitted. As stated above, this standard will not have an impact on PEMEX's financial statements because entities that have already adopted IFRS are not eligible to apply IFRS 14.

4. Segment financial information

PEMEX's primary business is the exploration and production of crude oil and natural gas and the refining and marketing of petroleum products, conducted through six business segments: Pemex-Exploration and Production, Pemex-Refining, Pemex-Gas and Basic Petrochemicals, Pemex-Petrochemicals, the Trading Companies (as defined below) and Corporate and Other Subsidiary Companies. Management makes decisions related to the operations of the consolidated business along these six strategic lines. Due to PEMEX's structure, there are significant quantities of inter-segment sales among the reporting segments, which are made at internal transfer prices established by PEMEX reflecting international market prices.

The primary sources of revenue for the segments are as described below:

- Pemex-Exploration and Production earns revenues from domestic crude oil sales, as well as from the export of crude oil through the Trading Companies (as defined below). Export sales are made through PMI CIM to approximately 26 major customers in various foreign markets. Approximately half of PEMEX's crude oil is sold to Pemex-Refining.

- Pemex-Refining earns revenues from sales of refined petroleum products and derivatives. Most of Pemex-Refining's sales are to third parties and occur within the domestic market. The entity sells a significant portion of its fuel oil production to the Comisión Federal de Electricidad (Federal Electricity Commission, or "CFE") and jet fuel to Aeropuertos y Servicios Auxiliares (the Airports and Auxiliary Services Agency). Pemex-Refining's most important products are different types of gasoline.

- Pemex-Gas and Basic Petrochemicals earns revenues primarily from domestic sources. Pemex-Gas and Basic Petrochemicals also consumes high levels of its own natural gas production. Most revenues of this entity are obtained from the sale of ethane and butane gas.

- Pemex-Petrochemicals is engaged in the sale of petrochemical products to the domestic market. Pemex-Petrochemicals offers a wide range of products. The majority of Pemex-Petrochemicals' revenues comes from methane derivatives, ethane derivatives and aromatics and derivatives.

- The trading companies, which consist of PMI NASA, PMI CIM, MGAS and PMI Trading (the "Trading Companies"), earn revenues from trading crude oil, natural gas and petroleum and petrochemical products within international markets.

- The Corporate and Other Subsidiary Companies provide administrative, financing, consulting and logistical services, as well as economic, tax and legal advice to PEMEX's entities and companies.

The following tables present the condensed financial information of these segments, after elimination of unrealized intersegment gain (loss). These reporting segments are those which PEMEX's management evaluates in its analysis of PEMEX.

Year ended December 31, 2013	Exploration and Production	Refining	Gas and Basic Petrochemicals	Petrochemicals	Trading Companies	Corporate and Other Subsidiary Companies	Intersegment eliminations	Total
Sales:								
Trade	Ps. -	Ps. 740,731,929	Ps. 143,290,615	Ps. 26,525,091	Ps. 687,677,633	Ps. -	Ps. -	Ps. 1,597,865,268
Intersegment	1,250,771,663	74,893,930	73,998,380	13,840,212	407,663,967	56,136,413	(1,877,304,565)	-
Services income	-	4,125,144	2,180,256	-	786,596	4,432,211	(1,184,850)	10,339,357
Cost of sales	(338,550,003)	(963,816,046)	(205,190,171)	(43,128,475)	(1,079,513,935)	(5,288,105)	1,821,480,397	(814,006,338)
Gross income (loss)	912,221,660	(144,425,043)	14,279,080	(2,763,172)	16,614,261	55,280,519	(57,009,018)	794,198,287
Other revenues and expenses, net	(27,207,006)	97,387,329	1,142,830	1,102,963	(6,525,139)	(1,082,910)	(291,217)	64,526,850
Transportation and distribution expenses	-	(28,989,721)	(2,623,144)	(880,839)	(395,725)	35	440,958	(32,448,436)
Administrative expenses	(42,809,551)	(32,927,261)	(11,352,890)	(12,706,033)	(1,789,969)	(54,012,586)	56,943,818	(98,654,472)
Operating income (loss)	842,205,103	(108,954,696)	1,445,876	(15,247,081)	7,903,428	185,058	84,541	727,622,229
Financing cost	(48,381,896)	(15,049,203)	(595,846)	(67,170)	(3,451,846)	(76,659,137)	90,138,077	(54,067,021)
Financing income	24,936,100	289,978	3,720,376	382,930	3,074,167	82,386,675	(90,263,017)	24,527,209
Exchange gain (loss)	(4,071,119)	699,215	(69,484)	17,082	(44,828)	(482,358)	-	(3,951,492)
Profit (loss) sharing in associates	207,132	-	933,927	-	(577,434)	(173,785,799)	173,928,884	706,710
Taxes, duties and other	(856,978,971)	-	(1,525,410)	(21,349)	(3,930,748)	(2,439,584)	-	(864,896,062)
Net (loss) income	(42,083,651)	(123,014,706)	3,909,439	(14,935,588)	2,972,739	(170,795,145)	173,888,485	(170,058,427)
Total current assets	502,902,664	274,764,785	115,251,777	72,066,407	106,410,426	497,731,670	(1,302,213,859)	266,913,870
Permanent investments in associates	1,189,451	488,319	4,294,023	-	7,018,985	419,817,118	(416,028,395)	16,779,501
Wells, pipelines, properties, plant and equipment, net	1,315,399,260	253,117,660	101,513,879	39,008,884	1,982,647	10,556,411	-	1,721,578,741
Total assets	1,837,046,755	529,767,519	221,866,273	111,818,055	122,116,141	1,688,293,303	(2,463,517,693)	2,047,390,353
Total current liabilities	213,952,321	352,932,603	35,977,158	6,145,414	81,810,182	863,145,326	(1,294,772,172)	259,190,832
Long-term debt	719,013,631	23,360,262	1,094,807	171,745	3,617,414	737,651,756	(734,346,144)	750,563,471
Employee benefits	342,612,970	354,166,740	83,372,338	107,202,896	1,222,116	230,630,810	-	1,119,207,870
Total liabilities	1,342,978,777	740,780,574	144,252,327	113,696,802	90,354,847	1,847,935,634	(2,047,361,968)	2,232,636,993
Equity (deficit)	494,067,978	(211,013,055)	77,613,946	(1,878,747)	31,761,294	(159,642,331)	(416,155,725)	(185,246,640)
Depreciation and amortization	127,029,321	10,780,711	7,060,955	2,563,482	9,321	1,050,068	(2,154)	148,491,704
Net periodic cost of employee benefits	36,532,518	37,401,828	8,837,963	11,112,176	204,268	21,250,936	-	115,339,689
Acquisition of wells pipelines, properties, plant and equipment	205,579,644	31,587,666	5,170,234	5,237,725	1,907,105	2,162,441	-	251,644,815

Year ended December 31, 2012	Exploration and Production	Refining	Gas and Basic Petrochemicals	Petrochemicals	Trading Companies	Corporate and Other Subsidiary Companies	Intersegment eliminations	Total
Sales:								
Trade	Ps. -	Ps. 720,874,065	Ps. 118,402,283	Ps. 27,760,353	Ps. 772,699,053	Ps. -	Ps. -	Ps. 1,639,735,754
Intersegment	1,333,286,214	61,480,371	66,226,902	7,650,488	448,731,943	55,352,873	(1,972,728,791)	-
Services income	-	4,361,364	1,088,258	-	727,371	2,191,282	(1,191,989)	7,176,286
Cost of sales	(302,840,887)	(1,025,958,672)	(175,765,662)	(31,826,657)	(1,211,608,953)	(2,900,312)	1,918,410,569	(832,490,574)
Gross income (loss)	1,030,445,327	(239,242,872)	9,951,781	3,584,184	10,549,414	54,643,843	(55,510,211)	814,421,466
Other revenues and expenses, net	448,248	211,227,180	(1,008,016)	(814,161)	(138,712)	(326,438)	(369,138)	209,018,963
Transportation and distribution expenses	-	(25,162,163)	(2,461,140)	(809,784)	(325,402)	(54,760)	324,966	(28,488,283)
Administrative expenses	(40,979,675)	(32,751,142)	(10,678,233)	(12,414,605)	(1,330,361)	(47,321,046)	55,862,213	(89,612,849)
Operating income (loss)	989,913,900	(85,928,997)	(4,195,608)	(10,454,366)	8,754,939	6,941,599	307,830	905,339,297
Financing cost	(50,578,659)	(20,179,519)	(1,432,540)	(816,496)	(10,151,108)	(78,064,892)	88,271,976	(72,951,238)
Financing income	17,336,197	589,603	4,511,208	16,447	8,915,706	80,420,511	(88,574,834)	23,214,838
Exchange gain (loss)	35,186,096	3,421,271	368,507	840	16,773	5,852,174	-	44,845,661
Profit (loss) sharing in associates	189,227	-	2,140,344	-	1,389,441	(7,118,378)	8,196,973	4,797,607
Taxes, duties and other	(898,064,551)	-	221,123	(16,774)	(1,817,453)	(2,968,032)	-	(902,645,687)
Net (loss) income	93,982,210	(102,097,642)	1,613,034	(11,270,349)	7,108,298	5,062,982	8,201,945	2,600,478
Total current assets	558,119,361	284,541,363	98,911,204	78,807,571	113,000,751	486,513,401	(1,301,751,526)	318,142,125
Permanent investments in associates	982,320	409,266	3,751,219	-	7,527,734	380,364,510	(378,388,786)	14,646,263
Wells, pipelines, properties, plant and equipment, net	1,268,551,020	234,415,129	104,165,805	40,945,932	225,166	10,431,033	-	1,658,734,085
Total assets	1,836,007,172	520,567,164	207,224,542	120,216,927	127,859,808	1,549,109,628	(2,336,802,345)	2,024,182,896
Total current liabilities	167,466,913	330,225,909	23,617,986	6,478,390	87,534,727	913,204,611	(1,292,724,887)	235,803,649
Long-term debt	633,350,725	24,050,812	1,119,845	185,303	2,351,037	661,796,313	(650,236,440)	672,617,595
Employee benefits	412,306,417	429,583,865	96,139,228	127,012,099	1,347,909	222,151,241	-	1,288,540,759
Total liabilities	1,276,781,279	794,166,012	145,426,752	133,924,623	94,597,039	1,808,776,162	(1,958,423,121)	2,295,248,746
Equity (deficit)	559,225,893	(273,598,848)	61,797,790	(13,707,696)	33,262,769	(259,666,534)	(378,379,224)	(271,065,850)
Depreciation and amortization	118,246,402	11,071,793	7,769,141	2,725,017	7,983	717,384	-	140,537,720
Net periodic cost of employee benefits	31,045,021	31,221,665	7,331,348	9,121,565	101,143	17,781,595	-	96,602,337
Acquisition of wells pipelines, properties, plant and equipment	168,534,984	26,605,301	2,831,398	8,794,184	-	812,399	-	207,578,266

Year ended December 31, 2011	Exploration and Production	Refining	Gas and Basic Petrochemicals	Petrochemicals	Trading Companies	Corporate and Other Subsidiary Companies	Intersegment eliminations	Total
Sales:								
Trade	Ps. —	Ps. 621,678,105	Ps. 128,665,354	Ps. 28,854,514	Ps. 772,965,363	Ps. -	Ps. -	Ps. 1,552,163,336
Intersegment	1,270,839,927	75,154,806	77,479,563	14,583,501	424,018,097	45,389,776	(1,907,465,670)	-
Services income	—	3,619,441	1,107,783	-	942,302	2,054,886	(1,433,631)	6,290,781
Cost of sales	(275,325,700)	(931,101,803)	(202,116,728)	(43,882,724)	(1,187,096,578)	(2,668,178)	1,863,415,340	(778,776,371)
Gross income (loss)	995,514,227	(230,649,451)	5,135,972	(444,709)	10,829,184	44,776,484	(45,483,961)	779,677,746
Other revenues and expenses, net	11,274,243	173,375,469	214,394	6,592,870	462,158	(2,277,129)	(522,144)	189,119,861
Transportation and distribution expenses	—	(23,730,912)	(2,360,876)	(690,816)	(368,659)	(26,721)	468,307	(26,709,677)
Administrative expenses	(34,327,210)	(28,019,853)	(9,917,263)	(10,946,514)	(1,082,261)	(42,172,197)	45,688,479	(80,776,819)
Operating income (loss)	972,461,260	(109,024,747)	(6,927,773)	(5,489,169)	9,840,422	300,437	150,681	861,311,111
Financing cost	(42,188,969)	(16,635,802)	(5,374,311)	(756,538)	(8,187,285)	(78,108,831)	88,015,529	(63,236,207)
Financing income	18,121,683	395,051	8,700,706	16,533	5,738,536	85,769,298	(88,157,573)	30,584,234
Exchange gain (loss)	(48,149,666)	(6,607,465)	(261,715)	(15,805)	(27,522)	(5,081,079)	-	(60,143,252)
Profit (loss) sharing in associates	39,873	-	(341,562)	-	(84,873)	(110,195,198)	109,771,007	(810,753)
Taxes, duties and other	(871,471,372)	-	857,340	(10,532)	(3,458,054)	(564,772)	-	(874,647,390)
Net income (loss)	28,812,809	(131,872,963)	(3,347,315)	(6,255,511)	3,821,224	(107,880,145)	109,779,644	(106,942,257)
Net periodic cost of employee benefits	27,078,766	27,262,316	6,559,388	7,931,521	113,570	15,149,591	-	84,095,152
Depreciation and amortization	108,404,968	9,015,060	7,307,057	2,026,575	6,334	620,415	-	127,380,409

PEMEX's management measures the performance of the entities based on operating income and net segment income before elimination of unrealized intersegment gain (loss), as well as by analyzing the impact of the results of each segment in the consolidated financial statements. For certain of the items in these consolidated financial statements to agree with the individual financial statements of the operating segments, they must be reconciled. The tables below present the financial information of PEMEX's operating segments, before intersegment eliminations:

Year ended December 31, 2013	Exploration and Production	Refining	Gas and Basic Petrochemicals	Petrochemicals	Trading Companies	Corporate and Other Subsidiary Companies
Sales:						
By segment	Ps. 1,250,785,620	Ps. 820,912,682	Ps. 219,332,517	Ps. 40,360,373	Ps. 1,096,302,859	Ps. 60,568,624
Less unrealized intersegment sales	(13,957)	(1,521,679)	136,734	4,930	(174,663)	—
Total consolidated sales	Ps. 1,250,771,663	Ps. 819,391,003	Ps. 219,469,251	Ps. 40,365,303	Ps. 1,096,128,196	Ps. 60,568,624
Operating income (loss):						
By segment	Ps. 850,636,276	Ps. (119,734,273)	Ps. 873,221	Ps. (15,418,058)	Ps. 2,568,759	Ps. 185,058
Less unrealized intersegment sales	(12,826)	(1,521,678)	136,735	4,929	(174,663)	—
Less unrealized gain due to production cost valuation of inventory	17,747	12,301,255	435,920	166,048	5,509,332	—
Less capitalized refined products	(8,555,076)	—	—	—	—	—
Less amortization of capitalized interest	118,982	—	—	—	—	—
Total consolidated operating income (loss)	Ps. 842,205,103	Ps. (108,954,696)	Ps. 1,445,876	Ps. (15,247,081)	Ps. 7,903,428	Ps. 185,058
Net income (loss):						
By segment	Ps. (33,648,136)	Ps. (133,794,283)	Ps. 3,336,785	Ps. (15,034,571)	Ps. (2,361,930)	Ps. (173,636,180)
Less unrealized intersegment sales	(12,826)	(1,521,678)	136,734	4,930	(174,663)	—
Less unrealized gain due to production cost valuation of inventory	17,747	12,301,255	435,920	166,048	5,509,332	—
Less capitalized refined products	(8,555,076)	—	—	—	—	—
Less equity method for unrealized profits	(4,342)	-	-	(71,995)	-	2,841,035
Less amortization of capitalized interest	118,982	—	—	—	—	—
Consolidated net income (loss)	Ps. (42,083,651)	Ps. (123,014,706)	Ps. 3,909,439	Ps. (14,935,588)	Ps. 2,972,739	Ps. (170,795,145)
Assets:						
By segment	Ps. 1,856,325,965	Ps. 575,246,559	Ps. 224,241,728	Ps. 114,087,313	Ps. 119,933,908	Ps. 1,685,452,269
Less unrealized intersegment sales	(9,479)	3,753,919	140,189	7,310	3,232,537	-
Less unrealized gain due to production cost valuation of inventory	(11,777)	(49,232,959)	(2,515,644)	(2,204,574)	(1,050,304)	-
Less capitalized refined products	(16,755,002)	-	-	-	-	-
Less equity method for unrealized profits	(4,344)	-	-	(71,994)	-	2,841,034
Less amortization of capitalized interest	(2,498,608)	-	-	-	-	-
Consolidated assets	Ps. 1,837,046,755	Ps. 529,767,519	Ps. 221,866,273	Ps. 111,818,055	Ps. 122,116,141	Ps. 1,688,293,303
Liabilities:						
By segment	Ps. 1,342,978,777	Ps. 740,780,574	Ps. 144,252,327	Ps. 113,696,802	Ps. 87,307,528	Ps. 1,847,935,634
Less unrealized gain due to production cost valuation of inventory	-	-	-	-	3,047,319	-
Consolidated liabilities	Ps. 1,342,978,777	Ps. 740,780,574	Ps. 144,252,327	Ps. 113,696,802	Ps. 90,354,847	Ps. 1,847,935,634

Year ended December 31, 2012	Exploration and Production	Refining	Gas and Basic Petrochemicals	Petrochemicals	Trading Companies	Corporate and Other Subsidiary Companies
Sales:						
By segment	Ps. 1,333,276,930	Ps. 784,417,918	Ps. 184,985,084	Ps. 35,418,252	Ps. 1,221,655,507	Ps. 57,544,155
Less unrealized intersegment sales	9,284	2,297,882	732,359	(7,411)	502,860	-
Total consolidated sales	Ps. 1,333,286,214	Ps. 786,715,800	Ps. 185,717,443	Ps. 35,410,841	Ps. 1,222,158,367	Ps. 57,544,155
Operating income (loss):						
By segment	Ps. 993,473,459	Ps. (95,467,749)	Ps. (4,379,626)	Ps. (10,250,176)	Ps. 8,801,985	Ps. 6,941,599
Less unrealized intersegment sales	9,284	2,297,882	732,359	(7,411)	502,860	-
Less unrealized gain due to production cost valuation of inventory	(8,394)	7,240,870	(548,341)	(196,779)	(549,906)	-
Less capitalized refined products	(3,679,430)	-	-	-	-	-
Less amortization of capitalized interest	118,981	-	-	-	-	-
Total consolidated operating income (loss)	Ps. 989,913,900	Ps. (85,928,997)	Ps. (4,195,608)	Ps. (10,454,366)	Ps. 8,754,939	Ps. 6,941,599
Net income (loss):						
By segment	Ps. 97,536,450	Ps. (111,636,394)	Ps. 1,429,016	Ps. (11,066,159)	Ps. 7,155,344	Ps. (854,312)
Less unrealized intersegment sales	9,284	2,297,882	732,359	(7,411)	502,860	-
Less unrealized gain due to production cost valuation of inventory	(8,394)	7,240,870	(548,341)	(196,779)	(549,906)	-
Less capitalized refined products	(3,679,430)	-	-	-	-	-
Less equity method for unrealized profits	5,319	-	-	-	-	5,917,294
Less amortization of capitalized interest	118,981	-	-	-	-	-
Consolidated net income (loss)	Ps. 93,982,210	Ps. (102,097,642)	Ps. 1,613,034	Ps. (11,270,349)	Ps. 7,108,298	Ps. 5,062,982
Assets:						
By segment	Ps. 1,846,831,001	Ps. 583,489,721	Ps. 210,263,190	Ps. 122,663,976	Ps. 130,797,642	Ps. 1,543,192,334
Less unrealized intersegment sales	-	(4,419,930)	(958,022)	(7,654)	(2,102,134)	-
Less unrealized gain due to production cost valuation of inventory	(11,633)	(58,502,627)	(2,080,626)	(2,439,395)	(835,700)	-
Less capitalized refined products	(8,199,925)	-	-	-	-	-
Less equity method for unrealized profits	5,319	-	-	-	-	5,917,294
Less amortization of capitalized interest	(2,617,590)	-	-	-	-	—
Consolidated assets	Ps. 1,836,007,172	Ps. 520,567,164	Ps. 207,224,542	Ps. 120,216,927	Ps. 127,859,808	Ps. 1,549,109,628
Liabilities:						
By segment	Ps. 1,276,781,279	Ps. 794,166,012	Ps. 145,426,752	Ps. 133,924,623	Ps. 96,699,173	Ps. 1,808,776,162
Less unrealized gain due to production cost valuation of inventory	-	-	-	-	(2,102,134)	-
Consolidated liabilities	Ps. 1,276,781,279	Ps. 794,166,012	Ps. 145,426,752	Ps. 133,924,623	Ps. 94,597,039	Ps. 1,808,776,162

Year ended December 31, 2011	Exploration and Production	Refining	Gas and Basic Petrochemicals	Petrochemicals	Trading Companies	Corporate and Other Subsidiary Companies
Sales:						
By segment	Ps. 1,270,854,327	Ps. 703,698,643	Ps. 208,136,502	Ps. 43,445,669	Ps. 1,198,617,934	Ps. 47,444,662
Less unrealized intersegment sales	(14,400)	(3,246,291)	(883,802)	(7,654)	(692,172)	-
Total consolidated sales	Ps. 1,270,839,927	Ps. 700,452,352	Ps. 207,252,700	Ps. 43,438,015	Ps. 1,197,925,762	Ps. 47,444,662
Operating income (loss):						
By segment	Ps. 976,875,297	Ps. (76,575,103)	Ps. (4,833,882)	Ps. (4,740,125)	Ps. 10,370,875	Ps. 623,875
Less unrealized intersegment sales	(14,400)	(3,246,291)	(883,802)	(7,654)	(692,172)	-
Less unrealized gain due to production cost valuation of inventory	1,877	(29,203,353)	(1,210,089)	(741,390)	161,719	(323,438)
Less capitalized refined products	(4,520,495)	-	-	-	-	-
Less amortization of capitalized interest	118,981	-	-	-	-	-
Total consolidated operating income (loss)	Ps. 972,461,260	Ps. (109,024,747)	Ps. (6,927,773)	Ps. (5,489,169)	Ps. 9,840,422	Ps. 300,437
Net income (loss):						
By segment	Ps. 33,234,258	Ps. (99,423,319)	Ps. (1,253,424)	Ps. (5,506,467)	Ps. 4,351,677	Ps. 67,519,241)
Less unrealized intersegment sales	(14,400)	(3,246,291)	(883,802)	(7,654)	(692,172)	-
Less unrealized gain due to production cost valuation of inventory	1,877	(29,203,353)	(1,210,089)	(741,390)	161,719	(323,438)
Less capitalized refined products	(4,520,495)	-	-	-	-	-
Less equity method for unrealized profits	(7,412)	-	-	-	-	(40,037,466)
Less amortization of capitalized interest	118,981	-	-	-	-	-
Total consolidated net income (loss)	Ps. 28,812,809	Ps. (131,872,963)	Ps. (3,347,315)	Ps. (6,255,511)	Ps. 3,821,224	Ps. (107,880,145)

Supplemental geographic information:

	For the years ended December 31,		
	2013	2012	2011
Domestic sales	Ps. 910,187,634	Ps. 867,036,701	Ps. 779,197,974
Export sales:			
United States	493,148,967	573,515,085	613,805,564
Canada, Central and South America	21,004,723	39,806,335	34,921,636
Europe	86,872,410	98,987,049	70,567,172
Other	86,651,534	60,390,584	53,670,990
Total export sales	687,677,634	772,699,053	772,965,362
Services income	10,339,357	7,176,286	6,290,781
Total sales	Ps. 1,608,204,625	Ps. 1,646,912,040	Ps. 1,558,454,117

PEMEX does not have significant long-lived assets outside of Mexico.

The following table shows income by product:

	For the years ended December 31,		
	2013	2012	2011
Domestic sales			
Refined petroleum products and derivatives (primarily gasolines)	Ps. 805,460,402	Ps. 779,572,582	Ps. 676,407,259
Gas	70,781,410	51,249,544	65,847,550
Petrochemical products	33,945,822	36,214,575	36,943,165
Total domestic sales	Ps. 910,187,634	Ps. 867,036,701	Ps. 779,197,974
Export sales			
Crude oil	Ps. 548,411,085	Ps. 618,104,685	Ps. 614,161,757
Refined petroleum products and derivatives (primarily gasolines)	137,048,991	150,850,052	155,553,997
Gas	43,544	7,713	18,182
Petrochemical products	2,174,014	3,736,603	3,231,426
Total export sales	Ps. 687,677,634	Ps. 772,699,053	Ps. 772,965,362

5. Cash, cash equivalents and restricted cash

As of December 31, 2013 and 2012, cash and cash equivalents were as follows:

	As of December 31,	
	2013	2012
Cash on hand and in banks(1)	Ps. 45,942,338	Ps. 76,201,010
Marketable securities	34,803,381	43,033,881
	Ps. 80,745,719	Ps. 119,234,891

(i) Cash on hand and in banks is primarily composed of cash in banks.

At December 31, 2013, and 2012, restricted cash was as follows:

	As of December 31,	
	2013	2012
Restricted cash	Ps. 7,701,798	Ps. 2,605,332

Restricted cash in 2013 primarily increased due to the following: In December 2004, Corporación Mexicana de Mantenimiento Integral, S. de R. L. de C. V. ("COMMISA") filed an arbitration claim before the International Court of Arbitration of the International Chamber of Commerce (the "ICA") against Pemex-Exploration and Production for, among other things, the breach of a construction agreement in connection with two platforms in the Cantarell project. Since the initiation of such claim, COMMISA and Pemex-Exploration and Production have filed several additional claims against one another. As a result of one of these additional claims, on September 25, 2013, the U.S. District Court ordered Pemex-Exploration and Production deposit with COMMISA Ps. 6,081,706. Pemex-Exploration and Production subsequently deposited the judgment amount in a bank account in New York as a condition to filing a motion to appeal the resolution before the Second Circuit Court of Appeals (See Note 23-b).

6. Accounts, notes receivable and other

As of December 31, 2013 and 2012, accounts and notes receivable and other receivables were as follows:

	As of December 31,	
	2013	2012
Export costumers	Ps. 46,337,045	Ps. 40,717,458
Domestic customers	38,648,470	53,355,711
Tax credits	15,416,955	13,420,166
Sundry debtors	7,818,554	5,652,405
Employee and officers	5,077,687	4,773,466
Negative IEPS Tax pending to be credit	4,293,619	11,833,727
Advances to suppliers	3,284,575	1,801,231
Insurance claims	1,618,828	1,440,337
Other account receivables	16,278	15,010
	Ps. 122,512,011	Ps. 133,009,511

The following table shows a breakdown of accounts receivable based on their credit history at December 31, 2013 and 2012:

	Export customers	
	As of December 31,	
	2013	2012
1 to 30 days	Ps. 38,163	Ps. 1,690,104
31 to 60 days	1,070	63,011
61 to 90 days	95	8,072
More than 91 days	385,887	149,165
Expired	425,215	1,910,352
Impaired (reserved)	-	-
Unimpaired	425,215	1,910,352
Unexpired	45,911,830	38,807,106
Total	Ps. 46,337,045	Ps. 40,717,458

	Domestic customers	
	As of December 31,	
	2013	2012
1 to 30 days	Ps. 874,553	Ps. 1,205,492
31 to 60 days	15,091	284,968
61 to 90 days	80,331	53,110
More than 91 days	223,009	1,079,711
Expired	1,192,984	2,623,281
Impaired (reserved)	(697,284)	(1,059,215)
Unimpaired	495,700	1,564,066
Unexpired	38,152,770	51,791,645
Total	Ps. 38,648,470	Ps. 53,355,711

7. Inventories

As of December 31, 2013 and 2012, inventories were as follows:

	As of December 31,	
	2013	2012
Crude oil, refined products, derivatives and petrochemicals products	Ps. 51,638,624	Ps. 51,058,073
Materials and products in stock	5,259,341	5,755,367
Materials and products in transit	16,535	34,130
	Ps. 56,914,500	Ps. 56,847,570

8. Investments in equity instruments

In 2011, PMI HBV acquired 57,204,240 shares of Repsol, S. A. (formerly known as Repsol YPF, S. A., "Repsol") at a cost of Ps. 20,783,820, which represented approximately 4.69% of Repsol's share capital.

On June 19, 2012, Repsol approved a dividend program under which Repsol shareholders had the option to receive their pro rata portion of the dividend declared at the annual meeting in the form of either (i) new shares of Repsol or (ii) cash. On June 29, 2012, Petróleos Mexicanos opted to receive its dividend in cash, which it received on July 13, 2013, while on July 9, 2012, PMI HBV received its dividend in the form of 2,600,191 new Repsol shares. As part of the same program, on January 21 and July 16, 2013, PMI HBV opted to receive dividends in the form of 1,683,322 and 1,506,130 new Repsol shares, respectively.

On August 9, 2013, PEMEX divested its direct interest in 9,289,968 shares of Repsol, which resulted in a net profit of Ps. 278,842. On the same date, PEMEX entered into an equity swap for the same number of shares with a notional amount of Ps. 2,869,882, pursuant to which PEMEX retains economic and voting rights in such shares (see Note 13-a (iv)).

As of December 31, 2013 and 2012, the investments in 53,703,915 and 59,804,431 shares of Repsol were valued at Ps. 17,728,490 and Ps. 15,771,202, respectively. The effect of the valuation of the investment at fair value was recorded in other comprehensive result in the statement of changes in equity (deficit) as a gain of Ps. 4,453,495 at December 31, 2013 and a loss of Ps. 10,125,912 at December 31, 2012. In addition, PEMEX recorded dividend payments received from Repsol of Ps. 914,116 and Ps. 685,704 in the statements of comprehensive income at December 31, 2013 and 2012, respectively.

At December 31, 2013 and 2012, PEMEX held three equity swaps with financial institutions through which it had obtained the economic and voting rights of 67,969,767 and 58,679,799 shares of Repsol, respectively, which amounted to approximately 5.13% and 4.80% of Repsol's total shares, respectively (see Note 13).

At December 31, 2013 and 2012, PEMEX's direct holdings of Repsol shares, together with the economic and voting rights acquired through the equity swaps mentioned above, amounted to approximately 9.19% and 9.49% of Repsol's total shares, respectively. In addition, PEMEX holds one Repsol share through PMI-SES.

9. Permanent investments in associates

The permanent investments in associates as of December 31, 2013 and 2012, which were accounted for under the equity method, were as follows:

		Percentage of investment	December 31 2013	December 31 2012
Deer Park Refining Limited		50.00%	Ps. 6,710,317	Ps. 7,337,384
Gasoductos de Chihuahua, S. de R. L. de C. V.		50.00%	4,051,682	3,530,632
Petroquímica Mexicana de Vinilo, S. A. de C. V.	(i)	44.09%	3,253,978	-
Instalaciones Inmobiliarias para Industrias, S. A. de C. V.	(ii)	100.00%	-	1,424,309
Compañía Mexicana de Exploraciones, S. A. de C. V.	(iii)	60.00%	1,141,065	936,689
Frontera Brownsville, LLC		50.00%	517,945	535,653
Mexicana de Lubricantes, S. A. de C. V.		46.85%	488,321	509,265
Other, net		Various	616,193	372,331
Total			Ps. 16,779,501	Ps. 14,646,263

(i) In September 2013, through a joint venture between PEMEX and Mexichem S. A. B. de C. V., PEMEX increased its investment in Petroquímica Mexicana de Vinilo, S. A. de C. V. by Ps. 2,993,531, allowing PEMEX to acquire a 44% interest in the Company.

(ii) As of 2013, Instalaciones Inmobiliarias para Industrias, S. A. de C. V. is considered a Subsidiary Company and is, therefore, included in the consolidated financial statements of PEMEX and no longer accounted for as a permanent investment in an associate under the equity method. In 2012, it was not included in the consolidated financial statements of PEMEX because it was immaterial.

(iii) Compañía Mexicana de Exploraciones, S. A. de C. V. is not controlled by PEMEX and is accounted for as a permanent investment in an associate under the equity method (see Note 3-a).

Profit (loss) sharing in associates:

	December 31, 2013	December 31, 2012	December 31, 2011
Deer Park Refining Limited	Ps. (591,472)	Ps. 1,320,180	Ps. 80,480
Gasoductos de Chihuahua, S. de R. L. de C. V.	475,942	548,765	221,148
Petroquímica Mexicana de Vinilo, S. A. de C. V.	93,853	-	-
Others, net	728,387	2,928,662	(1,112,381)
Total	Ps. 706,710	Ps. 4,797,607	Ps. (810,753)

The following tables show condensed financial information of major investments recognized under the equity method:

Condensed statements of financial position

	Deer Park Refining Limited		Gasoductos de Chihuahua, S. de R. L. de C. V.	
	December 31,		December 31,	
	2013	2012	2013	2012
Total assets	Ps. 27,331,336	Ps. 23,237,327	Ps. 9,006,292	Ps. 8,007,571
Total liabilities	Ps. 13,910,702	Ps. 8,562,558	Ps. 902,928	Ps. 946,306
Total equity	13,420,634	14,674,769	8,103,364	7,061,265
Total liabilities and equity	Ps. 27,331,336	Ps. 23,237,327	Ps. 9,006,292	Ps. 8,007,571

Condensed statements of comprehensive income

	Deer Park Refining Limited			Gasoductos de Chihuahua, S. de R. L. de C. V.		
	December 31,			December 31,		
	2013	2012	2011	2013	2012	2011
Sales and other income	Ps. 9,767,622	Ps. 12,240,553	Ps. 11,766,416	Ps. 2,124,812	Ps. 1,984,198	Ps. 1,592,555
Costs and expenses	10,950,566	9,600,192	11,605,456	1,172,927	886,669	1,150,260
Net result	Ps. (1,182,944)	Ps. 2,640,361	Ps. 160,960	Ps. 951,885	Ps. 1,097,529	Ps. 442,295

10. Wells, pipelines, properties, plant and equipment

As of December 31, 2013 and 2012, the components of wells, pipelines, properties, plant and equipment were as follows:

	Plants	Drilling equipment	Pipelines	Wells	Buildings	Offshore platforms	Furniture and equipment	Transportation equipment	Construction in progress	Land	Unproductive fixed assets	Assets in process acquisition	Total fixed asset
Investment													
Balances as of January 1, 2012	Ps. 640,476,821	Ps. 39,551,408	Ps. 545,183,035	Ps. 882,779,891	Ps. 61,084,265	Ps. 298,983,863	Ps. 45,199,722	Ps. 20,003,935	Ps. 125,148,670	Ps. 41,623,977	Ps. 8,422,839	Ps. -	Ps. 2,708,458,426
Acquisitions	28,345,950	3,382,577	3,034,148	52,636,412	810,283	6,095,841	4,584,555	1,253,739	107,171,303	97,877	12,737	152,844	207,578,266
Capitalization and reclassifications	46,045,271	(566,879)	1,596,719	72,039,394	(9,355,395)	14,558,538	(71,555)	(130,141)	(131,010,580)	(3,611)	3,673,967	(125,211)	(3,349,483)
Disposals	(5,119,828)		(2,577,283)		899,856	-	75,563	(536,840)	3,993,884	(135,072)	(961,129)	-	(4,360,849)
Balances as of December 31, 2012	709,748,214	42,367,106	547,236,619	1,007,455,697	53,439,009	319,638,242	49,788,285	20,590,693	105,303,277	41,583,171	11,148,414	27,633	2,908,326,360
Acquisitions	29,336,696	3,106,174	5,387,150	62,580,630	1,965,492	5,633,305	3,644,600	3,701,628	134,079,686	1,100,230	1,104,295	4,929	251,644,815
Capitalization and reclassifications	10,174,501	(433,975)	7,875,199	56,885,847	5,761,369	1,115,273	(1,072,347)	(99,191)	(85,903,444)	(23,662)	264,810	-	(5,455,620)
Impairment	1,650,664	-	-	(26,364,717)	-	-	-	-	(894,782)	-	-	-	(25,608,835)
Disposals	(15,360,225)	-	(2,057,115)	-	(903,509)	(62,212)	(424,245)	(875,443)	(3,154,696)	(301,882)	(2,249,721)	-	(25,389,048)
Balances as of December 31, 2013	Ps. 735,549,850	Ps. 45,039,305	Ps. 558,441,853	Ps. 1,100,557,457	Ps. 60,262,361	Ps. 326,324,608	Ps. 51,936,293	Ps. 23,317,687	Ps. 149,430,041	Ps. 42,357,857	Ps. 10,267,798	Ps. 32,562	Ps. 3,103,517,672
Accumulated depreciation and amortization													
Balances as of January 1, 2012	Ps. (254,138,741)	Ps. (20,707,896)	Ps. (187,966,009)	Ps. (491,889,237)	Ps. (33,557,438)	Ps. (79,411,627)	Ps. (30,120,584)	Ps. (11,727,040)	Ps. -	Ps. -	Ps. (6,515,091)	Ps. -	Ps.(1,116,033,663)
Depreciation	(32,672,945)	(2,868,400)	(16,964,385)	(67,857,495)	(1,465,645)	(14,284,606)	(3,159,986)	(1,264,258)	-	-	-	-	(140,537,720)
Reclassifications	(139,324)	510,016	2,834,880	(6,141)	1,220,599	(1,441,319)	430,999	119,497	-	-	(177,427)	-	3,351,780
Disposals	2,663,300	-	2,810	-	78,604	-	286,377	537,127	-	-	59,110	-	3,627,328
Balances as of December 31, 2012	(284,287,710)	(23,066,280)	(202,092,704)	(559,752,873)	(33,723,880)	(95,137,552)	(32,563,194)	(12,334,674)	-	--	(6,633,408)	-	(1,249,592,275)
Depreciation	(36,154,914)	(2,790,948)	(16,457,891)	(71,831,243)	(1,779,543)	(14,669,152)	(3,468,615)	(1,339,398)	-	-	-	-	(148,491,704)
Reclassifications	2,513,262	358,288	1,290,514	1,153	(84,961)	-	1,230,624	146,740	-	-	-	-	5,455,620
Disposals	8,267,723	-	1,409,767	-	519,279	-	297,756	903,404	-	-	(708,501)	-	10,689,428
Balances as of December 31, 2013	Ps. (309,661,639)	Ps. (25,498,940)	Ps. (215,850,314)	Ps. (631,582,963)	Ps. (35,069,105)	Ps. (109,806,704)	Ps. (34,503,429)	Ps. (12,623,928)	Ps. -	Ps. -	Ps. (7,341,909)	Ps. -	Ps.(1,381,938,931)
Wells, pipelines, properties, plant and equipment, net as of December 31,2012	Ps. 425,460,504	Ps. 19,300,826	Ps. 345,143,915	Ps. 447,702,824	Ps. 19,715,129	Ps. 224,500,690	Ps. 17,225,091	Ps. 8,256,019	Ps. 105,303,277	Ps. 41,583,171	Ps. 4,515,006	Ps. 27,633	Ps. 1,658,734,085
Wells, pipelines, properties, plant and equipment, net as of December 31,2013	Ps. 425,888,211	Ps. 19,540,365	Ps. 342,591,539	Ps. 468,974,494	Ps. 25,193,256	Ps. 216,517,904	Ps. 17,432,864	Ps. 10,693,759	Ps. 149,430,041	Ps. 42,357,857	Ps. 2,925,889	Ps. 32,562	Ps. 1,721,578,741
Depreciation rates	4%	5%	3%	-	3%	4%	10%	5%	-	-	-	-	-
Estimated useful lives	25 years	20 years	33 years	-	33 years	25 years	10 years	20 years	-	-	-	-	-

a. As of December 31, 2013, 2012 and 2011, the financing cost identified with fixed assets in the construction or installation stage, capitalized as part of the value of such fixed assets, was Ps. 2,943,597, Ps. 2,110,075 and Ps. 5,634,981 respectively.

b. The combined depreciation of fixed assets and amortization of wells for the fiscal years ended December 31, 2013, 2012 and 2011, recognized in operating costs, was Ps. 148,491,704, Ps. 140,537,720 and Ps. 127,380,409, respectively, which includes costs related to plugging and abandonment of wells for the years ended December 31, 2013, 2012 and 2011 of Ps. 2,000,230, Ps. 2,053,630 and Ps. 2,966,836, respectively (see Note 3-h).

c. As of December 31, 2013 and 2012, provisions relating to future plugging and abandonment costs amounted to Ps. 46,118,080 and Ps. 48,153,060, respectively, and are presented in the "Provisions for sundry credits" line item.

d. As of December 31, 2013, the value in use of the Integral Burgos and Macuspana projects were unfavorable due to the decline in gas prices in the international market as well as the condition of economic hydrocarbon reserves located at these projects, which resulted in impairment charges of Ps. (25,432,038) and Ps. (932,679), respectively, that were recognized in the consolidated statements of comprehensive income under the other revenues and expenses—net line item.

As a result of the sale of certain properties and plants of the Pajaritos petrochemical complex by Pemex-Petrochemicals to Petroquímica Mexicana de Vinilo, S.A. de C.V., value in use for the complex was favorable, reducing the impairment charge for previous years by Ps. 1,650,664. This reduction in impairment charges was offset by additional impairment charges totaling Ps. (894,782) due to the identification of additional impaired assets.

e. During 2008, PEMEX entered into certain capital lease arrangements for tankers. These leases expire on various dates over the next 9 years.

As of December 31, 2013 and 2012, assets acquired through these capital leases were as follows:

	2013		2012	
Investment in tankers tankers and drilling equipment	Ps.	5,870,050	Ps.	3,075,142
Less accumulated depreciation		(636,276)		(513,123)
	Ps.	5,233,774	Ps.	2,562,019

The liabilities relating to the assets listed above are payable in the years following December 31, 2013 as presented below:

Year	Pesos		U.S. dollars	
2014	Ps.	761,941	US$	58,268
2015		741,863		56,733
2016		741,863		56,733
2017		741,863		56,733
2018		681,643		52,127
2019 and later		1,184,622		90,592
		4,853,795		371,186
Less: short-term unaccrued interest		239,772		18,336
Less: long-term unaccrued interest		664,118		50,787
Total capital leases		3,949,905		302,063
Less: current portion of leases		522,167		39,932
Total long-term capital leases	Ps.	3,427,738	US$	262,131

The capitalized interest expense from financial leases for the years ended December 31, 2013, 2012 and 2011 was Ps. 159,380, Ps. 214,041 and Ps. 212,497, respectively.

The discount rates applied to the calculation of capitalized leases were as follows:

i. 7.96% rate in nominal terms (3.83% in real terms as of December 31, 2013);

ii. 9.39% rate in nominal terms (5.62% in real terms as of December 31, 2012); and

iii. 10.46% rate in nominal terms (6.40% in real terms as of December 31, 2011).

11. Other assets

At December 31, 2013 and 2012, the balance of other assets was as follows:

	As of December 31,			
	2013		2012	
Construction in progress (wells)	Ps.	7,892,474	Ps.	5,306,333
Payments in advance		2,244,450		3,290,756
Other		4,057,786		3,750,746
	Ps.	14,194,710	Ps.	12,347,835

	As of December 31,			
	2013		2012	
Construction in progress (wells):				
Balance at the beginning of period	Ps.	5,306,333	Ps.	9,552,703
Additions to construction in progress		21,813,041		18,945,289
Deductions against expenses		(9,244,399)		(11,889,271)
Deductions against fixed assets		(9,982,501)		(11,302,388)
Balance at the end of period	Ps.	7,892,474	Ps.	5,306,333

12. Debt

The Board approves the terms and conditions for the incurrence of obligations that constitute public debt of Petróleos Mexicanos for each fiscal year, in accordance with the Petróleos Mexicanos Law and the Regulations to the Petróleos Mexicanos Law. These terms and conditions are promulgated in conformity with the guidelines approved by the SHCP for Petróleos Mexicanos for the respective fiscal year.

During 2013, the significant financing activities of PEMEX were as follows:

a. On January 22, 2013, the SHCP authorized the increase of the Petróleos Mexicanos' Medium-Term Notes Program from U.S.$ 22,000,000 to U.S.$ 32,000,000.

b. On January 30, 2013, Petróleos Mexicanos issued U.S.$ 2,100,000 of its 3.500% Notes due 2023. The notes were issued under Petróleos Mexicanos' U.S.$ 32,000,000 Medium-Term Notes Program, Series C. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

c. On January 4 and 11, 2013, PMI Trading obtained and repaid, respectively, a loan for U.S.$ 150,000 bearing interest at 1.0412%.

d. On February 28, 2013, PMI NASA obtained two loans for U.S.$ 34,500, each of which bears interest at 3.80% and matures on February 7, 2023.

e. On March 22, 2013, Petróleos Mexicanos issued, in the Mexican market, Ps. 2,500,000 of Certificados Bursátiles due 2017 at a floating rate, which was the first reopening of the securities originally issued on November 29, 2012. These certificados bursátiles were issued under Petróleos Mexicanos' Ps. 300,000,000 or Unidades de Inversión ("UDI") equivalent Certificados Bursátiles Dual Program. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

f. On March 6 and 8, 2013, PMI Trading obtained and repaid, respectively, a loan for U.S.$ 50,000 bearing interest at 1.4217%.

g. On April 26, 2013, PMI NASA obtained a loan for U.S.$ 33,830 bearing interest at 3.80%, which matures on February 22, 2023.

h. On June 7, 2013, PMI NASA obtained a loan for U.S.$ 34,278 bearing interest at 3.80%, which matures on April 24, 2023.

i. On June 25, 2013, Petróleos Mexicanos issued, in the Mexican market, Ps. 2,500,000 of Certificados Bursátiles due 2017 at a floating rate, which was the second reopening of the securities originally issued on November 29, 2012. These certificados bursátiles were issued under Petróleos Mexicanos' Ps. 300,000,000 or UDI equivalent Certificados Bursátiles Dual Program. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

j. On June 26, 2013, Petróleos Mexicanos borrowed U.S.$ 500,000 under its revolving credit facility with Credit Agricole CIB, which was repaid on July 17, 2013.

k. On July 18, 2013, Petróleos Mexicanos issued U.S.$ 3,000,000 of its debt securities under Petróleos Mexicanos' U.S.$ 32,000,000 Medium-Term Notes Program, Series C in four tranches: (i) U.S. $1,000,000 of its 4.875% Notes due 2024; (ii) U.S.$ 1,000,000 of its 3.500% Notes due 2018; (iii) U.S.$ 500,000 of its Floating Rate Notes due 2018; and (iv) U.S.$ 500,000 of its 6.500% Bonds due 2041, which was the second reopening of its 6.500% Bonds due 2041 originally issued on June 2, 2011 and subsequently reopened on October 18, 2011. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

l. On September 19, 2013, Petróleos Mexicanos issued U.S.$ 400,000 of notes due 2024, which bear interest at a fixed rate of 2.830%. The notes are guaranteed by the Export-Import Bank of the United States.

m. On September 19, 2013, Petróleos Mexicanos issued, in the Mexican market, Ps. 5,000,000 of Certificados Bursátiles due 2019 at a floating rate. These certificados bursátiles were issued under Petróleos Mexicanos' Ps. 300,000,000 or UDI equivalent Certificados Bursátiles Dual Program. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

n. On September 26, 2013, Petróleos Mexicanos issued Ps. 10,400,000 aggregate amount of Certificados Bursátiles due 2024 at a fixed rate of 7.19%, consisting of (1) an international offering outside Mexico of Ps. 1,075,000 of Certificados Bursátiles in the form of global depositary notes ("GDNs"), and (2) a concurrent offering to the public in Mexico of Ps. 9,325,000 of Certificados Bursátiles not represented by GDNs. These certificados bursátiles were issued under Petróleos Mexicanos' Ps. 300,000,000 or UDI equivalent Certificados Bursátiles Dual Program. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

o. On September 30, 2013, Petróleos Mexicanos issued U.S.$ 750,000 of notes due 2024, which bear interest at the London Interbank Offered Rate (LIBOR) for 3 months plus 0.43%. The notes are guaranteed by the Export-Import Bank of the United States.

p. On November 4, 2013, Petróleos Mexicanos issued U.S.$ 350,000 of notes due 2024, which bear interest at a fixed rate of 2.290%. The notes are guaranteed by the Export-Import Bank of the United States.

q. On November 27, 2013, Petróleos Mexicanos issued € 1,300,000 of its 3.125% Notes due 2020. These notes were issued under Petróleos Mexicanos' U.S.$ 32,000,000 Medium-Term Notes Program, Series C. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

r. On December 11, 2013 Petróleos Mexicanos issued Ps. 8,500,000 aggregate principal amount of Certificados Bursátiles due 2024 at a fixed rate of 7.19%, consisting of (i) an international offering outside of Mexico of Ps. 1,165,550 of Certificados Bursátiles in the form of GDNs, and (ii) a concurrent offering to the public in Mexico of Ps. 7,334,450 of Certificados Bursátiles not represented by GDNs. The issuance represented the first reopening of the same series of Certificados Bursátiles due 2024 originally issued on September 26, 2013. Concurrently, Petróleos Mexicanos issued, in the Mexican market, Ps. 1,100,000 of Certificados Bursátiles due 2019 at a floating rate, which was a reopening of the same series of Certificados Bursátiles due 2019 originally issued on September 19, 2013. These certificados bursátiles were issued under Petróleos Mexicanos' Ps. 300,000,000 or UDI equivalent Certificados Bursátiles Dual Program. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

s. On December 11, 2013, Petróleos Mexicanos entered into a revolving credit facility in the amount of U.S.$ 1,250,000; the facility bears interest at a floating rate linked to LIBOR and matures in 2016.

t. On December 19, 2013, Petróleos Mexicanos borrowed Ps. 10,000,000 from its revolving credit facility with Banco Santander, S.A., which it repaid on December 30, 2013.

u. On December 27, 2013, Petróleos Mexicanos borrowed U.S.$ 135,000 from its revolving credit facility with Credit Agricole CIB, which it repaid on January 27, 2014.

v. From January 1 to December 31, 2013, PMI HBV obtained U.S.$ 5,793,000 from its revolving credit line and repaid U.S.$ 6,143,000.

During 2012, the significant financing activities of PEMEX were as follows:

a. From January 1 to December 31, 2012, Petróleos Mexicanos obtained U.S.$ 300,000 of loans or credit lines made or guaranteed by export credit agencies.

b. On January 24, 2012, Petróleos Mexicanos issued U.S.$ 2,100,000 of its 4.875% Notes due 2022. The notes were issued under Petróleos Mexicanos' U.S.$ 22,000,000 Medium-Term Notes Program, Series C. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

c. On February 14, 2012, PMI NASA obtained four direct loans for a total amount of U.S.$ 143,945 bearing interest at 3.50% fixed rate, all of which mature in December 2021.

d. On March 12, 2012, PMI NASA obtained a direct loan for U.S.$ 37,998 bearing interest at 3.8% fixed rate, which matures on January 27, 2022.

e. On March 28, 2012, PMI Trading obtained a loan for U.S.$ 125,000 bearing interest at 1.8635% fixed rate, which was repaid on April 12, 2012.

f. On March 29, 2012, PMI Trading obtained a loan for Ps. 1,300,000 bearing interest at 5.264%, which was repaid on April 12, 2012.

g. On April 10, 2012, Petróleos Mexicanos issued CHF 300,000 of its 2.50% Notes due 2019. The notes were issued under Petróleos Mexicanos' U.S.$ 22,000,000 Medium-Term Notes Program, Series C. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

h. On April 26, 2012, Petróleos Mexicanos issued AUD 150,000 of its 6.125% Notes due 2017. The notes were issued under Petróleos Mexicanos' U.S.$ 22,000,000 Medium-Term Notes Program, Series C. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

i. On May 11, 2012, PMI Trading obtained a loan for Ps. 405,000 bearing interest at 5.070%, which was repaid on May 18, 2012.

j. On May 16,2012, PMI Trading obtained a loan for Ps. 2,329,000 bearing interest at 5.050%, which was repaid on May 23, 2012.

k. On May 31, 2012, PMI Trading obtained a loan for Ps. 2,833,000 bearing interest at 5.160%, which was repaid on June 6, 2012.

l. On June 26, 2012, Petróleos Mexicanos issued U.S.$ 1,750,000 of its 5.50% Bonds due 2044. The bonds were issued under Petróleos Mexicanos' U.S.$ 22,000,000 Medium-Term Notes Program, Series C. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

m. On July 6, 2012, Petróleos Mexicanos issued two series of notes in the amount of U.S.$ 400,000 each, which bear interest at a fixed rate of 2.0% and 1.95%, respectively, and mature in December 2022. The notes are guaranteed by Export-Import Bank of the United States.

n. On July 18, 2012 Petróleos Mexicanos obtained a bilateral export credit agency loan for U.S.$ 300,000 which bears interest at a floating rate linked to LIBOR and matures in July 2017.

o. On July 26, 2012, Petróleos Mexicanos issued U.S. $400,000 of notes maturing December 2022, which bear interest at a fixed rate of 1.70%. The notes are guaranteed by the Export-Import Bank of the United States.

p. On July 5 and 6, 2012, PMI Trading obtained and repaid, respectively, a loan for U.S.$ 40,000 bearing interest at a rate of 1.6981%.

q. On October 19, 2012, Petróleos Mexicanos issued U.S.$ 1,000,000 of its 5.50% Bonds due 2044, which was a reopening of the bonds issued on June 26, 2012. The bonds were issued under Petróleos Mexicanos' U.S.$ 22,000,000 Medium-Term Notes Program, Series C. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

r. On October 30, 2012, Petróleos Mexicanos entered into a revolving credit facility in the amount of U.S.$ 1,250,000; the facility bears interest at a floating rate linked to LIBOR and matures in 2017. No disbursements have been made under this facility.

s. On November 16, 2012, PMI Trading obtained a loan for U.S.$ 50,000 bearing interest at 1.0272%, which was repaid on November 30, 2012.

t. On November 23, 2012, the CNBV authorized Petróleos Mexicanos to increase its Certificados Bursátiles Dual Program from Ps. 200,000,000 or its equivalent in UDIs to Ps. 300,000,000 or its equivalent in UDIs.

u. On November 28, 2012, PMI Trading obtained a loan for U.S.$ 70,000 bearing interest at 1.0332%, which was repaid on November 30, 2012.

v. On November 29, 2012, PMI Trading obtained a loan for U.S.$ 45,000 bearing interest at 1.0362%, which was repaid on November 30, 2012.

w. On November 29, 2012, PMI Trading obtained a loan for Ps. 806,000 bearing interest at 5.0462%, which was repaid on November 30, 2012.

x. On November 29, 2012, Petróleos Mexicanos issued, in the Mexican market, Ps. 25,000,000 of Certificados Bursátiles in three tranches: one at a floating rate for Ps. 11,500,000, which matures in 2017; the second at a fixed rate of 3.02% for 721,564 UDIs, equivalent to Ps. 3,500,000, which matures in 2028; and the third at a fixed rate for Ps. 10,000,000, which was a reopening of the securities issued on December 7, 2011 and matures in 2021. These certificados bursátiles were issued under Petróleos Mexicanos' Ps. 300,000,000 or UDI equivalent Certificados Bursátiles Dual Program. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

y. On December 21, 2012, Petróleos Mexicanos obtained a direct loan in the domestic market for Ps. 2,000,000 bearing interest at 6.55%, which matures on December 21, 2022.

z. On December 28, 2012, PMI Trading obtained a loan for Ps. 2,600,000 bearing interest at 5.0475%, which was repaid on January 11, 2013.

aa. On December 31, 2012, PMI Trading obtained a loan for U.S.$ 50,000 bearing interest at 1.4574%, which was repaid on January 14, 2013.

bb. During 2012, PMI HBV obtained U.S.$ 18,225,000 from its revolving credit line and repaid U.S.$ 17,325,000. As of December 31, 2012, the amount outstanding under this facility was U.S.$ 900,000.

As of December 31, 2012, Petróleos Mexicanos had U.S. $3,268,634 in available lines of credit in order to ensure liquidity.

Various financial transactions (including credit facilities and bond issuances) require compliance with various covenants that, among other things, place restrictions on the following types of transactions by PEMEX, subject to certain exceptions:

- The sale of substantial assets essential for the continued operations of its business.
- The incurrence of liens against its assets.
- Transfers, sales or assignments of rights to payment not yet earned under contracts for the sale of crude oil or natural gas, accounts receivable or other negotiable instruments.

As of December 31, 2013 and 2012 and as of the date of the issuance of these consolidated financial statements, PEMEX was in compliance with the covenants described above.

As of December 31, 2013, long-term debt was as follows:

			December 31, 2013	
	Rate of interest (1)	Maturity	Pesos (thousands)	Foreign currency (thousands)
U.S. dollars				
Bonds	Fixed from 1.7 % to 9.5% and LIBOR plus 0.43% to 2.2%	Various to 2045	Ps. 407,719,934	31,179,592
Purchasing loans	LIBOR plus 0.4% to 0.5%	Various to 2014	12,520	957
Project financing	Fixed from 2.45% to 5.45% and LIBOR plus .01% to 1.71%	Various to 2022	75,603,945	5,781,665
Direct loans	Fixed at 5.44% and LIBOR plus 1.0% to 1.20%	Various to 2018	10,981,118	839,760
Syndicated loans	LIBOR plus 0.8% and 1%	Various to 2016	27,918,337	2,135,001
Bank loans	Fixed from 3.5% to 5.28%	Various to 2022	4,032,468	308,375
Financial leases (Note 10-e)	Fixed from 0.37% to 1.99%	Various to 2023	3,949,905	302,061
Total financing in U.S. dollars			530,218,227	40,547,411

	Rate of interest (1)	Maturity	December 31, 2013 Pesos (thousands)	Foreign currency (thousands)
Euros				
Bonds	Fixed from 5.5% to 6.375%	Various to 2025	Ps. 78,073,403	4,332,742
Secured loan	EURIBOR plus 5.37%	Various to 2014	4,779,802	265,259
Project financing	Fixed at 2%	Various to 2016	569	32
Total financing in Euros			82,853,774	4,598,033
Japanese yen				
Direct loans	LIBOR yen plus 0.71%	Various to 2014	2,608,275	20,950,000
Bonds	Fixed at 3.5% and LIBOR yen plus 0.75%	Various to 2023	11,703,000	94,000,000
Project financing	Fixed at 2.90% and Prime Rate yen plus 1% to 2%	Various to 2017	3,346,571	26,880,086
Total financing in yen			17,657,846	141,830,086
Pesos				
Certificados bursátiles	Mexican Federal Treasury Certificates ("Cetes") plus 0.57%, TIIE (1) less 0.07% to 0.7%, and fixed at 7.19% to 9.91%	Various to 2024	132,159,337	
Direct loans	Fixed at 6.55% and TIIE plus 0.55% to 2.4%	Various to 2022	6,479,741	
Total financing in pesos			138,639,078	
Unidades de Inversión				
Certificados bursátiles	Zero rate and Fixed at 3.02% to 4.2%	Various to 2028	26,746,411	
Other currencies				
Bonds	Fixed from 2.5% to 8.25%	Various to 2022	21,031,855	
Total principal in pesos (2)			817,147,191	
Plus: accrued interest			9,815,002	
Notes payable to contractors (3)			14,278,221	
Total principal and interest			841,240,414	
Less: short-term maturities			72,450,283	
Current portion of notes payable to contractors (3)			8,411,658	
Accrued interest			9,815,002	
Total short-term debt			90,676,943	
Long-term debt (Note 13-c)			Ps. 750,563,471	

As of December 31, 2012, long-term debt was as follows:

	Rate of interest (1)	Maturity	December 31, 2012 Pesos (thousands)	Foreign currency (thousands)
U.S. dollars				
Bonds	Fixed from 1.7 % to 9.5%	Various to 2045	Ps. 322,847,701	24,815,159
Purchasing loans	LIBOR plus 0.4% to 0.5%	Various to 2014	39,156	3,010
Project financing	Fixed from 2.45% to 5.45% and LIBOR plus 01% to 1.71%	Various to 2022	94,659,520	7,275,849
Direct loans	Fixed 1.457% to 5.44% and LIBOR plus 1.0% to 1.9%	Various to 2018	16,521,754	1,269,918
Syndicated loans	LIBOR plus 0.475% and 1.5%	Various to 2016	43,909,088	3,375,000
Bank loans	Fixed from 3.5% to 5.28%	Various to 2022	2,603,408	200,107
Financial leases	Fixed from 0.38% to 1.99%	Various to 2022	2,320,522	178,363
Total financing in U.S. dollars			482,901,149	37,117,406
Euros				
Bonds	Fixed from 5.5% to 6.375%	Various to 2025	60,910,720	3,543,687
Secured loan	EURIBOR plus 5.37%	Various to 2014	9,163,050	532,835
Project financing	Fixed at 2%	Various to 2016	1,454	85
Total financing in Euros			70,075,224	4,076,607
Japanese yen				
Direct loans	LIBOR yen plus 0.71%	Various to 2014	3,157,165	20,950,000
Bonds	Fixed at 3.5% and LIBOR yen plus 0.75%	Various to 2023	14,165,800	94,000,000
Project financing	Fixed at 2.90% and Prime Rate yen plus 1% to 2%	Various to 2017	5,416,376	35,941,450
Total financing in yen			22,739,341	150,891,450
Pesos				
Certificados bursátiles	Mexican Federal Treasury Certificates ("Cetes") 0.57%, TIIE (1) less 0.07% to 0.7%, and fixed at 7.65% and 9.91%	Various to 2021	115,210,065	
Direct loans	Fixed from 5.04% and 6.55% and TIIE plus 0.55% to 2.4%	Various to 2022	10,421,100	
Total financing in pesos			125,631,165	
Unidades de Inversión				
Certificados bursátiles	Zero rate and Fixed at 3.02% to 4.2%	Various to 2028	25,769,565	
Other currencies				
Bonds	Fixed from 2.5% to 8.25%	Various to 2022	29,201,396	
Total principal in pesos (2)			756,317,840	

	Rate of Interest (1)	Maturity	December 31, 2012 Pesos (thousands)	Foreign currency (thousands)
From the previous page			Ps. 756,317,840	
Plus: accrued interest			8,997,741	
Notes payable to contractors (3)			21,543,019	
Total principal and interest			786,858,600	
Less: short-term maturities			93,226,762	
Current portion of notes payable to contractors (3)			12,016,502	
Accrued interest			8,997,741	
Total short-term debt			114,241,005	
Long-term debt (Note 13-c)			Ps. 672,617,595	

	2014	2015	2016	2017	2018	2019 and thereafter	Total
Maturity of the total principal outstanding and accrued interest as of December 31, 2013, for each of the years ending December 31,	Ps. 90,676,943	Ps. 65,124,562	Ps. 81,602,221	Ps. 66,772,810	Ps. 68,085,223	Ps. 468,978,655	Ps. 841,240,414

	2013 (i)	2012 (i)
Changes in total debt:		
At the beginning of the period	Ps. 786,858,600	Ps. 783,154,616
Loans obtained	241,939,473	385,419,743
Debt payments	(191,146,091)	(341,863,963)
Interest paid	2,170,843	(850,473)
Foreign exchange	3,308,299	(40,561,801)
Expenses related to debt issuance	(1,890,710)	1,560,478
At the end of the period	Ps. 841,240,414	Ps. 786,858,600

(i) These amounts include accounts payable by Financed Public Works Contracts, which do not generate cash flows.

(1) As of December 31, 2013 and 2012, the rates were as follows: 3 month LIBOR of 0.2461% and 0.306%, respectively; 6 month LIBOR of 0.348% and 0.50825%, respectively; the prime rate in Japanese yen, 1.475%, for the two years; TIIE rate of 3.795% and 4.845%, respectively, for 28 days; TIIE rate of 3.8045% and 4.87%, respectively, for 91 days; Cetes rate of 3.18 and 3.91%, respectively, for 28 days; Cetes rate of 3.45% and 4.26%, respectively, for 91 days; Cetes rate of 3.55% and 4.4%, respectively, for 182 days.

(2) Includes financing from foreign banks of Ps. 631,954,650 and Ps. 594,949,120, as of December 31, 2013 and 2012, respectively.

(3) The total amounts of notes payable to contractors as of December 31, 2013 and 2012, current and long-term, are as follows:

	December 31,			
	2013		2012	
Total notes payable to contractors (a) (b)	Ps.	14,278,221	Ps.	21,543,019
Less: current portion of notes payable to contractors		8,411,658		12,016,502
Notes payable to contractors (long-term)	Ps.	5,866,563	Ps.	9,526,517

(a) PEMEX has entered into Financed Public Works Contracts ("FPWC") (formerly known as Multiple Services Contracts) pursuant to which the hydrocarbons and construction in progress are property of PEMEX. Pursuant to the FPWC, the contractors manage the work in progress, classified as development, infrastructure and maintenance. As of December 31, 2013 and 2012, PEMEX had an outstanding amount payable of Ps. 11,387,225 and Ps. 18,337,981, respectively.

(b) During 2007, Pemex-Exploration and Production contracted for the purchase of a Floating Production Storage and Offloading ("FPSO") vessel. The investment in the vessel totaled U.S.$ 723,575. As of December 31, 2013 and 2012, the outstanding balances owing to the contractor were Ps. 2,890,996 (U.S.$ 221,083) and Ps. 3,205,038 (U.S.$ 246,350), respectively. In accordance with the contract, the estimated future payments are as follows:

Year	US$	
2014	US$	25,267
2015		25,267
2016		25,267
2017		25,267
2018		25,267
2019 and thereafter		94,748
Total	US$	221,083

(4) As of December 31, 2013 and 2012, PEMEX used the following exchange rates to translate the outstanding balances in foreign currencies to pesos in the statement of financial position:

	December 31,			
	2013		2012	
U.S. dollar	Ps.	13.0765	Ps.	13.0101
Japanese yen		0.1245		0.15070
Pounds sterling		21.6560		21.1401
Euro		18.0194		17.1968
Swiss francs		14.7058		14.2451
Canadian dollar		12.3076		13.0689
Australian dollar		11.6982		13.5045

13. Financial instruments

PEMEX faces market risk caused by the volatility of hydrocarbon prices, exchange rates and interest rates, credit risk associated with investments and financial derivatives, as well as liquidity risk. In order to monitor and manage these risks, PEMEX has approved general provisions relating to financial risk management, which are comprised of policies and guidelines that promote an integrated framework for risk management, regulate the use of DFIs and guide the development of risk mitigation strategies.

This regulatory framework establishes that DFIs should generally be used only for the purpose of mitigating financial risk. The use of DFIs for any other purpose must be approved in accordance with PEMEX's internal regulation.

One of PEMEX's policies is to contribute minimizing the impact that unfavorable changes in financial risk factors have on its financial results by promoting an adequate balance between expected incoming cash flows from operations and outgoing cash flows relating to its liabilities.

In addition, the PMI Group has implemented a regulatory framework for risk management with respect to its activities, which consists of policies, guidelines and procedures to manage the market risk associated with its commodity trading activities, in accordance with industry best practices, such as: the use of DFIs for financial risk mitigation purposes exclusively; the segregation of duties; valuation and monitoring mechanisms, such as the generation of a daily portfolio risk report, value at risk (VaR) computation and regular stress testing of major exposures; and VaR limits, both at a global and business unit level and the implementation of stop loss mechanisms. In addition, the PMI Group also has its own risk management subcommittee which supervises the trading of DFIs.

A. Risk Management

I. Market Risk

i. Interest rate risk

PEMEX is exposed to fluctuations in floating interest rate liabilities. PEMEX is exposed to U.S. dollar LIBOR and to Mexican peso TIIE. As of December 31, 2013, approximately 24.8% of PEMEX's total net debt outstanding consisted of floating rate debt.

Occasionally, for strategic reasons or in order to offset the expected inflows and outflows, PEMEX has entered into interest rate swaps. Under its interest rate swap agreements, PEMEX acquires the obligation to make payments based on a fixed interest rate and is entitled to receive floating interest rate payments based on LIBOR, TIIE or a rate referenced to or calculated from TIIE.

As of December 31, 2013, PEMEX was a party to an interest rate swap agreement denominated in U.S. dollars for a notional amount of U.S.$ 750,000 at a fixed interest rate of 2.38% and a term of 10.13 years.

Similarly, in order to eliminate the volatility associated with variable interest rates of long-term financing operations, PMI NASA has executed interest rate swap agreements denominated in U.S. dollars for an outstanding notional amount of U.S.$ 127,883, at a weighted average fixed interest rate of 4.16% and a weighted average term of 8.4 years.

Moreover, PEMEX makes investments in pesos and U.S. dollars in compliance with applicable internal regulations, through portfolios that have different purposes that seek an adequate return subject to risk parameters that reduce the probability of capital losses. The objective of the investments made through these portfolios is to meet PEMEX's obligations payable in pesos and U.S. dollars.

The investments made through PEMEX's portfolios are exposed to domestic and international interest rate risk and credit spread risk derived from government and corporate securities, and inflation risk arising from the relationship between UDIs and pesos. However, these risks are mitigated by established limits on exposure to market risk.

ii. Exchange rate risk

A significant amount of PEMEX's revenues is derived from exports of crude oil and petroleum products, which are priced and payable in U.S. dollars. Moreover, PEMEX's revenues from domestic sales of gasoline and diesel net of the IEPS tax, petrochemicals and natural gas and its byproducts are related to international U.S. dollar-denominated prices, except for domestic sales of LPG, which are priced in pesos and represent less than 5% of PEMEX's revenues.

PEMEX's expenses related to hydrocarbon duties are indexed to international U.S. dollar-denominated prices, and the cost of hydrocarbon imports that PEMEX acquires for resale in Mexico or use in its facilities is determined in U.S. dollars. By contrast, PEMEX's capital expenditure and operating expenses are determined in pesos.

As a result of this cash flow structure, the depreciation of the peso against the U.S. dollar increases PEMEX's financial balance in peso terms. The appreciation of the peso relative to the U.S. dollar has the opposite effect. PEMEX perceives this risk as manageable, without the need for hedging instruments, because the impact on PEMEX's revenues of fluctuations in the exchange rate between the U.S. dollar and the peso is offset in whole or in part by its impact on its obligations.

Most of PEMEX's debt is denominated in U.S. dollars or pesos. Although PEMEX seeks to issue debt either in U.S. dollars or pesos, this is not always achievable. As a consequence of the cash flow structure described above, fluctuations in non-U.S. dollar currencies (other than pesos) may increase PEMEX's cost of funding due to the exposure to foreign exchange risk.

Since 1991, for non-U.S. dollar or peso issuances, PEMEX has, as a risk mitigation strategy, used DFIs to swap this debt into U.S. dollars. In order to hedge inflation risk associated with debt denominated in UDIs, PEMEX swaps this debt into pesos. As a result of this strategy, PEMEX holds a debt portfolio with negligible sensitivity to currency risk other than pesos and U.S. dollars.

The currencies underlying these DFIs are the euro, Swiss franc, Japanese yen, Pound sterling and Australian dollar, which are each swapped against the U.S. dollar. UDIs are swapped against the peso.

During 2013, PEMEX entered into cross-currency swaps to hedge currency risk arising from debt obligations denominated in euros and inflation risk arising from debt denominated in UDIs, for an aggregate notional amount of U.S.$ 2,028,701. In 2012, PEMEX entered into various cross-currency swaps to hedge currency risk arising from debt obligations denominated in Swiss francs and Australian dollars for an aggregate notional amount of U.S.$ 484,018.

Most of PEMEX's cross-currency swaps are plain vanilla, except for two swaps entered into in 2002 and 2004 to hedge its exposure to Japanese yen and euros, with termination dates in 2023 and 2016, respectively. These swaps are referred to as "extinguishing swaps" and were obtained in order to hedge long-term obligations. The main characteristic of extinguishing swaps is that these DFIs terminate upon the occurrence of any of the credit default events specified in the DFI contract confirmation, without any payment obligation by either party. These swaps have a notional amount of U.S.$ 241,352 and U.S.$ 1,028,500, respectively.

PEMEX recorded a total net foreign exchange loss of Ps. 3,951,492 in 2013, as compared to a total net foreign exchange gain of Ps. 44,845,661 in 2012 and to a total net foreign exchange loss of Ps. 60,143,252 in 2011. PEMEX's foreign exchange loss in 2013 was due to the depreciation of the peso, from Ps. 13.0101 = U.S.$ 1.00 on December 31, 2012 to Ps. 13.0765 = U.S.$ 1.00 on December 31, 2013. The depreciation of the peso caused a total net foreign exchange loss because a significant part of PEMEX's debt (75.0% as of December 31, 2013) is denominated in foreign currency. PEMEX's foreign exchange gain in 2012 was due to the effect of a 7.5% appreciation of the peso (from Ps. 13.9904 = U.S. $1.00 on December 31, 2011 to Ps. 13.0101 = U.S.$ 1.00 on December 31, 2012). PEMEX's foreign exchange loss in 2011 was due to the depreciation of the peso, from Ps. 12.3571 = U.S.$ 1.00 on January 1, 2011 to Ps. 13.9904 = U.S.$ 1.00 on December 31, 2011.

The PMI Group also faces market risks generated by fluctuations in foreign exchange rates. In order to mitigate these risks, the board of directors of several of the companies that form the PMI Group have authorized a policy which stipulates that no more than 5% of a Company's total financial assets may be denominated in a currency other than its functional currency, unless the Company owes a duty or expected payment in a currency other than its functional one. This policy further states that the exchange rate risk generated by financing contracts denominated in currencies other than the functional one is to be fully covered immediately upon the execution of the contract. Accordingly, the companies in the PMI Group will from time to time enter into DFIs in order to mitigate the risk associated with financing operations denominated in currencies other than a Company's functional currency.

PMI HBV has outstanding euro-dollar exchange rate forwards which were executed in order to hedge its financing operations denominated in euros. As of December 31, 2013, the outstanding notional amount of these contracts was € 266,420.

Finally, a significant amount of PMI Trading's income and expenses, including the cost of sales and related sales costs, is derived from the trade of refined products, petrochemicals and gas liquids to PEMEX subsidiaries and third parties, whose prices are determined and are payable in U.S. dollars. PMI Trading's exposure to foreign currency risk results primarily from the need to fund tax payments denominated in domestic currency and secondarily from the need to purchase products in domestic currency for sale in U.S. dollars in the international market, as well as certain related sales costs denominated in domestic currency.

PMI Trading believes it can adequately manage the risk created by the payment of taxes in domestic currency without the need to enter into hedging instruments because the exposure to this risk is marginal relative to the total flows of U.S. dollar. In addition, in the event that a potential foreign exchange risk arises in connection with a commercial transaction, PMI Trading may implement risk mitigation measures by entering into DFIs.

iii. Hydrocarbon Price Risk

PEMEX periodically assesses its revenues and expenditures structure in order to identify the main market risk factors that PEMEX's cash flows are exposed to in connection with international hydrocarbon prices. Based on this assessment, PEMEX monitors its exposure to the most significant risk factors and quantifies their impact on PEMEX's financial balance.

PEMEX continuously evaluates the implementation of risk mitigation strategies, including those involving the use of DFIs, while taking into account operational and economic constraints. PEMEX did not hedge the price risk associated with any of its crude oil production for the period from 2007 to 2013.

In addition to supplying natural gas, Pemex-Gas and Basic Petrochemicals offers DFIs to its domestic customers in order to provide them with support to mitigate the risk associated with the volatility of natural gas prices. Pemex-Gas and Basic Petrochemicals enters into DFIs with MGI Supply, Ltd. under the opposite position to those DFIs offered to its customers in order to mitigate the market risk it bears under such offered DFIs. MGI Supply, Ltd. then transfers the related price risk derived from the DFI position held with Pemex-Gas and Basic Petrochemicals to international financial counterparties by entering into these opposite position DFIs with such parties. Through the above mechanism, Pemex-Gas and Basic Petrochemicals is able to maintain its natural risk profile with negligible exposure to market risk.

Pemex-Gas and Basic Petrochemicals' domestic sales of LPG have been subject to a price control mechanism imposed by the Mexican Government. This mechanism generates a risk exposure in the geographic areas where PEMEX sells imported LPG. During 2012, Pemex-Gas and Basic Petrochemicals mitigated the market risk generated by this exposure by executing a hedging strategy consisting of propane swaps, since propane is the primary component of LPG. However, from July to December 2012, Pemex-Gas and Basic Petrochemicals mitigated the market risk of 50% of the volume of LPG sold domestically through propane swaps. During 2013, Pemex-Gas and Basic Petrochemicals did not enter into any DFIs of this type.

PMI Trading faces market risk generated by the terms of the purchase and sale of refined products and natural gas liquids, as well as the volatility of oil prices. Accordingly, it frequently enters into DFIs in order to mitigate this risk, thereby reducing the volatility of its financial results.

iv. Risks relating to the portfolio of third-party shares

PEMEX holds a synthetic long position on 67,969,767 shares of Repsol, with the objective of maintaining corporate rights over these shares. This is accomplished by using three total return swaps under which PEMEX pays variable amounts and receives total return on the Repsol shares. Under these DFIs, PEMEX is entitled to any capital gains associated with the Repsol shares and agrees to cover its counterparties for any capital losses relating to those shares in reference to an exercise price, as well as to make payments at a floating interest rate.

These DFIs will mature between March and October of 2014. As of December 31, 2013 and 2012, the market value of Repsol shares was € 18.320 and € 15.335 per share, respectively.

Between July and September 2011, PEMEX acquired 57,204,240 shares of Repsol through its affiliate PMI HBV. In order to protect that investment, PMI HBV entered into a structured product consisting of long put, short call and long call options maturing in 2012, 2013 and 2014. The exchange rate exposure associated with its financing of the shares was hedged with euro-dollar exchange rate forwards maturing in 2012, 2013 and 2014. The exchange rate forwards that matured in 2012 and 2013 correspond to 38,136,160 shares; hence, DFIs related to 19,068,080 shares remain outstanding. Notwithstanding their execution for hedging purposes, these DFIs were not recorded as hedges for accounting purposes.

v. Market risk quantification

The quantification of market risk exposure in PEMEX's financial instruments is presented below, in accordance with the applicable international risk management practices.

Interest rate risk quantification

The quantification of interest rate risk of investment portfolios is carried out by using the one-day horizon historical VaR, with a confidence level of 95%, over a period of one year. The VaR incorporates interest rate and spread risks. In addition, for portfolios in domestic currency, the VaR includes the inflation risk embedded in securities denominated in UDI. For portfolio management purposes, interest rate risk is mitigated by VaR limits.

As of December 31, 2013, the VaR of PEMEX's investment portfolios were Ps. (35.6) for the Peso Treasury Portfolio, Ps. (215.5) for the Fondo Laboral Pemex Portfolio ("FOLAPE"), Ps. (53.1) for the Fideicomiso de Cobertura Laboral y de Vivienda Portfolio ("FICOLAVI") and U.S. $0 for the U.S. Dollar Treasury Portfolio.

In addition to the exposure to interest rate fluctuations of the DFIs in which PEMEX is obligated to pay floating rates, PEMEX's DFIs are exposed to mark-to-market volatility as a result of changes in the interest rate curves used in their valuation.

Interest rate risk quantification was calculated for DFIs in conjunction with the interest rate risk quantification for the debt portfolio. The following table shows the sensitivity of PEMEX's DFIs and debt portfolio to a parallel shift of one basis point (bp) over the zero coupon rate curves. For the debt portfolio, interest rate risk sensitivity was calculated taking into account both the DFI interbank market yield curves and the PEMEX curves (which were also used to estimate the debt portfolios' fair value). These metrics were calculated solely for informational purposes and are not used for portfolio management purposes because PEMEX does not intend to prepay its debt or terminate its DFIs early. Therefore, there is no interest rate risk arising from fixed rate obligations.

Interest rate and currency DFIs
Interest rate sensitivity to + 1 bp

	Interbank curves			PEMEX Curve
Currency	Sensitivity debt	Sensitivity DFIs	Sensitivity net	sensitivity debt
AUD	44,933	(44,933)	-	43,470
CHF	236,092	(236,092)	-	219,785
Euro	3,849,186	(3,849,183)	3	3,400,944
Pound sterling	555,118	(555,118)	-	482,441
Yen	365,219	(365,219)	-	360,903
Peso	2,840,130	600,717	3,440,847	2,740,304
UDI	1,339,741	(1,339,741)	-	1,275,372
U.S. dollar	30,250,919	4,679,272	34,930,191	21,161,349

Amounts in U.S. dollars

In addition, PEMEX performed a retrospective sensitivity analysis of the impact on its financial statements for the years ended December 31, 2013, 2012 and 2011, in which it assumed either an increase or decrease of 25 basis points in the floating interest rates of its debt and corresponding hedges.

At December 31, 2013, 2012 and 2011, had market interest rates been 25 basis points higher, with all other variables remaining constant, net income for the period would have been Ps. 4,993,915, Ps. 5,319,309 and Ps. 6,040,635 lower for December 31, 2013, 2012 and 2011, respectively, mainly as a result of an increase in interest expense. Conversely, had market interest rates been 25 basis points lower, net income for the period would have been Ps. 4,993,915, Ps. 5,319,309 and Ps. 6,040,635 greater at December 31, 2013, 2012 and 2011, respectively, as a result of a decrease in interest expense.

Exchange rate risk quantification

The investments of PEMEX's portfolios do not face foreign exchange risk because the funds of such portfolios are used to meet obligations in pesos and U.S. dollars.

Currency DFIs are entered into in order to hedge exchange rate risk arising from debt flows in currencies other than pesos and U.S. dollars or inflation risk arising from debt flows in UDIs. However, due to the accounting treatment of currency DFIs, net income is exposed to mark-to-market volatility as a result of changes in the exchange rates used in their valuation.

Exchange rate risk quantification was calculated for DFIs in conjunction with the exchange rate risk quantification for the debt portfolio. The following table shows the sensitivity of PEMEX's DFIs and debt portfolio to an increase of 1% to the exchange rates of currencies against the U.S. dollar. For the debt portfolio, exchange rate risk sensitivity was calculated taking into account both, interbank market yield curves and the PEMEX curves. In addition, the table shows the one-day horizon historical VaR of the remaining open position, with a confidence level of 95%, over a period of one year. These metrics were calculated solely for informational purposes. Nevertheless, in order to carry out management activities related to the debt portfolio, PEMEX periodically conducts quantitative analyses in order to estimate the exchange rate risk exposure generated by its debt issuances. Based on these analyses, PEMEX has elected to enter into DFIs as an exchange rate risk mitigation strategy.

Interest rate and currency DFIs

	Interbank yield curves				PEMEX Curve
Currency	1% Debt	1% DFI	1% Net	VaR 95% Net	1% Debt
AUD	(1,501,518)	1,501,518	-	-	(1,461,764)
CHF	(9,596,046)	9,596,046	-	-	(9,293,359)
Euro	(72,456,392)	72,455,953	(439)	(299)	(67,313,083)
Pound sterling	(8,536,371)	8,536,371	-	-	(7,662,961)
Yen	(14,582,598)	14,582,598	-	-	(13,851,766)
Peso	(91,513,213)	(19,352,163)	(110,865,376)	(122,377,944)	18,993,494
UDI	(19,903,106)	19,903,106	-	-	(19,344,143)

Amounts in U.S. dollars

As shown in the table above, DFIs mitigate 100% of the exchange rate risk derived from debt.

In addition, PEMEX performed a retrospective sensitivity analysis of the impact on its financial statements of the years ended December 31, 2013, 2012 and 2011, in which it assumed either an increase or decrease of 10% in the exchange rate between the U.S. dollar and peso in order to determine the impact on net income and equity as a result of applying these new rates to the monthly balances of assets and liabilities denominated in U.S. dollars.

At December 31, 2013, 2012 and 2011, had the peso depreciated against the U.S. dollar by 10% with other variables remaining constant, net income would have been Ps. 55,137,410, Ps. 59,026,725 and Ps. 50,298,520 lower, respectively, primarily as a result of an increase in the exchange rate losses. However, had the peso appreciated against the U.S. dollar by 10%, net income for the period would have increased by Ps. 55,137,410, Ps. 59,026,725 and Ps. 50,298,520, respectively, as a result of the decrease in exchange rate losses.

Quantification of risks related to third-party shares

Equity DFIs do not generate additional risk exposure to that arising from the shares. These shares are exposed to price risk and euro/U.S. dollar exchange rate risk. The quantification of these risks was carried out using the one-day horizon historical VaR, with a confidence level of 95%, over a period of one year, of Repsol's share price in euros converted to U.S. dollars. In addition, the mark-to-market sensitivity to an increase of 1% in the euro/U.S. dollar exchange rate is provided for informational purposes. These metrics are not considered for portfolio management purposes because the investment in shares of Repsol has a strategic, non-financial purpose.

Equity DFIs

Currency	Shares	Equity risk Shares value	VaR EQ	FX risk 1%
Euro	67,969,767	1,711,286,786	(41,745,882)	17,087,994

Amounts in U.S. dollars

Hydrocarbon price risk quantification

Pemex-Gas and Basic Petrochemicals occasionally faces market risk due to open positions arising from the mismatch between the DFI portfolio offered to domestic customers and hedges with international counterparties. As of December 31, 2013, Pemex-Gas and Basic Petrochemicals natural gas DFI portfolio had no market risk exposure.

Market risk exposure is measured using the 20-day Delta-Gamma VaR methodology, with a confidence level of 95%, based on 500 daily observations; VaR and Capital at Risk (CaR) are monitored and mitigated by pre-established limits.

It should be noted that sensitivity analyses were not carried out for other financial instruments, such as accounts receivable and payable (as defined in the financial reporting standards). Such accounts are cleared in the short term, and therefore market risk is considered to be nonexistent. Most of these accounts are related to hydrocarbon prices.

In accordance with the risk management regulatory framework that PMI Trading has implemented, VaR and the change in profit and loss by portfolio are calculated daily and compared to the maximum applicable limits in order to implement risk-mitigation mechanisms as necessary.

PMI Trading's global VaR associated with commodities market risk was Ps. 248.7 as of December 31, 2013. This VaR was calculated using the historical method with a 99% confidence level, two-year history and a one-day horizon. Similarly, PMI NASA is exposed to market risk associated with inventories of feedstocks and refined products, as well as with the purchase of crude oil for processing at the Deer Park refinery in a proportion equal to its shares in the refinery. This VaR was Ps. 154.2 as of December 31, 2013. These values were calculated with a 99% confidence level and a one-day horizon.

Credit risk

When the fair value of DFIs is favorable to PEMEX, PEMEX faces the risk that counterparties will not be able to meet their obligations. To reduce this risk, PEMEX monitors the creditworthiness of its counterparties and calculates the credit risk exposure for its DFIs. In addition, PEMEX enters into DFIs mostly with major financial institutions with a minimum credit rating of BBB-. These ratings are issued and revised periodically by risk rating agencies. Furthermore, PEMEX maintains a diversified portfolio of counterparties.

Moreover, PEMEX has entered into various long-term cross-currency swaps agreements with "recouponing" provisions (pursuant to which the payments on the swaps are adjusted when the mark-to-market exceeds the relevant threshold specified in the swap), thereby limiting the exposure with its counterparties to a specific threshold amount. The specified thresholds were reached in seven cross-currency swaps during 2012 and four cross-currency swaps during 2013. These swaps were used to hedge the exchange rate exposure to the euro and the Pound sterling. This resulted in the cash settlement of such swaps and the resetting of swap terms to return their mark-to-market value to zero.

According to IFRS 13, the fair value or mark-to-market value of a DFI must reflect the creditworthiness of the parties. Consequently, the fair value of a DFI takes into account the risk that either party may default on its obligation. In accordance with market best practices, PEMEX applies the credit value adjustment (CVA) method to calculate the fair value of its DFIs.

In addition, in order to estimate the credit exposure to each financial counterparty, the potential future exposure was calculated by projecting the risk factors used in the valuation of each DFI in order to calculate the mark-to-market for different periods, taking into account any credit risk mitigation provisions.

The current and potential exposures, aggregated by credit rating, are as follows:

Maximum credit exposure by term in Petróleos Mexicanos

Rating	Current	Less than 1 year	1-3 years	3-5 years	5-7 years	7-10 years	More than 10 years
A+	42	79	120	153	161	108	0
A	115	356	327	86	42	42	0
A-	168	427	608	72	73	71	64
BBB+	96	198	313	301	359	0	0
BBB	74	321	201	256	145	77	25
BBB-	39	366	728	1,043	1,154	307	385

USD Millions

Moreover, PEMEX faces credit risk derived from its investments. As of December 31, 2013, the notional amounts of investments in domestic currency according to issuance credit ratings are as follows:

Credit rating of issuances*	Notional amount (In millions of pesos)
mxAAA	$ 600
mxA	150
mxA-1+	142
mxA-2	450
Total	$ 1,342

*Minimum S&P, Moody's and Fitch credit rating.
Short and long-term National Credit Rating Scale
Does not include investments in Mexican Government bonds.

The table above does not include domestic currency Mexican Government bonds because these issuances are considered not to carry default risk in this currency.

As of December 31, 2013, PEMEX held an investment in a note linked to Mexico's credit risk that was issued by a U.S. financial institution with a BBB credit rating. This note matures in June 2016 and has a face value of U.S.$ 108,000. PEMEX periodically monitors the issuer's credit rating, as well as the credit rating of the underlying assets, in order to quantify its exposure to the note's embedded credit risk.

Furthermore, by means of its credit guidelines for DFI operations, Pemex-Gas and Basic Petrochemicals has significantly reduced its credit risk exposure related to the DFIs offered to its customers to assist them in mitigating the risk associated with the volatility of natural gas prices.

In order to qualify for these DFIs, Pemex-Gas and Basic Petrochemicals' customers must be party to a current natural gas supply contract and sign a domestic master derivative agreement. Since October 2, 2009, DFIs with these customers must be initially secured by cash deposits, letters of credit or other collateral provisions, as required. In accordance with these guidelines, in the event that a client does not meet its payment obligations, DFIs related to this client are terminated, rights to collateral are exercised and, if the collateral is insufficient to cover the fair value, natural gas supply is suspended until the payment is made. As of December 31, 2013, Pemex-Gas and Basic Petrochemicals had a number of outstanding DFIs contracted before October 2, 2009 in which customers are not required to post collateral, the last of which matures in March 2014. The Board of Directors of Pemex-Gas and Basic Petrochemicals approves the credit requirements related to entering into DFIs with Pemex-Gas and Basic Petrochemicals.

As of December 31, 2013, the overdue accounts of natural gas customers in the industrial and distribution sectors accounted for less than 1.00% of the total sales of Pemex-Gas and Basic Petrochemicals.

As of December 31, 2013, Pemex-Gas and Basic Petrochemicals had open DFIs with 33 customers, of which 26 are industrial customers (79%), 6 are distributors (18%) and one customer is both an industrial customer and a distributor (3%). Of the total volume (in millions of British thermal units or MMBtu) of DFIs traded in 2013, industrial customers represented 50.4%, while distributors represented 46.4%. The customer belonging to both categories represented 3.2%.

As of December 31, 2013 and 2012, Pemex-Gas and Basic Petrochemicals, through its subsidiary MGI Supply, Ltd., had not provided any collateral for DFIs entered into to hedge its DFIs with customers. This was due to the following: (i) natural gas prices maintained levels below the strike price, which has kept the credit limits within the set limits; and (ii) when certain DFIs matured, Pemex-Gas and Basic Petrochemicals used domestic customers' payments to meet its international obligations.

The potential future exposure of MGI Supply, Ltd.'s DFI portfolio was calculated in a manner analogous to the analysis of Petróleos Mexicanos' DFI positions. The current and potential exposure, aggregated by credit rating, is as follows:

Maximum Credit Exposure by term in Pemex-Gas and Basic Petrochemicals

Rating	Current	Less than 1 year	1-3 years	3-5 years	5-7 years	7-10 years	More than 10 years
A	1.6	1.3	0.2	0.0	0.0	0.0	0.0
A-	0.4	0.5	0.5	0.0	0.0	0.0	0.0
BBB+	0.0	0.1	0.0	0.0	0.0	0.0	0.0

In millions of U.S. dollars

PMI Trading's credit risk associated with DFI transactions is mitigated through the use of futures and standardized instruments that are cleared through CME-Clearport.

PMI HBV's credit risk associated with DFI transactions is related to the financing that it obtains from the same DFI counterparties. PMI HBV's debt balance with such counterparties is greater than the DFIs' mark-to-market value.

Liquidity risk

Through its debt planning and U.S. dollar selling operations, PEMEX currently preserves a cash balance at a level of liquidity in domestic currency and U.S. dollars that is considered adequate to cover its investment and operating expenses, as well as other payment obligations.

In addition, PEMEX has acquired three committed revolving credit lines in order to mitigate liquidity risk, one of which provides access to Ps. 10,000,000 with an expiration date of December 2015, and two others that each provides access to U.S.$ 1,250,000 with expiration dates in December 2016 and October 2017, respectively.

Finally, the investment strategies of PEMEX's portfolios are structured by selecting horizons that consider each currency's cash flow requirements in order to preserve liquidity.

The PMI Group mitigates the liquidity risk within its companies through several mechanisms, the most important of which is the centralized treasury or "in-house bank," which provides access to a syndicated credit line for up to U.S.$ 700,000, as well as to the additional cash in custody. In addition, the companies in the PMI Group have access to bilateral credit lines from financial institutions for up to U.S.$ 250,000.

The companies in the PMI Group monitor their cash flow on a daily basis and protect their creditworthiness in the financial markets. Liquidity risk is mitigated by monitoring the maximum/minimum permissible financial ratios as set forth in the policies approved by each Company's Board of Directors.

The following tables show the cash flow maturities as well as the fair value of PEMEX's debt and DFI portfolios as of December 31, 2013 and 2012. It should be noted that:

- For debt obligations, these tables present principal cash flows and related weighted average interest rates for fixed rate debt.
- For interest rate and currency swaps, these tables present notional amounts and weighted average interest rates by expected (contractual) maturity dates.
- Weighted average variable rates are based on implied forward rates obtained from the interbank market yield curve at the reporting date.
- For natural gas DFIs, volumes are presented in MMBtu, and fixed average and strike prices are presented in U.S. dollars per MMBtu.
- A DFI's fair value includes CVA and is calculated based on market quotes obtained from market sources such as Reuters and Bloomberg. Forward curves for natural gas are supplied by the Kiodex Risk Workbench platform.
- For PMI Trading, prices used in commercial transactions and DFIs are published by reputable sources that are widely used in international markets, such as CME-NYMEX, Platts and Argus, among others.
- Fair value is calculated internally, by discounting cash flows with the corresponding zero-coupon yield curve, in the original currency.
- For all instruments, the tables are based on the contract terms in order to determine future cash flows categorized by expected maturity dates.
- This information is presented in thousands of pesos (except as noted).

Quantitative disclosure of debt cash flows' maturities as of December 31, 2013(1)(2)

	Year of expected maturity date							
	2014	2015	2016	2017	2018	2019 thereafter	Total carrying value	Fair value
Liabilities								
Outstanding debt								
Fixed rate (U.S. dollars)	Ps. 18,827,853	Ps. 30,599,245	Ps. 8,012,990	Ps. 7,282,939	Ps. 54,091,020	Ps. 304,856,256	Ps. 423,670,303	Ps. 447,282,809
Average interest rate (%)	-	-	-	-	-	-	5.4470%	
Fixed rate (Japanese yen)	1,128,140	1,128,140	726,869	363,422	-	3,735,000	7,081,571	7,714,998
Average interest rate (%)	-	-	-	-	-	-	2.9070%	
Fixed rate (Pounds)	-	-	-	-	-	7,528,128	7,528,128	10,022,857
Average interest rate (%)	-	-	-	-	-	-	8.2500%	
Fixed rate (pesos)	-	9,500,000	7,498,990	-	-	51,230,219	68,229,209	72,738,704
Average interest rate (%)	-	-	-	-		-	8.1873%	
Fixed rate (UDIs)	-	-	-	-	-	26,746,411	26,746,411	25,295,383
Average interest rate (%)	-	-	-	-	-	-	3.6143%	
Fixed rate (euros)	500	46	15,316,513	21,511,809	-	41,245,103	78,073,971	88,219,672
Average interest rate (%)	-	-	-	-	-	-	4.9780%	
Fixed rate (Swiss Francs)	7,352,900	-	-	-	-	4,403,283	11,756,183	12,200,636
Average interest rate (%)	-	-	-	-	-	-	3.1255%	
Fixed rate (Australian dollars)	-	-	-	1,747,544	-	-	1,747,544	1,917,297
Average interest rate (%)	-	-	-	-	-	-	6.1250%	
Total fixed rate debt	27,309,393	41,227,431	31,555,362	30,905,714	54,091,020	439,744,400	624,833,320	665,392,357
Variable rate (U.S. dollars)	25,497,804	14,778,763	38,952,740	12,424,670	13,994,202	15,177,965	120,826,144	123,407,193
Variable rate (Japanese yen)	2,608,275	-	-	-	-	7,968,000	10,576,275	10,995,410
Variable rate (euros)	4,779,803	-	-	-	-	-	4,779,803	5,041,659
Variable rate (pesos)	20,666,667	9,118,368	11,094,119	23,442,426	-	6,088,290	70,409,870	71,159,977
Total variable rate debt	53,552,549	23,897,131	50,046,859	35,867,096	13,994,202	29,234,255	206,592,092	210,604,238
Total debt	Ps. 80,861,942	Ps. 65,124,562	Ps. 81,602,221	Ps. 66,772,810	Ps. 68,085,222	Ps. 468,978,655	Ps. 831,425,412	Ps. 875,996,595

Note: Numbers may not total due to rounding.
(1) The information in this table has been calculated using exchange rates at December 31, 2013 of: Ps. 13.0765 = U.S. $1.00; Ps. 0.1245 = 1.00 Japanese yen; Ps. 21.6560 = 1.00 Pound sterling; Ps. 5.058731 = 1.00 UDI; Ps. 18.0194 = 1.00 euro; Ps. 14.7058 = 1.00 Swiss Franc and Ps. 11.6982 = 1.00 Australian dollar.
(2) Figures in this table do not include accrued interest.
Source: PEMEX

Quantitative disclosure of cash flows' maturities from derivative financial instruments held or issued for purposes other than trading as of December 31, 2013(1) (2)

	Year of expected maturity date							
	2014	2015	2016	2017	2018	2019 thereafter	Total notional amount	Fair value(3)
Hedging instruments(2) (4)								
Interest rate DFIs								
Interest rate Swaps (U.S. dollars)								
Variable to fixed	Ps. 903,252	Ps. 1,155,684	Ps. 1,163,103	Ps. 1,171,060	Ps. 1,179,378	Ps. 5,907,161	Ps. 11,479,638	Ps. 36,019
Average pay rate	4.31%	3.80%	3.88%	3.96%	4.04%	3.51%	N.A.	N.A.
Average receive rate	1.66%	1.46%	2.64%	4.17%	5.36%	6.03%	N.A.	N.A.
Interest rate Swaps (pesos)								
Variable to Fixed	—	—	—	—	—	—	—	—
Average pay rate	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Average receive rate	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Currency DFIs								
Cross currency Swaps								
Receive euros/Pay U.S. dollars	—	—	13,449,180	22,464,185	—	41,205,171	77,118,535	1,153,442
Receive Japanese yen/Pay U.S. dollars	3,691,887	1,076,589	674,237	337,110	—	14,355,308	20,135,132	(3,016,981)
Receive Pounds sterling/Pay U.S. dollars	—	—	—	—	—	8,322,630	8,322,630	90,303
Receive UDI/ Pay pesos	—	—	—	—	—	26,174,756	26,174,756	434,082
Receive Swiss francs/Pay U.S. dollars	6,257,431	—	—	—	—	4,296,391	10,553,822	1,132,123
Receive Australian dollars/Pay U.S. dollars	—	—	—	2,032,873	—	—	2,032,873	(178,770)
Exchange rate forward								
Receive euros/Pay U.S. dollars	4,800,666	—	—	—	—	—	4,800,666	158,144
			(in thousands of shares)					**(nominal pesos)**
Equity DFIs								
Equity options on Repsol shares	19,068	—	—	—	—	—	19,068	101,458
Non-hedging instruments								
Equity DFIs								
Equity Swaps on Repsol shares	67,970	—	—	—	—	—	67,970	545,379

Notes: Numbers may not total due to rounding.
n.a. = not applicable.
(1) The information in this table has been calculated using the exchange rate at December 31, 2013 of: Ps. 13.0765 = U.S. $1.00 and Ps. 18.0194 = 1.00 euro.
(2) PEMEX's management uses these DFIs to hedge market risk; however, these DFIs do not qualify for accounting purposes as hedges and are recorded in the financial statements as entered into for trading purposes.
(3) Positive numbers represent a favorable fair value to PEMEX. These values include CVA.
(4) PMI's risk management policies and procedures establish that DFIs should be used only for hedging purposes; however DFIs are not recorded as hedges for accounting purposes.
Source: PEMEX

Quantitative disclosure of debt cash flows' maturities as of December 31, 2012[(1)]

	Year of expected maturity date							
	2013	2014	2015	2016	2017	2018 thereafter	Total carrying value	Fair value
Liabilities								
Outstanding debt								
Fixed rate (U.S. dollars)	Ps. 18,065,918	Ps. 10,739,796	Ps. 29,100,931	Ps. 6,657,348	Ps. 5,916,768	Ps. 289,010,070	Ps. 359,490,832	Ps. 409,508,428
Average Interest rate (%)	-	-	-	-	-	-	5.5065%	
Fixed rate (Japanese yen)	1,365,548	1,365,548	1,365,548	879,832	439,902	4,521,000	9,937,376	10,025,412
Average interest rate (%)	-	-	-	-	-	-	2.8298%	
Fixed rate (Pounds sterling)	8,456,040	-	-	-	-	7,341,929	15,797,969	18,975,682
Average interest rate (%)	-	-	-	-	-	-	7.8500%	
Fixed rate (pesos)	2,600,000	-	9,500,000	7,498,540	-	32,825,083	52,423,623	53,759,282
Average interest rate (%)	-	-	-	-	-	-	8.1325%	
Fixed rate (UDIs)	-	-	-	-	-	25,769,564	25,769,564	21,955,725
Average interest rate (%)	-	-	-	-	-	-	6.8183%	
Fixed rate (euros)	8,599,310	477	44	14,617,302	20,498,240	17,196,800	60,912,174	70,308,401
Average interest rate (%)	-	-	-	-	-	-	5.8315%	
Fixed rate (Swiss francs)	-	7,122,574	-	-	-	4,264,960	11,387,534	11,792,235
Average interest rate (%)	-	-	-	-	-	-	3.1255%	
Fixed rate (Australian dollars)	-	-	-	-	2,015,893	-	2,015,893	2,195,044
Average interest rate (%)	-	-	-	-	-	-	6.1250%	-
Total fixed rate debt	39,086,816	19,228,395	39,966,523	29,653,022	28,870,803	380,929,406	537,734,965	598,520,209
Variable rate (U.S. dollars)	47,754,190	18,915,934	12,810,116	37,632,511	11,376,909	16,463,678	144,953,337	142,226,642
Variable rate (Japanese yen)	-	3,157,165	-	-	-	9,644,800	12,801,965	11,718,065
Variable rate (euros)	4,581,525	4,581,525	-	-	-	-	9,163,050	9,852,056
Variable rate (pesos)	13,820,733	20,658,367	9,115,190	11,142,846	18,470,405	-	73,207,542	71,861,151
Total variable rate debt	66,156,448	47,312,992	21,925,306	48,775,357	29,847,314	26,108,478	240,125,894	235,657,914
Total debt	Ps. 105,243,264	Ps. 66,541,386	Ps. 61,891,829	Ps. 78,428,379	Ps. 58,718,117	Ps. 407,037,884	Ps. 777,860,859	Ps. 834,178,124

Note: Numbers may not total due to rounding.

(1) The information in this table has been calculated using exchange rates at December 31, 2012 of: Ps. 13.0101 = U.S. $1.00; Ps. 0.1507 = 1.00 Japanese yen; Ps. 21.1404 = 1.00 Pound sterling; Ps. 4.874624 = 1.00 UDI; Ps. 17.1968 = 1.00 euro; Ps. 14.2451 = 1.00 Swiss franc and Ps. 13.5045 = 1.00 Australian dollar.

Source: PEMEX

Quantitative Disclosure of Cash Flows' Maturities from Derivative Financial Instruments Held or Issued for Purposes Other than Trading as of December 31, 2012[(1) (2)]

	Year of expected maturity date							
	2013	2014	2015	2016	2017	2018 thereafter	Total notional amount	Fair value[(4)]
Hedging instruments[(2)(3)]								
Interest rate DFI								
Interest rate swaps (U.S. dollars)								
Variable to fixed	Ps. 86,064	Ps. 90,117	Ps. 94,348	Ps. 98,557	Ps. 103,310	Ps. 430,350	Ps. 902,745	Ps. (81,142)
Average pay rate	4.53%	4.53%	4.52%	4.52%	4.51%	4.44%	N.A.	N.A.
Average receive rate	1.76%	1.86%	2.10%	2.56%	3.07%	3.95%	N.A.	N.A.
Interest rate swaps (pesos)								
Variable to fixed	7,500,000	—	—	—	—	—	7,500,000	(252,778)
Average pay rate	11.485%	—	—	—	—	—	N.A.	N.A.
Average receive rate	4.787%	—	—	—	—	—	N.A.	N.A.
Currency DFI								
Cross currency swaps								
Receive euros/Pay U.S. dollars	8,443,555	—	—	13,380,888	22,350,116	16,226,808	60,401,367	52,516
Receive Japanese yen/ Pay U.S. dollars	1,071,123	3,673,141	1,071,123	670,813	335,398	14,282,414	21,104,012	662,872
Receive Pounds sterling/ Pay U.S. dollars	8,880,564	—	—	—	—	8,460,559	17,341,123	98,085
Receive UDI/Pay pesos	—	—	—	—	—	21,935,663	21,935,663	1,367,252
Receive Swiss francs/ Pay U.S. dollars	—	6,225,657	—	—	—	4,274,575	10,500,232	803,148
Receive Australian dollars/ Pay U.S. dollars	—	—	—	—	2,022,550	—	2,022,550	132,749
Exchange rate forward)								
Receive euros/Pay U.S. dollars	7,181,512	4,581,512	—	—	—	—	11,763,024	(41,795)
			(in thousands of shares)					(Nominal pesos)
Equity DFI								
Equity options on Repsol shares	19,070	19,070	—	—	—	—	38,140	1,433,769
Non-hedging instruments								
Equity DFI								
Equity swaps on Repsol shares	58,680	—	—	—	—	—	58,680	(2,030,668)

Notes: Numbers may not total due to rounding.

n.a. = not applicable.

(1) The information in this table has been calculated using the exchange rate at December 31, 2012 of: Ps. 13.0101 = U.S. $1.00 and Ps. 17.1968 = 1.00 euro.

(2) PEMEX's management uses these DFIs to hedge market risk; however, these DFIs do not qualify for accounting purposes as hedges and are recorded in the financial statements as entered into for trading purposes.

(3) PMI's risk management policies and procedures establish that DFIs should be used only for hedging purposes; however DFIs are not recorded as hedges for accounting purposes.

(4) Positive numbers represent a favorable fair value to PEMEX. These values include CVA.

Source: PEMEX

B. Fair value of derivative financial instruments

PEMEX monitors the fair value of its DFI portfolio on a periodic basis. The fair value represents the price at which one party would assume the rights and obligations of the other, and is calculated for DFIs through models commonly used in the international financial markets, based on inputs obtained from major market information systems and price providers.

PEMEX's DFI portfolio is composed primarily of swaps, the prices of which are estimated by discounting flows using the appropriate factors, and contains no exotic instruments that require numerical methods for their valuation.

The options contained in PMI HBV's DFI portfolio are European-style, consisting of plain vanilla calls or puts, and/or are valued internally based on the traditional Black-Scholes model or certain variations thereof.

In accordance with established policies, PEMEX has analyzed the different contracts it has entered into and has determined that according to the terms thereof, none meet the criteria necessary to be classified as embedded derivatives. Accordingly, as of December 31, 2013, 2012 and 2011, PEMEX did not recognize any foreign currency embedded derivatives.

Accounting treatment

PEMEX enters into derivatives transactions with the sole purpose of hedging financial risks related to its operations, firm commitments, planned transactions and assets and liabilities recorded on its statement of financial position. Nonetheless, these transactions do not qualify for hedge accounting treatment because they do not meet the strict requirements of IAS 39, "Financial Instruments Recognition and Measurement" ("IAS 39") for designation as hedges. They are therefore recorded in the financial statements as non-hedge instruments or as instruments entered into for trading purposes, despite the fact that their cash flows are offset by the cash flows of the positions to which they relate. As a result, the changes in their fair value are recognized in the financing cost.

As of December 31, 2013 and 2012, the net fair value of PEMEX's DFIs was Ps. 457,158 and Ps. 2,173,692, respectively. As of December 31, 2013, and 2012, PEMEX did not have any DFIs designated as hedges.

The following table shows the fair values and notional amounts of PEMEX's over-the-counter ("OTC") DFIs that were designated as non-hedges for accounting purposes and entered into for trading purposes as of December 31, 2013 and 2012. It should be noted that:

- A DFI's fair value includes the CVA and is calculated based on market quotes obtained from market sources such as Reuters and Bloomberg. Forward curves for natural gas are supplied by the Kiodex Risk Workbench platform.

- Fair value is calculated internally, by discounting cash flows with the corresponding zero-coupon yield curve, in the original currency.

- The information is presented in thousands of pesos (except as noted).

DFI	Position	December 31, 2013 Notional amount	December 31, 2013 Fair value	December 31, 2012 Notional amount	December 31, 2012 Fair value
Equity swaps	PEMEX pays floating in U.S. dollar and receives total return on Repsol shares.	Ps. 21,751,402	Ps. 545,379	Ps. 17,414,977	Ps. (2,030,668)
Interest rate swaps	PEMEX pays fixed in peso and receives the PIP 182 day rate.	-	-	7,500,000	(252,778)
Cross-currency swaps	PEMEX pays fixed in U.S. dollar and receives floating in 3-month U.S. dollar LIBOR + spread.	9,807,375	100,454	-	-
Cross-currency swaps	PEMEX pays fixed in pesos and receives notional in UDI.	16,105,371	(195,500)	15,395,443	29,415
Cross-currency swaps	PEMEX pays the 28-day TIIE + spread in pesos and receives fixed in UDI.	10,069,385	629,582	6,540,220	1,337,837
Cross-currency swaps	PEMEX pays fixed in U.S. dollar and receives fixed in Japanese yen.	6,320,558	3,519	7,359,585	1,355,238
Cross-currency swaps	PEMEX pays floating in 3-month U.S. dollar LIBOR + spread and receives floating in 3-month yen LIBOR + spread.	2,615,300	(14,337)	2,602,020	559,122
Cross-currency swaps	PEMEX pays floating in 6-month U.S. dollar LIBOR + spread and receives floating in 6-month yen LIBOR + spread.	11,199,274	(3,006,164)	11,142,406	(1,251,488)
Cross-currency swaps	PEMEX pays fixed in U.S. dollar and receives fixed in euro.	77,118,535	1,153,442	60,401,367	52,516
Cross-currency swaps	PEMEX pays fixed in U.S. dollar and receives fixed in Pound sterling.	-	-	8,880,564	(403,796)
Cross-currency swaps	PEMEX pays floating in 6-month U.S. dollar LIBOR + spread and receives fixed in Pound sterling.	8,322,630	90,303	8,460,559	501,881
Cross-currency swaps	PEMEX pays fixed in U.S. dollar and receives fixed in CHF.	10,553,822	1,132,123	10,500,232	803,148
Cross-currency swaps	PEMEX pays fixed in U.S. dollar and receives fixed in AUD.	2,032,873	(178,770)	2,022,550	132,749
Natural gas swaps	PEMEX receives fixed	(97,301)	5,731	(505,595)	159,110
Natural gas swaps	PEMEX receives floating	95,493	(3,965)	498,239	(153,745)
Natural gas options	PEMEX long call	415,243	23,928	374,048	13,979
Natural gas options	PEMEX short call	(415,380)	(23,755)	(374,461)	(13,733)
Interest rate swaps	PEMEX pays fixed in U.S. dollar and receives floating in U.S. dollar LIBOR 1M.	1,672,263	(64,435)	902,745	(81,142)
Exchange rate forward	PEMEX pays fixed in U.S. dollar and receives fixed in euro.	4,800,666	158,144	11,765,925	(41,795)
Stock options	PEMEX long put, short call and long call.	19,068,080 shares	101,458	38,140,000 shares	1,433,769
Subtotal		-	457,138	-	2,149,619

Note: Numbers may not total due to rounding.

DFI	Market	December 31, 2013 Volume (MMb)	Fair value	December 31, 2012 Volume (MMb)	Fair value
Petroleum Products Swaps	Exchange Traded	(3.95)	(58,229)	(1.8)	24,073
	Subtotal		(58,229)		24,073
	Total		$ 398,910		$ 2,173,692

Note: Numbers may not total due to rounding.

(1) The fair value of the Petroleum Products Swaps as of December 31, 2013, was recognized in the "Cash and cash equivalents" line item in the statement of financial position because PEMEX considered these financial assets to be fully liquid.

The exchange rate for U.S. dollars as of December 31, 2013 and 2012 was Ps. 13.0765 and Ps. 13.0101 per U.S. dollar, respectively. The exchange rate for euros as of December 31, 2013 and 2012 was Ps. 18.0194 and Ps. 17.1968 per euro, respectively.

For the years ended December 31, 2013, 2012 and 2011, PEMEX recognized a net gain (loss) of Ps. 1,310,973, (Ps. 6,257,648) and (Ps. 1,419,183), respectively, in financing cost with respect to DFIs treated as instruments entered into for trading purposes.

In addition, for the year ended December 31, 2011, PEMEX recognized a loss of Ps. 277,042, recorded in financing cost, corresponding to its embedded derivatives related to the Repsol shares it purchased in 2011.

The following table presents the location on the statement of financial position and the fair value of PEMEX's DFIs (including both DFIs that have not reached maturity and those that have reached maturity but have not been settled), as of December 31, 2013 and 2012:

	Derivatives assets		
	Location in statement of financial position	Fair value December 31, 2013	Fair value December 31, 2012
Derivatives not designated as hedging instruments			
Embedded derivatives	Derivative financial instruments	Ps. -	Ps. -
Forwards	Derivative financial instruments	158,156	-
Futures	Derivative financial instruments	-	-
Stock options	Derivative financial instruments	119,367	1,433,769
Natural gas options	Derivative financial instruments	23,930	13,979
Equity swaps	Derivative financial instruments	991,346	31,762
Cross-currency swaps	Derivative financial instruments	5,342,656	7,211,988
Natural gas swaps	Derivative financial instruments	5,731	159,110
Petroleum product swaps	Derivative financial instruments	-	80,908
Propane swaps	Derivative financial instruments	-	-
Interest rate swaps	Derivative financial instruments	100,454	-
Others	Derivative financial instruments	-	118,637
Total derivatives not designated as hedging instruments		6,741,640	9,050,153
Total assets		Ps. 6,741,640	Ps. 9,050,153

	Derivatives liabilities		
	Location in statement of financial position	Fair value December 31, 2013	2012
Derivatives not designated as hedging instruments			
Embedded derivatives	Derivative financial instruments	Ps. -	Ps. -
Forwards	Derivative financial instruments	-	(41,795)
Futures	Derivative financial instruments	-	-
Stock options	Derivative financial instruments	(17,901)	-
Natural gas options	Derivative financial instruments	(23,757)	(13,733)
Equity swaps	Derivative financial instruments	(445,966)	(2,062,429)
Cross-currency swaps	Derivative financial instruments	(5,728,458)	(4,095,366)
Natural gas swaps	Derivative financial instruments	(3,965)	(153,746)
Petroleum product swaps	Derivative financial instruments	-	(9,490)
Propane swaps	Derivative financial instruments	-	-
Interest rate swaps	Derivative financial instruments	(64,435)	(333,919)
Others	Derivative financial instruments	-	(42,333)
Total derivatives not designated as hedging instruments		(6,284,482)	(6,752,811)
Total liabilities		Ps. (6,284,482)	Ps. (6,752,811)
Net total		Ps. 457,158	Ps. 2,297,342

The following table presents the gain (loss) recognized in income on PEMEX's DFIs for the years ended December 31, 2013, 2012 and 2011, and the line location in the financial statements of such gains and losses.

Derivatives not designated as hedging instruments	Location of gain (loss) recognized in statement of operations on derivatives	Amount of gain (loss) recognized in statement of operations on derivatives December 31 2013	2012	2011
Embedded derivatives	Financing cost	Ps. -	Ps. -	Ps. (277,042)
Forwards	Financing cost	186,857	(120,753)	(280,248)
Futures	Financing cost	(129,329)	(1,098,645)	(1,880,401)
Stock options	Financing cost	(1,241,765)	1,418,503	(1,275,188)
Natural gas options	Financing cost	3,587	6,402	31,451
Equity swaps	Financing cost	4,726,258	(7,211,961)	2,129,389
Cross-currency swaps	Financing cost	(2,166,762)	664,773	571,822
Natural gas swaps	Financing cost	8,931	1,472	71,071
Petroleum product swaps	Financing cost	(89,020)	(130,662)	(594,694)
Propane swaps	Financing cost	20	205,366	—
Interest rate swaps	Financing cost	58,744	(103,123)	(192,618)
Others	Financing cost	(46,548)	110,980	233
Total		Ps. 1,310,973	Ps. (6,257,648)	Ps. (1,696,225)

C. Fair value hierarchy

PEMEX values its DFIs under standard methodologies commonly applied in the financial markets. PEMEX's related assumptions therefore fall under Level 2 of the fair value hierarchy for market participant assumptions, as described below.

The fair values determined by Level 1 inputs utilize quoted prices in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs are based on quoted prices for similar assets or liabilities in active markets, and inputs other than quoted prices that are observed for assets or liabilities. Level 3 inputs are unobservable inputs for the assets or liabilities, and include situations where there is little, if any, market activity for the assets or liabilities. Management uses appropriate valuation techniques based on the available inputs to measure the fair values of PEMEX's applicable assets and liabilities.

When available, PEMEX measures fair value using Level 1 inputs, because they generally provide the most reliable evidence of fair value.

PEMEX periodically evaluates its exposure to international hydrocarbon prices, interest rates and foreign currencies and uses derivative instruments as a mitigation mechanism when potential sources of market risk are identified.

The following tables present information about PEMEX's assets and liabilities measured at fair value, and indicates the fair value hierarchy of the inputs utilized to determine the fair values as of December 31, 2013 and 2012.

	Fair value hierarchy			Total as of December 31
	Level 1	Level 2	Level 3	2013
Assets:				
Derivative financial instruments	Ps. -	Ps. 6,741,640	Ps. -	Ps. 6,741,640
Investments in equity instruments	17,728,490	81	-	17,728,571
Permanent investments in associates	-	16,779,501	-	16,779,501
Liabilities:				
Derivative financial instruments	-	(6,284,482)	-	(6,284,482)

				Total as of December 31 2012
Assets:				
Derivative financial instruments	Ps. -	Ps. 9,050,153	Ps. -	Ps. 9,050,153
Investments in equity instruments	15,771,202	57	-	15,771,259
Permanent investments in associates	-	14,646,263	-	14,646,263
Liabilities:				
Derivative financial instruments	-	(6,752,811)	-	(6,752,811)

Where directly comparable market quotes are not available to measure the fair value of PEMEX's financial instruments, PEMEX uses Level 2 valuation to calculate fair value based on quotes from major market sources. These market quotes are then adjusted internally using standard market pricing models for interest rate, currency, equity and commodities derivatives

The estimated fair value of the remaining financial assets and liabilities, as of December 31, 2013 and 2012 in nominal terms, was as follows:

	December 31, 2013		December 31, 2012	
	Carring value	Fair value	Carring value	Fair value
Assets:				
Cash and cash equivalents	Ps. 80,745,719	Ps. 80,745,719	Ps. 119,234,891	Ps. 119,234,891
Accounts, notes receivable and other	122,512,011	122,512,011	133,009,511	133,009,511
Liabilities:				
Suppliers	106,745,193	106,745,193	61,513,451	61,513,451
Accounts and accumulated expenses payable	14,194,719	14,194,719	9,315,539	9,315,539
Current portion of long-term debt	90,676,943	90,676,943	114,241,005	114,241,005
Long-term debt	750,563,471	795,134,654	672,617,595	719,937,119

The fair values of the financial current assets and current liabilities presented in the table above appear for informational purposes.

The fair values of current financial assets and short-term liabilities are equal to their nominal values because, due to their short-term maturities, their nominal values are very close to their corresponding fair values.

The fair value of long-term debt is estimated using quotes from major market sources which are then adjusted internally using standard market pricing models. As a result of relevant assumptions, estimated fair values do not necessarily represent the actual terms at which existing transactions could be liquidated or unwound.

The information related to "Cash and cash equivalents," "Accounts, notes receivable and other," "Investments in equity instruments," "Permanent investments in associates" and "Debt" is described in the following notes, respectively:

- Note 5, Cash, Cash Equivalents and Restricted Cash.
- Note 6, Accounts, Notes Receivable and Other.
- Note 8, Investments in Equity Instruments.
- Note 9, Permanent Investments in Associates.
- Note 12, Debt.

14. Employee benefits

PEMEX has established defined benefit plans for the retirement of its employees, to which only the employer contributes. Benefits under these plans are based on an employee's salary and years of service completed at retirement. Obligations and costs of such plans are recorded in accordance with actuarial valuations performed by independent actuaries. The regulatory framework of the plan assets does not establish minimum funding requirements. PEMEX has also established plans for other post-employment benefit obligations whose actuarial amounts are determined by independent actuaries. Such plans include medical services to retired employees and their dependents and cash provided for basic necessities.

PEMEX funds its employees benefits through Mexican trusts, the resources of which come from the seniority premium item of PEMEX's annual budget (programmable expense), or any other item that substitutes or relates to this item, or that is associated to the same item and the interests, dividends or capital gains obtained from the investments of the trusts.

During 2013 there were no changes to the benefits of the plans, nor was any reduction events and early extinguishment of employee benefit obligations.

The following table show the amounts associated with PEMEX's labor obligations:

	December 31, 2013		December 31, 2012	
Liability for defined benefits at retirement and post-employment at the end of the year	Ps.	1,106,039,249	Ps.	1,270,595,644
Liability for other long-term benefits		13,168,621		17,945,115
Total liability for defined benefits recognized in the statement of financial consolidated position at the end of the year	Ps.	1,119,207,870	Ps.	1,288,540,759

The following tables contain detailed information regarding PEMEX's retirement and post-employment benefits:

Changes in the liability for defined benefits

	December 31, 2013		December 31, 2012	
Liability for defined benefits at the beginning of year	Ps.	1,270,595,644	Ps.	849,254,113
Charge to income for the year		120,154,689		91,481,743
Defined benefits paid by the fund		(3,965,258)		(4,490,055)
Contributions paid to the fund		(33,210,277)		(30,796,230)
Actuarial (gains) losses in other comprehensive result due to variances in assumptions		(247,535,549)		365,146,073
Defined benefit liabilities at end of year	Ps.	1,106,039,249	Ps.	1,270,595,644

In 2013 and 2012, the net actuarial gains of Ps. (247,535,549) and losses of Ps. 365,146,073, respectively, were primarily due to the following modifications to the actuarial assumptions:

i. Increases in the discount and expected return on plan assets rates, from 6.90% in 2012 to 8.45% in 2013.

ii. Increases in the rate of increase in the cost of medical services from 6.79% in 2012 to 7.65% in 2013.

Changes in plan assets

	December 31, 2013		December 31, 2012	
Plan assets at the beginning of year	Ps.	5,049,225	Ps.	4,977,231
Expected return on plan assets		975,488		1,187,856
Payments by the fund		(34,819,235)		(31,490,428)
Company contributions to the fund		33,210,277		30,796,230
Actuarial (gains) losses in plan assets		(97,326)		(421,664)
Plan assets at the end of the year	Ps.	4,318,429	Ps.	5,049,225

Changes in defined benefit obligations

	December 31, 2013		December 31, 2012	
Defined benefit obligations at the beginning of year	Ps.	1,275,644,867	Ps.	854,161,562
Service costs		34,677,009		20,518,547
Financing costs		86,393,563		71,820,624
Past service costs		(66,637)		7,745
Payments by the fund		(38,723,945)		(35,915,595)
Actuarial (gains) losses (remeasurements) in accumulated defined benefit obligations ("OBD") derived from changes in actuarial assumptions		(247,567,178)		365,051,984
Defined benefit obligations at the end of year	Ps.	1,110,357,679	Ps.	1,275,644,867

The asset ceiling test was not applied because there was a deficit of labor liabilities at the beginning and end of the year.

The effect of an increase or decrease of one percentage point in the assumed variation rate is a 13.17% decrease or a 16.73% increase in defined benefit obligations, respectively.

The effect of an increase or decrease of one percentage point in the assumed variation rate with respect to the cost and obligations related to medical services point is a 23.29% increase or a 17.76% decrease in defined benefit obligations, respectively.

Assumptions regarding future mortality are based on EMSSA2009 to Circular S 22.2 of the Comisión Nacional de Seguros y Fianzas (National Commission of Insurance and Bonds). The SHCP also provides recommendations concerning actuarial valuations to entities of the Federal Public Administration.

The effects discussed above were determined using the projected unit credit method, which is the applied method in prior years.

The expected contribution to the fund for next year amounts to Ps. 38,029,665.
The average length of a defined benefit obligation is 18.4 years.

PEMEX's plan assets are held in two trusts, the FOLAPE and the FICOLAVI, which are managed by BBVA Bancomer, S. A. and a technical committee for each trust that is comprised of personnel from Petróleos Mexicanos and the trusts.

As of December 31, 2013 and 2012, the amounts and types of plan assets are as follows:

	December 31, 2013		December 31, 2012	
Cash and cash equivalents	Ps.	1,622,166	Ps.	3,017,245
Equity instruments		541,262		410,357
Debt instruments		2,155,001		1,621,623
Total plan assets	Ps.	4,318,429	Ps.	5,049,225

The following tables present additional fair value disclosure about plan assets as of December 31, 2013 and 2012:

	Fair value measurements as of December 31, 2013			
	Quoted prices in active markets for identical assets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Total
Asset category:				
Cash and cash equivalents	Ps. 1,622,166	Ps. -	Ps. -	Ps. 1,622,166
Equity instruments	541,262	-	-	541,262
Debt instruments	2,155,001	-	-	2,155,001
Total	Ps. 4,318,429	Ps. -	Ps. -	Ps. 4,318,429

	Fair value measurements as of December 31, 2012			
Asset category:				
Cash and cash equivalents	Ps. 3,017,245	Ps. -	Ps. -	Ps. 3,017,245
Equity instruments	410,357	-	-	410,357
Debt instruments	1,621,623	-	-	1,621,623
Total	Ps. 5,049,225	Ps. -	Ps. -	Ps. 5,049,225

As of December 31, 2013 and 2012, the principal actuarial assumptions used in determining the defined benefit obligation for the plans are as follows:

	December 31,	
	2013	2012
Rate of increase in salaries	5.10%	5.10%
Rate of increase in pensions	4.60%	4.60%
Rate of increase in medical services	7.65%	6.79%
Inflation assumption	4.00%	4.00%
Discount and expected return on plan assets rate	8.45%	6.90%

The discount rate was determined based on the performance of government bonds at the reporting date and considering the average duration of the defined benefit obligation.

Other long-term benefits

PEMEX has established other long-term benefit plans for its employees, to which employees do not contribute, which correspond to the same seniority premiums payable for disability. Benefits under these plans are based on an employee's salary and years of service completed at separation. Obligations and costs of such plans are recorded in accordance with actuarial valuations performed by independent actuaries. The regulatory framework does not set forth any minimum funding requirements.

During the year under review there were no changes to plan benefits, nor was any reduction events and early extinguishment of employee benefit obligations.

The amounts recognized for these obligations in the statements of comprehensive income for the years ended December 31, 2013 and 2012 are as follows:

Changes in the liability for defined benefits

	December 31,			
		2013		2012
Liabilities defined benefit at the beginning of year	Ps.	17,945,114	Ps.	12,824,520
Charge to income for the year		2,658,122		2,086,252
Actuarial (gains) losses recognized in income		(7,434,615)		3,034,342
Liabilities defined benefit at the end of year	Ps.	13,168,621	Ps.	17,945,114

The principal actuarial assumptions used in determining the defined benefit obligation for the plans are as follows:

	December 31	
	2013	2012
Rate of increase in salaries	5.10%	5.10%
Inflation assumption	4.00%	4.00%
Discount and expected return on plan assets rate	8.45%	6.90%

The discount rate was determined based on the performance of government bonds at the reporting date and considering the average duration of the defined benefit obligation.

15. Provisions for sundry creditors

At December 31, 2013 and 2012, the provisions for sundry creditors and others is as follows:

	December 31,			
		2013		2012
Provision for plugging of wells (Note 10-c)	Ps.	46,118,080	Ps.	48,153,060
Provision for trails in process (Note 23)		17,624,737		9,977,366
Provision for environmental costs (Note 23)		5,466,581		5,672,368
	Ps.	69,209,398	Ps.	63,802,794

The following tables show the allowance account for plugging of wells, trials in progress and environmental costs:

	Plugging of wells			
	December 31,			
		2013		2012
Balance at the beginning of the period	Ps.	48,153,060	Ps.	42,507,002
Additions capitalized in fixed assets		3,518,799		2,547,962
Discount rate against income		(5,240,305)		3,552,924
Deductions		(313,474)		(454,828)
Balance at the end of the period	Ps.	46,118,080	Ps.	48,153,060

	Trials in progress			
	December 31,			
	2013		2012	
Balance at the beginning of the period	Ps.	9,977,366	Ps.	8,421,697
Additions against income		8,722,029		2,452,104
Discount rate against income		(324,607)		(724,716)
Deductions		(750,051)		(171,719)
Balance at the end of the period	Ps.	17,624,737	Ps.	9,977,366

	Environmental costs			
	December 31,			
	2013		2012	
Balance at the beginning of the period	Ps.	5,672,368	Ps.	5,527,919
Additions against income		534,574		1,489,955
Discount rate against income		(208,307)		(971,469)
Deductions		(532,054)		(374,037)
Balance at the end of the period	Ps.	5,466,581	Ps.	5,672,368

Provision for plugging of wells

Pemex records a provision at present value for the future plugging cost of an oil production facility or pipeline at the time that it is built.

The plugging provision represents the present value of plugging costs related to oil and gas properties. These provisions have been created based on internal estimates of PEMEX. PEMEX has made certain assumptions based on the current economic environment that PEMEX believes provide a reasonable basis on which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes in the assumptions. However, actual plugging costs in the long run will depend on future market prices for the necessary plugging work, which reflect market conditions at the time the work is being performed.

Moreover, the time of plugging depends on when the fields cease to have economically viable production rates, which, in turn, depends on the inherently uncertain future prices of oil and gas.

16. Disclosures of cash flow

The following items represent non-cash transactions and are presented for disclosure purposes:

	For the years ended December 31,					
	2013		2012		2011	
Investments in equity instruments	Ps.	4,453,495	Ps.	(10,125,874)	Ps.	13,872,160
Employee benefits equity effect		247,376,029		(364,878,859)		(14,890,060)
Net cost of the year for employee benefits		115,339,689		96,602,337		84,095,152
Financed Public Works Contracts		3,042,876		7,523,603		9,606,162
Cumulative currency translation effect		5,127,480		2,685,060		4,455,677
Accrued interest		817,261		389,773		1,218,222

17. Income taxes and federal duties

On December 21, 2005, the Mexican Congress approved a new fiscal regime for Petróleos Mexicanos and the Subsidiary Entities, which was published in the Official Gazette of the Federation, effective January 1, 2006. Under this fiscal regime, Pemex-Exploration and Production's contribution scheme continues to be governed by the Ley Federal de Derechos (Federal Duties Law), while the fiscal regime for PEMEX (other than Pemex-Exploration and Production) is determined by the Ley de Ingresos de la Federación (Federal Revenue Law).

This regime was modified in each of 2007, 2008, 2009, 2010, 2011 and 2012. In addition, new modifications entered into effect on January 1, 2013, including the following:

i. The tax regime applicable to campos marginales (marginal fields) was modified.

ii. The difference between the annual weighted average Mexican crude oil price and the budgeted crude oil price as provided by the Federal Revenue Law was U.S.$ 86.00 during 2013 and U.S.$ 85.00 during 2012.

The fiscal regime for PEMEX for 2013 contemplates the following duties:

a. DOSH

During both 2013 and 2012, the applicable rate of this duty was 71.5%. The computation of this duty is based on the value of the extracted total production of crude oil and natural gas during the year, minus certain permitted deductions established in the Federal Duties Law (including certain investments, costs, expenses and duties).

During 2013, Pemex-Exploration and Production made daily, weekly and monthly advance payments in the amounts of Ps. 231,601,625, Ps. 231,601,760 and Ps. 254,070,440, respectively, and a pending payment of Ps. 69,927, totaling Ps. 717,343,752, which was credited to the annual payment of the DOSH. During 2012, Pemex-Exploration and Production made daily, weekly and monthly advance payments in the amounts of Ps. 233,925,606, Ps. 233,925,517 and Ps. 278,417,852, respectively, totaling Ps. 747,623,002, which was credited towards the annual payment of the DOSH.

In computing this duty, deductions derived from the residual value of investments made before the current fiscal regime took effect may be applied as a deferred deduction, referred to as a "temporary difference", in accordance with IAS 12, "Income Taxes" ("IAS 12"). These deductions may be made in a maximum remaining period of ten years, the effect of which, if applied, can have a favorable effect in an amount up to approximately Ps. 302,763,680, depending on certain conditions established in the Federal Duties Law. To date, PEMEX has not recognized such effect from these deferred deductions because they are considered unlikely to materialize. These deductions will expire in 2017.

b. Hydrocarbons duty for the stabilization fund

Pemex-Exploration and Production must pay this duty when, during the applicable year, the weighted average Mexican crude oil export price exceeds U.S.$ 22.00. The applicable rate varies between 1% and 10%, depending on the weighted average price of crude oil exports, with the maximum rate of 10% applying when the price exceeds U.S.$ 31.00 per barrel. Collections of this duty are deposited in the Fondo de Estabilización de Ingresos Petroleros (Oil Revenues Stabilization Fund).

c. Derecho extraordinario sobre la exportación de petróleo crudo
(extraordinary duty on crude oil exports)

This duty is calculated by applying a rate of 13.1% to the value resulting from multiplication of (i) the difference between the annual weighted average Mexican crude oil export price and the budgeted crude oil price as provided for in the Federal Revenue Law (U.S.$ 86.00 during 2013 and U.S.$ 85.00 during 2012), by (ii) the annual export volume. The duty actually paid may be credited against the Hydrocarbons Duty for the Stabilization Fund. Collections of this duty are directed to the Federative Entities through the Stabilization Fund for the Income of Federative Entities.

d. Derecho para la investigación científica y tecnológica en materia de energía (duty for scientific and technological research on energy)

During both 2013 and 2012, this duty was applied at a rate of 0.65% to the value of the extracted production of crude oil and natural gas for the year. The proceeds of this tax are allocated to the following funds:

- Fondo Sectorial CONACYT (CONACYT Sector Fund) of the Consejo Nacional de Ciencia y Tecnología (National Council of Science and Technology, or "CONACYT") of the Ministry of Energy.

- Fondo CONACYT (CONACYT Fund) of the Ministry of Energy.

- Fondo de Investigación Científica y Desarrollo Tecnológico del Instituto Mexicano del Petróleo (Scientific Research and Technological Development Fund of the Mexican Petroleum Institute).

- CONACYT Sector Fund of the Ministry of Energy.

e. Derecho para la Fiscalización Petrolera (Duty for Oil Monitoring)

This duty was applied at a rate of 0.003% to the value of extracted production of crude oil and natural gas for the year. The revenues from this tax are earmarked for the Auditoria Superior de la Federación (Supreme Federal Audit Office).

f. Extraction of hydrocarbons duty

In 2013 this duty was applied at a 15% rate to the value of the crude oil and natural gas extracted from the following fields:

i. Fields in the Paleocanal de Chicontepec as a whole.

ii. Fields in the Paleocanal de Chicontepec that have been segregated under the Federal Duties Law.

  - Since October 2011, the NHC segregated 29 of the fields in Chicontepec, pursuant to the authorization of the SHCP.

  - Effective January 1, 2012, the Remolino field was classified as a marginal field, and is therefore no longer a segregated field in Chicontepec.

iii. The deep waters in the Gulf of Mexico (during 2013, no crude oil or natural gas was produced from such fields).

iv. Marginal fields, with respect to the value of the production above a certain annual base production threshold. The base production from these fields is subject to the general regime pursuant to Articles 254 to 257 of the Federal Duties Law. Beginning in January 2012, the SHCP authorized the inclusion of an additional 14 fields to the marginal fields inventory .

In each case, certain deductions are subtracted from the amount owed. Collections of this duty are deposited in the Oil Revenues Stabilization Fund.

g. Special hydrocarbons duty

During 2013, this duty was applied at a rate of 30% to the difference between the annual value of the crude oil and natural gas extracted from the fields covered in Note 17(f) above, and certain permitted deductions (including specific investments, certain expenses and costs, among others).

Production above a threshold of 240 million barrels of crude oil equivalent is taxed at a rate of 36% of the value that exceeds this threshold.

The permitted deductions for certain costs, expenses and investments may not exceed 60% of the value of the crude oil and natural gas extracted annually from these fields or U.S.$ 32.50. This amount is updated annually using the U.S. producer price index. At December 31, 2013 and 2012 the updated amounts were U.S.$ 36.77 and U.S.$ 36.46, respectively.

Fields referred to this law are those set forth in Sections (i), (ii), (iii) and (iv) of subsection (f) of this Note.

h. Additional duty on hydrocarbons

This duty is applied when the accumulated annual average value of barrels of oil equivalent extracted is greater than U.S.$ 60.00. The accumulated annual average value of barrels of oil equivalent extracted in 2013 and 2012, respectively, were U.S.$ 67.88 and U.S.$ 67.31. Each year, the threshold price at which the duty takes effect is adjusted to take account of inflation, as measured by the change in the U.S. producer price index.

This duty shall be calculated by applying a rate of 52% to the value resulting from multiplication of (i) the difference between the accumulated annual average value of barrels of oil equivalent extracted in the field in question and U.S.$ 60.00, by (ii) the volume of oil equivalent extracted in the field in question for the year.

Fields referred to this law are those set forth in Sections (i), (ii), (iii) and (iv) of subsection (f) of this Note.

i. Derecho para regular y supervisar la exploración y explotación de hidrocarburos (duty to regulate and supervise the exploration and exploitation of hydrocarbons)

This duty applies a fee of 0.03% on the annual value of crude oil and natural gas extracted during the year. The fee is assessed on an annual basis, but is to be paid in advance monthly installments within seven business days following the end of each month. Collections of this duty are directed to the budget of the NHC. The Hydrocarbons Exploration Tax for 2013 will be declared through a tax return filed with the Federal Treasury no later than the last business day of March 2014, and the monthly advance payments made during the fiscal year will be credited to that amount.

j. IEPS Tax

In accordance with current regulations, PEMEX is subject to the IEPS Tax, which applies to the domestic sales of gasoline and diesel. The IEPS Tax is paid to the SHCP monthly, after deducting daily advance payments made in accordance with applicable rules. The effective rate of this tax depends on factors such as the type of product, reference price, the region where the product is sold, additional freight costs and applicable commissions.

Effective January 1, 2006, the Federal Revenues Law was amended, allowing PEMEX to credit the negative IEPS Tax, which is generated when the prices at which PEMEX is required to sell gasoline and diesel in the domestic market are lower than international market prices, against other taxes and payments to which PEMEX is also subject. In 2013 and 2012, increases in international prices of hydrocarbons and petroleum products caused the rate of the IEPS Tax to be negative. As a result of this credit, in 2013, 2012 and 2011 PEMEX recognized revenues of approximately Ps. 94,466,039, Ps. 214,102,498 and Ps. 178,869,172, respectively.

k. IRP

This tax is applicable to Petróleos Mexicanos and the Subsidiary Entities other than Pemex-Exploration and Production, and is calculated by applying a 30% rate to the excess of total revenues minus authorized deductions, pursuant to the specific rules provided by the SHCP in accordance with the Federal Income Law.

For the years ended December 31, 2013, 2012 and 2011, PEMEX generated an IRP as follows:

	December 31					
	2013		2012		2011	
Current IRP	Ps.	4,705,201	Ps.	3,176,510	Ps.	555,335
Deferred IRP		(917,658)		(783,591)		(1,232,725)
Total IRP	Ps.	3,787,543	Ps.	2,392,919	Ps.	(677,390)

During 2013 Petróleos Mexicanos and the Subsidiary Entities, other than Pemex-Exploration and Production, made aggregate daily and weekly payments of Ps. 750,440 and Ps. 750,464, respectively, as determined by the SHCP, for an overall total of Ps. 1,500,904 credited to the annual payment of the IRP. During 2012, the aggregate daily and weekly payments determined by the SHCP were Ps. 758,718 and Ps. 758,854, respectively, for an overall total of Ps. 1,517,572 credited to the annual payment.

The 2013 IRP will be declared through a tax return filed with the Federal Treasury no later than the last business day of March 2014, and the daily and weekly advance payments made during the fiscal year will be credited against that amount.

Petróleos Mexicanos must comply for its own account, and for the account of the Subsidiary Entities, with all obligations under the Federal Income Law and other fiscal laws, except as explicitly provided for in relation to the making of daily and weekly payments. As such, Petróleos Mexicanos is solely responsible for the payment of contributions and duties owed by the Subsidiary Entities to the Mexican Government.

The principal factors generating the deferred IRP are the following:

		December 31,			
		2013		2012	
Deferred IRP asset:					
Advances from customers		Ps.	50,895	Ps.	49,907
Provision for contingencies and others	(1)		103,282		348,481
Environmental reserve			178,830		223,204
Valuation of accounts receivable			67,317		—
Valuation of inventories			96,852		—
Total deferred IRP assets			497,176		621,592
Valuation allowance			(263,304)		—
Total deferred IRP asset, net			233,872		621,592
Deferred IRP liability:					
Properties, plant and equipment			(23,903,298)		(25,196,617)
Total deferred IRP liability, net			(23,903,298)		(25,196,617)
Net long-term deferred IRP liability		Ps.	(23,669,426)	Ps.	(24,575,025)

(1) Includes deferred IRP from Petróleos Mexicanos and Pemex-Gas and Basic Petrochemicals.

The expense (benefit) attributable to the profit (loss) from continuing operations before IRP was different from what would result from applying the rate of 30% to profit, as a result of the items listed below:

	For the years ended December 31,		
	2013	2012	2011
Expected IRP expense (benefit)	Ps. 54,674,666	Ps. 5,945,580	Ps. 2,126,212
Increase (decrease) resulting from:			
Tax effect of inflation, net	2,736,501	(835,493)	(1,416,820)
Difference between accounting and tax depreciation	(1,360,929)	(813,093)	(1,214,613)
Non-taxable loss sharing in subsidiaries, associates and others	(52,276,542)	(3,070,490)	(779,667)
Non-deductible expenses	130,377	809,303	681,254
Other, net	(116,530)	357,112	(73,756)
IRP expense	Ps. 3,787,543	Ps. 2,392,919	Ps. (677,390)

l. Value Added Tax ("VAT")

For VAT purposes, final monthly payments are determined based on PEMEX's cash flow, in accordance with the provisions of the Value Added Tax Law, which is applicable to payers of this tax.

m. Income Tax

Certain of the Subsidiary Companies are subject to the Income Tax Law and to the IETU, and are therefore required to pay the greater of their IETU or income tax liability.

Accounting income differs from taxable income primarily due to the effects of inflation and differences between depreciation and other non-deductible expenses.

For the years ended December 31, 2013, 2012 and 2011, the Subsidiary Companies incurred the following income tax expense (benefit):

	For the years ended December 31,		
	2013	2012	2011
Current income tax	Ps. 4,641,531	Ps. 1,664,257	Ps. 3,281,445
Deferred income tax	(889,301)	190,852	356,589
Total	Ps. 3,752,230	Ps. 1,855,109	Ps. 3,638,034

The principal factors generating the deferred income tax are the following:

		December 31,	
		2013	2012
Deferred income tax asset:			
Provisions		Ps. 732,499	Ps. 47,081
Employee benefits		183,009	295,449
Advance payments from clients		127,245	99,639
Losses from prior years		20,524	822,924
Non-recoverable accounts		24,666	24,541
Derivative financial instruments		102,131	24,771
Tax loss carryforwards	(1)	1,069,216	-
Total deferred income tax asset		2,259,290	1,314,405
Deferred income tax liability:			
Wells, pipelines, properties plant and equipment		(2,077,648)	(2,167,435)
Other		(1,078,752)	(773,863)
Total deferred income tax liability		(3,156,400)	(2,941,298)
Net long-term deferred income tax liability		Ps. (897,110)	Ps. (1,626,893)

(1) Matures in 2023.

Expense (benefit) attributable to the profit (loss) from continuing operations before income taxes was different from what would result from applying the rate of 30% to profit, as a result of the items listed below:

		For the years ended December 31,		
		2013	2012	2011
Expected income tax expense		Ps. 4,445,349	Ps. 1,422,051	Ps. 3,319,998
Increase (decrease) resulting from:				
Tax effect of inflation, net		(106,974)	(30,714)	24,352
Difference between accounting and tax depreciation		(34,860)	278,347	(4,569)
Non-deductible expenses		72,841	2,107	153,856
Others, net	(1)	(624,126)	183,318	144,397
Income tax expense		Ps. 3,752,230	Ps. 1,855,109	Ps. 3,638,034

(1) The deferred tax effect of gains and losses from PMI CIM's performance is presented in profit (loss) comprehensive income in the amount of Ps. 159,518, Ps. 267,215 and Ps. 29,746 in 2013, 2012 and 2011, respectively.

18. Equity (deficit)

a. Permanent equity

On December 31, 1990, certain debt owed by Petróleos Mexicanos to the Mexican Government was capitalized as equity. This capitalization amounted to Ps. 22,334,195 in nominal terms (U.S.$ 7,577,000) and was authorized by the Board. In December 1997, the Board and the Mexican Government agreed to a reduction in equity in respect of the Certificates of Contribution "A" in exchange for a payment in cash to the Mexican Government of Ps. 12,118,050 (U.S.$ 1,500,000). As of December 31, 2012, the value of the Certificates of Contribution "A" was Ps. 49,604,835 (historical value of Ps. 10,216,145 plus (a) an adjustment of Ps. 6,318 and (b) an inflation restatement increase of Ps. 39,382,372). On December 24, 2013, the Mexican Government made an equity contribution of Ps. 65,000,000 to Petróleos Mexicanos in the form of Certificates of Contribution "A."

The capitalization agreement between PEMEX and the Mexican Government states that the Certificates of Contribution "A" constitute permanent capital.

Permanent equity is as follows:

	Amount
Certificates of Contribution "A"	Ps. 10,222,463
Inflation restatement increase through December 31, 2007	39,382,372
Certificates of Contribution "A" as of December 31, 2012	49,604,835
Increase in Certificates of Contribution "A"	65,000,000
Certificates of Contribution "A" as of December 31, 2013	Ps. 114,604,835

b. Mexican Government contributions

On December 16, 2013, the Mexican Government withdrew Ps. 65,000,000 from PEMEX's equity. On December 19, 2013, the Board acknowledged the equity withdrawal made by the Mexican Government. This equity withdrawal was recognized as a decrease in the Mexican Government contributions to Petróleos Mexicanos line item in PEMEX's consolidated statements of changes in equity (deficit).

In December 2013, the Mexican Government contributed Ps. 1,583,100 to the Fondo de Estabilización para la Inversión en Infraestructura de Petróleos Mexicanos (PEMEX Infrastructure Investment Stabilization Fund, or "FEIIP"). This contribution was recorded in the Mexican Government contributions to Petróleos Mexicanos line item in PEMEX's consolidated statements of changes in equity (deficit) for the year ended December 31, 2013.

In 2013, the Mexican Government authorized a contribution of Ps. 2,000,000 to the Fondo de Estabilización de los Ingresos Petroleros (Oil Revenues Stabilization Fund, or "FEIPEMEX"). This amount was not paid to FEIPEMEX until January 27, 2014, and was therefore recognized as uncalled capital in PEMEX's consolidated statements of changes in equity (deficit) for the year ended December 31, 2013.

c. Legal reserve

Under Mexican law, each of the Subsidiary Companies is required to allocate a certain percentage of its net income to a legal reserve fund until the fund reaches an amount equal to a certain percentage of each Subsidiary Company's capital stock. In 2013, the legal reserve fund increased by Ps. 24,370 due to the consolidation of new companies.

d. Accumulated losses

PEMEX has recorded negative earnings in the past several years. However, under the Ley de Concursos Mercantiles (Commercial Bankruptcy Law of Mexico) decentralized public entities such as Petróleos Mexicanos and the Subsidiary Entities cannot be subject to a bankruptcy proceeding. Furthermore, the financing agreements to which PEMEX is a party do not provide for financial covenants that would be breached or events of default that would be triggered as a consequence of negative equity. The Mexican Government has focused its recent efforts on consolidating PEMEX's institutional strategy, including the approval of amendments to the Mexican Constitution published as the Energy Reform Decree on December 20, 2013, which permit it greater autonomy in decision making and enhanced operational viability (see Note 1).

e. Non-controlling interest

Effective July 1, 2005, PEMEX entered into an option agreement with BNP Paribas Private Bank and Trust Cayman Limited to acquire 100% of the shares of Pemex Finance, Ltd. As a result, the financial results of Pemex Finance, Ltd. are included in these consolidated financial statements of PEMEX. Under IFRS, variations in income and equity from Pemex Finance, Ltd. are presented in the consolidated statements of changes in equity (deficit) as "non-controlling interest", and as net income and comprehensive income for the period, attributable to non-controlling interest, in the consolidated statements of comprehensive income, due to the fact that PEMEX does not currently own any of the shares of Pemex Finance, Ltd.

As of December 31, 2013 and 2012, non-controlling interest represented Ps. 503,882 and Ps. 698,453, respectively, of PEMEX's equity (deficit).

19. Other revenues and expenses, net

At December 31, 2013, 2012 and 2011, other revenues and expenses—net was as follows:

	December 31		
	2013	2012	2011
Revenues:			
Negative IEPS	Ps. 94,466,039	Ps. 214,102,498	Ps. 178,869,172
Other	8,184,140	6,284,045	15,744,402
Bidding terms, sanctions, penalties and other	2,159,847	2,052,818	204,605
Reversal of impairment of properties, plant and equipment	1,650,642	-	11,689,832
Franchise fees	999,491	930,140	910,067
Total other revenues	107,460,159	223,369,501	207,418,078
Expenses:			
Impairment of properties, plant and equipment	(25,608,835)	-	(6,855,535)
Other	(15,285,119)	(13,190,572)	(10,021,932)
Claims	(2,039,355)	(1,159,966)	(1,420,750)
Total other expenses	(42,933,309)	(14,350,538)	(18,298,217)
Other revenues and expenses net	Ps. 64,526,850	Ps. 209,018,963	Ps. 189,119,861

20. Financing income and cost

At December 31, 2013, 2012 and 2011, the financing income and cost were as follows:

	December 31		
	2013	2012	2011
Derivative financial instruments income	Ps. 15,791,510	Ps. 20,683,047	Ps. 26,386,424
Interest income	8,735,699	2,531,791	4,197,810
	$ 24,527,209	$ 23,214,838	$ 30,584,234

	December 31		
	2013	2012	2011
Interest expense	$ (39,586,484)	$ (46,010,543)	$ (35,153,558)
Derivative financial instruments cost	(14,480,537)	(26,940,695)	(28,082,649)
Net financing cost	Ps. (54,067,021)	Ps. (72,951,238)	Ps. (63,236,207)

21. Related parties

All significant intercompany balances and transactions have been eliminated in the consolidation of PEMEX's financial statements. Balances and transactions with related parties are mainly due to: (i) sale and purchase of products, (ii) administrative services rendered and (iii) financial loans among related parties. The terms and conditions of transactions with related parties were no more favorable than those available to other parties on an arm's length basis.

Under the Ley Federal de Responsabilidades Administrativas de los Servidores Públicos (Federal Law of Administrative Responsibilities of Public Officials), which applies to PEMEX's directors and all of its employees, PEMEX's directors and employees are obligated to "recuse themselves from intervening in any way in the attention to, processing or resolution of matters in which they might have personal, family or business interest, including those where some benefit can result for themselves, their spouse, blood or affinity relatives up to the fourth degree, or civil relatives, or for third parties with which they have professional, labor or business relations, or for partners or partnerships where the public officials or the persons referred above are or have been members thereof."

Related parties include individuals and companies that do not form part of PEMEX, but that could take advantage of being in a privileged position as a result of their relation with PEMEX. Also included are situations in which PEMEX could take advantage of a special relationship in order to benefit its financial position or results of operations.

Prior to his appointment as Secretary of Energy, Mr. Pedro Joaquín Coldwell, Chairman of the Board of Directors of Petróleos Mexicanos since December 2012, as well as certain members of his family, held ownership interests in companies that have entered into agreements with Pemex-Refining for the sale and purchase of gasoline and other products by certain retail service stations and a whole distributor, as well as the performance of other related activities. As of the date of these consolidated financial statements, their ownership interests are as follows:

Company	Name	Ownership share
Servicio Cozumel, S. A. de C. V. (which operates a retail service station).	Mr. Pedro Joaquín Coldwell	60%
	Mr. Pedro Oscar Joaquín Delbouis (son of Mr. Joaquín Coldwell)	20%
	Mr. Nassim Joaquín Delbouis (son of Mr. Joaquín Coldwell)	20%
Planta de Combustible Cozumel, S. A. de C. V. (which operates a retail service station).	Mr. Pedro Joaquín Coldwell	40%
	Mr. Fausto Nassim Joaquín Ibarra (father of Mr. Joaquín Coldwell)	60%
Gasolinera y Servicios Juárez, S. A. de C. V. (which operates a retail service station).	Mr. Pedro Joaquín Coldwell	40%
	Mr. Fausto Nassim Joaquín Ibarra	40%
	Mr. Ignacio Nassim Ruiz Joaquín (nephew of Mr. Joaquín Coldwell)	20%

Company	Name	Ownership share
Combustibles Caleta, S. A. de C. V. (which operates a retail service station).	Mr. Pedro Joaquín Coldwell	20%
	Mr. Pedro Oscar Joaquín Delbouis	20%
	Mr. Nassim Joaquín Delbouis	20%
	Mr. Fausto Nassim Joaquín Ibarra	20%
	Mr. Ignacio Nassim Ruiz Joaquín	20%
Combustibles San Miguel, S. A. de C. V. (which operates a retail service station).	Mr. Pedro Joaquín Coldwell	25%
	Mr. Pedro Oscar Joaquín Delbouis	25%
	Mr. Nassim Joaquín Delbouis	25%
	Mr. Ignacio Nassim Ruiz Joaquín	25%

The rights of these companies to operate retail service stations and distribute gasoline and other products on a wholesale basis in Mexico are dependent on these agreements, the expiration or non-renewal of which may adversely affect their business. These agreements are based on PEMEX's standard forms of agreements and contain the standard terms and conditions applicable to all of Pemex-Refining's retail service stations and wholesale distributors.

a. Compensation of Directors and Officers

For the years ended December 31, 2013, 2012 and 2011, the aggregate compensation of executive officers of Petróleos Mexicanos and the Subsidiary Entities paid or accrued in that year for services in all capacities was approximately Ps. 174,800, Ps. 167,800 and Ps. 154,400, respectively. Except in the case of the professional members, members of the Boards of Directors of Petróleos Mexicanos and the Subsidiary Entities do not receive compensation for their services.

The compensation paid or accrued during 2013, 2012 and 2011 to the professional members of the Boards of Directors of Petróleos Mexicanos and the Subsidiary Entities was approximately Ps. 13,600, Ps. 13,600 and Ps. 13,700, respectively.

b. Salary advances

As an employee benefit, PEMEX offers salary advances to all of its eligible Petroleum Workers' Union and non-union workers, including executive officers, pursuant to the programs set forth in the collective bargaining agreement and in the Reglamento de Trabajo del Personal de Confianza de Petróleos Mexicanos y Organismos Subsidiarios (Employment Regulation of White Collar Employees of Petróleos Mexicanos and Subsidiary Entities), respectively. The salary advances, which are non-interest bearing, are offered to each eligible employee in an amount up to a maximum of four months' salary and are repaid through salary deductions in equal installments over a period of either one or two years, as elected by the employee. Most employees take advantage of this benefit. The amount of salary advances outstanding to executive officers at December 31, 2013 was Ps. 23,016 and at December 31, 2012 was Ps. 21,785. As of March 31, 2014, the aggregate amount of salary advances outstanding to PEMEX's executive officers was Ps. 21,605.

22. Commitments

a. PMI CIM has entered into several contracts for the sale of crude oil on the international market to foreign companies. The terms and conditions of these contracts are specific to each client, and their durations may be indefinite (evergreen contracts) or they may contain a minimum obligatory period (long-term contracts).

b. PEMEX has entered into a nitrogen supply contract for the pressure maintenance program at the Cantarell complex. During 2007, an additional contract was entered into with the purpose of supplying nitrogen to the Ku-Maloob-Zap complex and extending the original contract until 2027. At December 31, 2013 and 2012, the value of the nitrogen to be supplied during the term of the contract was approximately Ps. 9,844,001 and Ps. 11,169,054, respectively. In the event of the annulment of the contract and depending on the circumstances, PEMEX has the right and obligation to acquire the vendor's nitrogen plant under the terms of the contract.

Estimated future payments under this contract for upcoming fiscal years are as follows:

2014	Ps.	1,331,122
2015		1,375,412
2016		890,967
2017		589,436
2018		589,659
More than 5 years		5,067,405
Total	Ps.	9,844,001

c. During 2008, PEMEX entered into a nitrogen supply contract for pressure maintenance at the Jujo Tecominoacán complex in the Southern region. The term of this contract runs until 2017. As of December 31, 2013 and 2012, the value of the nitrogen to be supplied during the term of the contract was approximately Ps. 558,718 and Ps. 617,055, respectively. In the event of early termination of this contract, PEMEX would only be required to pay for services received and for certain unrecoverable expenses of the counterparty under the terms of the contract.

Estimated future payments under this contract for upcoming fiscal years are as follows:

2014	Ps.	140,012
2015		140,012
2016		140,142
2017		138,552
Total	Ps.	558,718

d. As of December 31, 2013, PEMEX had entered into FPWCs by means of which the contractor manages and is responsible for financing performance of the work to be undertaken. Until PEMEX accepts the completed works, it has no payment obligations under the contracts. As of December 31, 2013 and 2012, the estimated value of these contracts was as follows:

Contract date	Block	2013		2012	
February 9, 2004	Olmos	US$	296,301	US$	297,890
November 21, 2003	Cuervito		59,160		45,558
November 28, 2003	Misión		435,343		639,002
November 14, 2003	Reynosa-Monterrey		12,422		1,966,108
December 8, 2003	Fronterizo		34,204		72,948
March 23, 2005	Pirineo		254,912		348,582
April 3, 2007	Nejo		752,338		919,368
April 20, 2007	Monclova		296,452		718,545
May 12, 2008	Burgos VII		61,146		171,891
Total		US$	2,202,278	US$	5,179,892

e. In 2013 and 2012, Pemex-Exploration and Production entered into integrated exploration and production contracts ("Integrated E&P Contracts") for the development of mature fields in the Altamira, Ébano, Nejo, Pánuco and San Andrés blocks in the Northern region of Mexico and Magallanes, Santuario and Carrizo blocks in the Southern region of Mexico, respectively. Each contract has a term of up to 25 years. Payments to the contractors pursuant to the Integrated E&P Contracts will be made on a per-barrel basis, plus recovery of certain costs, provided that the payments to the contractor may not exceed PEMEX's cash flow from the particular block subject to each contract. During 2013, PEMEX made payments pursuant to the Integrated E&P Contracts in the Northern region of U.S.$ 2,060,562 and the Southern region of U.S.$ 2,255,333. During 2012, PEMEX did not make any payments pursuant to the Integrated E&P contracts.

f. In 2012, Pemex-Exploration and Production contracted for the construction of two selelevating offshore platforms for a total of approximately U.S.$ 509,116. Pemex-Exploration and Production has made an advance payment of U.S.$ 42,000 for each platform in order to initiate construction, which is estimated to take two years. The outstanding amount for the platforms will be paid through a financial lease for a period of 10 years, after which Pemex-Exploration and Production may exercise the option to purchase the platforms for a notional amount.

g. As of December 31, 2013 and 2012, PEMEX had entered into contracts with several contractors for the development of various infrastructure works, for an estimated total amount of Ps. 630,776,122 and Ps. 470,232,689, respectively. Until PEMEX accepts the completed works, it has no payment obligations under the contracts.

23. Contingencies

In the ordinary course of business, PEMEX is named in a number of lawsuits of various types. PEMEX evaluates the merit of each claim and assesses the likely outcome. PEMEX has not recorded provisions related to ongoing legal proceedings due to the fact that an unfavorable resolution is not expected in such proceedings, with the exception of the proceeding disclosed in Note 5 and described in further detail in this Note.

a. PEMEX is subject to the provisions of the Ley General del Equilibrio Ecológico y la Protección al Ambiente (General Law on Ecological Equilibrium and Environmental Protection). To comply with this law, environmental audits of PEMEX's larger operating, storage and transportation facilities have been or are being conducted. Following the completion of such audits, PEMEX has signed various agreements with the Procuraduría Federal de Protección al Ambiente (Federal Attorney of Environmental Protection, or "PROFEPA") to implement environmental remediation and improve environmental plans. Such plans contemplate remediation for environmental damages, as well as related investments for the improvement of equipment, maintenance, labor and materials. As of December 31, 2013 and 2012, the reserve for environmental remediation expenses totaled Ps. 5,466,581 and Ps. 5,672,368, respectively. This reserve is included as part of the reserve for sundry creditors and others as a long-term liability in the statement of financial position.

b. PEMEX is involved in various civil, tax, criminal, administrative, labor and commercial lawsuits and arbitration proceedings. The results of these proceedings are uncertain as of this date. As of December 31, 2013 and 2012, PEMEX had accrued a reserve of Ps. 17,624,737 and Ps. 9,977,366, respectively, for these contingent liabilities. The current status of the principal lawsuits in which PEMEX is involved is as follows:

- In September 2001, Conproca, S. A. de C. V. ("CONPROCA"), the construction Company performing construction and maintenance services for Pemex-Refining's Cadereyta refinery, filed a claim for arbitration before the ICA against Pemex-Refining and Petróleos Mexicanos (No. 11760/KGA) related to expenses incurred by CONPROCA for, among other things, additional work performed and value added. On April 30, 2012, the ICA ordered Pemex-Refining and Petróleos Mexicanos to pay U.S.$ 311,178 and CONPROCA to pay U.S.$ 29,038. On July 27, 2012, Petróleos Mexicanos and Pemex-Refining filed a claim (No. 485/2012-VI) before the Juzgado Décimo Primero de Distrito en Materia Civil (Eleventh District Civil Court) in the Federal District requesting that the arbitration award be declared null and void. On November 12, 2013, the Eleventh District Civil Court issued a judgment declaring the arbitration award valid. Both parties subsequently filed amparos (Nos. D.C. 3/2014 and D.C. 4/2014) before the Cuarto Tribunal Colegiado en Materia Civil del Primer Circuito (Fourth Joint Civil Court of the First Circuit), which as of the date of these consolidated financial statements are still pending. In a concurrent proceeding, on December 14, 2011, CONPROCA filed a claim before the U.S. District Court for the Southern District of New York requesting the enforcement of the ICA award in its favor. On October 17, 2013, the U.S. District Court issued an order staying both the enforcement of the arbitration award and any further proceedings pending the Mexican court's determination of the validity of the arbitration award in Mexico.

- In December 2004, COMMISA filed an arbitration claim (No. 13613/CCO/JRF) before the ICA against Pemex-Exploration and Production for, among other things, the breach of a construction agreement in connection with two platforms in the Cantarell project (Project No. IPC-01). On December 16, 2009, the ICA issued an arbitration award requiring Pemex-Exploration and Production to pay U.S.$ 293,645 and Ps. 34,459, plus interest, to COMMISA, and also requiring COMMISA to pay Pemex-Exploration and Production a sum of approximately U.S.$ 5,919, plus interest. On January 11, 2010, Pemex-Exploration and Production was notified that COMMISA had filed a motion (No. 10-cv-00206-AKH) before the U.S. District Court for the Southern District of New York requesting the enforcement of the arbitration award in its favor. On November 2, 2010, the U.S. District Court issued a judgment recognizing the award and ordering Pemex-Exploration and Production to pay U.S.$ 355,864. On November 15, 2010, Pemex-Exploration and Production filed an appeal against this resolution before the Second Circuit Court of Appeals. On October 24, 2011, the Juzgado Quinto de Distrito en Materia Civil (Fifth Civil District Court) in the Federal District granted a motion requesting that the arbitration award be declared null and void. Based on this resolution, on February 16, 2012, the Second Circuit Court of Appeals granted a motion requesting that the judgment against Pemex-Exploration and Production be declared void, vacating the U.S. District Court's judgment and remanding the case to the U.S. District Court for reconsideration in light of the intervening decision of the Mexican court. On September 25, 2013, the U.S. District Court confirmed the arbitration award in favor of COMMISA, ordering Pemex-Exploration and Production to pay COMMISA U.S.$ 465,060 and for each party to pay its own value added taxes. In November 2013, Pemex-Exploration and Production deposited the award amount in a bank account in New York as a condition to its motion to appeal the resolution filed before the Second Circuit Court of Appeals, which as of the date of these consolidated financial statements is still pending.

  In a concurrent proceeding, on January 22, 2013, COMMISA submitted a request to a court in Luxembourg for the precautionary attachment of assets owned by Pemex-Exploration and Production and Petróleos Mexicanos and the execution of the arbitration award. The precautionary attachment of assets was granted on January 23, 2013, and on July 15, 2013, Pemex-Exploration and Production and Petróleos Mexicanos filed an appeal against the resolution. On December 24, 2013, the court granted the appeal against the resolution to attach the assets. On March 22, 2013, the court recognized the arbitration award and ordered its execution. On June 26, 2013, Pemex-Exploration and Production and Petróleos Mexicanos filed an appeal against the resolution recognizing the arbitration award. On September 10, 2013, COMMISA filed its pleadings in connection with this appeal and a hearing will be held before the appellate court on May 12, 2014.

- In February 2010, the Servicio de Administración Tributaria (Tax Management Service) notified Pemex-Exploration and Production of the results of its review of Pemex-Exploration and Production's financial statements for the fiscal year ended December 31, 2006 with respect to federal taxes, the value added tax and the Ordinary Hydrocarbons Duty payable by it. On September 20, 2010, the Tax Management Service determined that Pemex-Exploration and Production owed additional taxes totaling Ps. 4,575,208 (of which Pemex-Exploration and Production was notified on September 22, 2010). On November 30, 2010, Pemex-Exploration and Production filed an administrative claim before the Tercera Sala Regional Metropolitana (Third Regional Metropolitan Court) of the Tribunal Federal de Justicia Fiscal y Administrativa (Tax and Administrative Federal Court) challenging the assessment. On November 20, 2013, the claim was admitted by the Sala Superior (Superior Court) of the Tax and Administrative Federal Court (file No. 28733/10-17-03-7/1838/13-S1-05-04). As of the date of these consolidated financial statements, this matter is still pending.

- In February 2010, the Tax Management Service notified Pemex-Refining of the results of its review of Pemex-Refining's financial statements for the fiscal year ended December 31, 2006 with respect to federal taxes, the value added tax and the Hydrocarbon Income Tax. On September 20, 2010, the Tax Management Service notified Pemex-Refining that it owed approximately Ps. 1,553,371 (including penalties and interest). On November 30, 2010, Pemex-Refining filed an administrative claim before the Third Regional Metropolitan Court of the Tax and Administrative Federal Court challenging the assessment. On November 20, 2013, the claim was admitted by the Superior Court of the Tax and Administrative Federal Court (file No. 28733/10-17-03-7/1838/13-S1-05-04). As of date of these consolidated financial statements, this matter is still pending.

- On April 14, 2010, Petróleos Mexicanos and Pemex-Gas and Basic Petrochemicals were summoned before the Juzgado Séptimo de Distrito (Seventh District Court) in Reynosa, Tamaulipas, in connection with a civil claim filed by Irma Ayala Tijerina de Barroso, et al., seeking approximately Ps. 1,490,873 in damages for the alleged contamination of land adjacent to water treatment facilities. As of the date of these consolidated financial statements, the trial is still in the evidentiary stage and, therefore, a final resolution is still pending.

- In February 2011, EMS Energy Services de México, S. de R. L. de C. V. and Energy Maintenance Services Group I. LLC filed a claim against Pemex-Exploration and Production before the Juzgado Tercero de Distrito (Third District Court) in Villahermosa, Tabasco (No. 227/2010). The plaintiffs are seeking, among other things, damages totaling U.S.$ 193,713 related to the termination of a public works contract and non-payment by Pemex-Exploration and Production under the contract. As of the date of these consolidated financial statements, the trial is in the evidentiary stage. In a concurrent administrative proceeding, Pemex-Exploration and Production was summoned before the Séptima Sala Regional Metropolitana (Seventh Regional Metropolitan Court) of the Tax and Administrative Federal Court on April 4, 2011, in connection with an administrative claim (No. 4957/11-17-07-1) filed by the plaintiffs seeking that Pemex-Exploration and Production's termination of the public works contract be declared null and void. Pemex-Exploration and Production filed its response to the claim on June 13, 2011. As of the date of these consolidated financial statements, the trial is in the pleading stage.

- On July 5, 2011, Pemex-Exploration and Production was summoned before the Juzgado Décimo Segundo de Distrito en Materia Civil (Twelfth District Civil Court) in the Federal District in connection with a civil claim (No. 469/2010) filed by Saboratto, S. A. de C. V. for, among other things, liability and damages in connection with various services agreements. Saboratto, S. A. de C. V. is seeking approximately Ps. 1,451,472 in total damages. On August 5, 2011, Pemex-Exploration and Production filed its response to this claim. On December 20, 2013, the parties were notified that a judgment will be issued; however, as of the date of these consolidated financial statements, a final resolution is still pending.

- On July 8, 2011, Pemex-Exploration and Production was summoned in connection with an administrative claim (No. 4334/11-11-02-6) filed by Compañía Petrolera La Norma, S.A., against the Director General of Petróleos Mexicanos and the Director General of Pemex-Exploration and Production before the Segunda Sala Regional Hidalgo-México (Hidalgo-Mexico Second Regional Court) of the Tax and Administrative Federal Court in Tlalnepantla, State of Mexico. The plaintiff is seeking compensation in connection with the cancellation of its alleged petroleum rights concessions, including damages for up to Ps. 1,552,730. On April 2, 2013, the court notified the parties that it admitted an amendment to the claim, which was subsequently appealed by the defendants. In addition, on April 9, 2013, a new claim was filed before the same court (No. 438/12-11-02-3). The defendants requested that it be joined to the previous claim, which the court allowed on May 2, 2013. On July 18, 2013, the defendants filed a response to the amended joint claim (No. 438/12-11-02-3). On November 19, 2013, the defendants filed an expert opinion in support of their response. The designation of an independent expert is still pending. As of the date of these consolidated financial statements, the trial is in the evidentiary stage.

The results of these proceedings are uncertain until their final resolutions are issued by the appropriate authorities. PEMEX has recorded liabilities for loss contingencies when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation could not be made, qualitative disclosure was provided in the notes to these consolidated financial statements.

PEMEX does not disclose amounts accrued for each individual claim because such disclosure could adversely affect PEMEX's legal strategy, as well as the outcome of the related litigation.

24. Subsequent events

During the period from January 1 to April 30, 2014, PEMEX participated in the following financing activities:

- On January 23, 2014, Petróleos Mexicanos issued U.S. $4,000,000 of its debt securities under its U.S.$ 32,000,000 Medium-Term Notes Program, Series C in three tranches: (i) U.S.$ 500,000 of its 3.125% Notes due 2019; (ii) U.S.$ 500,000 of its 4.875% Notes due 2024, which was a reopening of its 4.875% Notes due 2024 originally issued on July 18, 2013; and (iii) U.S.$ 3,000,000 of its 6.375% Bonds due 2045. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

- On January 23, 2014, the SHCP authorized the increase of the Petróleos Mexicanos' Medium-Term Notes Program from U.S.$ 32,000,000 to U.S.$ 42,000,000.

- On January 30, 2014, Petróleos Mexicanos issued Ps. 7,500,000 aggregate principal amount of Certificados Bursátiles due 2024 at a fixed rate of 7.19%, consisting of (i) an international offering outside of Mexico of Ps. 2,616,050 of Certificados Bursátiles in the form of GDNs, and (ii) a concurrent offering to the public in Mexico of Ps. 4,883,950 of Certificados Bursátiles not represented by GDNs. The issuance represented the second reopening of the same series of Certificados Bursátiles due 2024 originally issued on September 26, 2013 and reopened on December 11, 2013. Concurrently, Petróleos Mexicanos issued, in the Mexican market, Ps. 5,000,000 aggregate principal amount of Certificados Bursátiles in two tranches: one at a floating rate for Ps. 2,000,000 due 2019, which was a reopening of the same series of Certificados Bursátiles due 2019 originally issued on September 19, 2013 and reopened on December 11, 2013; and the second at a fixed rate of 3.94% for UDIs equivalent to Ps. 3,000,000 due 2026. These certificados bursátiles were issued under Petróleos Mexicanos' Ps. 300,000,000 or UDI equivalent Certificados Bursátiles Dual Program. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

- On March 10, 2014, Pemex-Exploration and Production obtained a letter of credit for Ps. 513,810 that matures on May 9, 2014.

- On March 20, 2014, Petróleos Mexicanos borrowed U.S.$ 1,000,000 from its revolving credit line, which bears interest at a floating rate linked to LIBOR and matures on May 22, 2014.

- On March 21, 2014, Petróleos Mexicanos obtained a loan for U.S.$ 300,000 from an export credit agency, which bears interest at a rate of 2.351% and matures in March 2018.

- On April 16, 2014, Petróleos Mexicanos issued € 1,000,000 of its 3.75% Notes due 2026. These notes were issued under Petróleos Mexicanos' U.S.$ 42,000,000 Medium-Term Notes Program, Series C. All debt securities issued under this program are guaranteed by Pemex-Exploration and Production, Pemex-Refining and Pemex-Gas and Basic Petrochemicals.

- Between January 1 and April 14, 2014, PMI HBV obtained U.S.$ 530,000 from its revolving credit line and repaid U.S.$ 1,080,000.

On April 14, 2014, the Mexican peso-U.S. dollar exchange rate was Ps. 13.0453 per U.S. dollar, which represents a 0.24% appreciation of the value of the peso in U.S. dollar terms as compared to the exchange rate as of December 31, 2013, which was Ps. 13.0765 per U.S. dollar.

On April 14, 2014, the weighted average price of the crude oil exported by PEMEX was U.S.$ 96.18 per barrel; this price increased by approximately 3.96% as compared to the average price as of December 31, 2013, which was U.S.$ 92.51 per barrel.

On February 4 and 7, 2014, the Organic Statute of Petróleos Mexicanos was amended.

As of December 31, 2013, PEMEX has valued and recorded the 53,703,915 Repsol shares acquired through PMI HBV as an investment in equity instruments. The market value of Repsol shares has increased approximately 2.40% from € 18.32 per share as of December 31, 2013 to € 18.76 per share as of April 14, 2014.

On March 21, 2014, as part of Round Zero, Petróleos Mexicanos submitted to the Ministry of Energy a request that PEMEX be assigned the right to continue to explore and develop areas that together contain 96% of Mexico's estimated proved reserves of crude oil and natural gas as of December 31, 2013. The transitional articles of the Energy Reform Decree provide that the Ministry of Energy will take the following factors into consideration when determining whether to grant PEMEX an assignment:

- With respect to areas that PEMEX was actively exploring in which it had made commercial discoveries or investments as of December 21, 2013, its investment capacity and evidence of a detailed plan for exploration.

- With respect to areas that PEMEX already had under production as of December 21, 2013, a development plan for producing fields, including evidence of proper development of such fields and the ability to efficiently and competitively carry out production activities.

The Ministry of Energy has a deadline of September 17, 2014 to respond to the request.

25. Supplementary information on oil and gas exploration and production activities (unaudited)

Effective January 1, 2010, certain of the SEC's rules were revised in order to modernize the reporting requirements applicable to oil and gas companies such as PEMEX in respect of oil and other hydrocarbon reserves. The most significant of these revisions include the following:

- Crude oil prices. Evaluation of the economic producibility of reserves and discounted cash flows must each be based on a 12-month average crude oil price that is calculated by using the price on the first day of each month during the period, unless contractual arrangements designate a different price to be used.

- Proved undeveloped reserves. Reserves may be classified as proved undeveloped reserves if: (1) there is a high degree of confidence that the relevant quantities of such reserves will be recovered; and (2) the related drilling is scheduled to begin within the next five years, unless the specific circumstances justify a longer time.

- Reserves estimation using new technologies. Reserves may be estimated through the use of reliable advanced technologies in addition to those, such as flow tests and production history, previously recognized by the SEC.

- Reserves estimation personnel and process. Additional disclosure is required regarding the qualifications of those who oversee a Company's reserves estimation process. A general discussion of the internal controls used to assure the objectivity of reserves estimates is also now required.

There has been no material change in Mexico's proved reserves as a result of the application of these revised SEC rules.

The following tables provide supplementary information on the oil and gas exploration, development and production activities of Pemex-Exploration and Production in compliance with the U.S. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 932-10-5 "Extractive Activities—Oil and Gas" ("ASC Topic 932") and Accounting Standards Update 2010-03.

All exploration and production activities of Pemex-Exploration and Production are conducted in Mexico. The supplemental data presented herein reflect information for all of Pemex-Exploration and Production's oil and gas producing activities.

a. Capitalized costs for oil and gas producing activities (unaudited)

	As of December 31,		
	2013	2012	2011
Proved properties	Ps. 2,254,784,515	Ps. 2,108,592,519	Ps. 1,921,817,651
Construction in progress	83,764,607	46,908,049	54,255,040
Accumulated depreciation and amortization	(994,476,861)	(870,694,075)	(756,353,372)
Net capitalized costs	Ps. 1,344,072,261	Ps. 1,284,806,493	Ps. 1,219,719,319

b. Costs incurred for oil and gas property exploration and development activities (unaudited)

	2013	2012
Exploration	Ps. 36,552,489	Ps. 33,345,223
Development	181,671,933	158,425,613
Total costs incurred	Ps. 218,224,422	Ps. 191,770,836

There are no property acquisition costs, because PEMEX exploits oil reserves owned by the Mexican nation.

Exploration costs include costs of geological and geophysical studies of fields amounting to Ps. 10,163,605 and Ps. 11,978,531 for 2013 and 2012, respectively, that, in accordance with the successful efforts method of accounting, are accounted for as geological and geophysical exploration expenses.

Development costs include those costs incurred in obtaining access to proved reserves and providing facilities for extracting, treating, gathering and storing oil and gas.

c. Results of operations for oil and gas producing activities (unaudited):

	2013	2012	2011
Revenues from sale of oil and gas	Ps. 1,250,737,299	Ps. 1,333,247,872	Ps. 1,270,832,133
Hydrocarbon duties	856,978,971	898,064,551	871,471,372
Production costs (excluding taxes)	134,645,739	121,973,668	103,250,426
Other costs and expenses	40,599,327	30,828,632	30,676,623
Exploration expenses	22,661,332	25,820,942	25,746,850
Depreciation, depletion, amortization and accretion	119,161,541	122,356,141	107,385,238
	1,174,046,910	1,199,043,934	1,138,530,509
Results of operations for oil and gas producing activities	Ps. 76,690,389	Ps. 134,203,938	Ps. 132,301,624

Note: Numbers may not total due to rounding.

d. Sales prices (unaudited)

The following table summarizes average sales prices in U.S. dollars as of December 31 (excluding production taxes):

		2013	2012	2011
Weighted average sales price per barrel of oil equivalent (boe)	(1)	US$ 76.81	US$ 78.89	US$ 80.41
Crude oil, per barrel		99.92	102.36	100.01
Natural gas, per thousand cubic feet		4.93	4.03	4.56

(1) To convert dry gas to barrels of oil equivalent, a factor of 5.201 thousand cubic feet of dry gas per barrel of oil equivalent is used.

e. Crude oil and natural gas reserves (unaudited)

Under the Mexican Constitution and the Regulatory Law, all oil and other hydrocarbon reserves located in the subsoil of Mexico are owned by the Mexican nation and not by PEMEX. As of the date of these consolidated financial statements, Pemex-Exploration and Production had the right to extract, but not own, these reserves, and to sell the resulting production. The exploration and development activities of Petróleos Mexicanos and the Subsidiary Entities are limited to reserves located in Mexico.

Proved oil and natural gas reserves are those estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be economically producible from a given date forward, from known reservoirs and under existing economic conditions, operating methods and government regulations.

Proved reserves estimates as of December 31, 2013 were prepared by Pemex-Exploration and Production and were reviewed by the Independent Engineering Firms (as defined below), which audit Pemex-Exploration and Production's hydrocarbon reserves. In addition, pursuant to the Regulatory Law, the NHC reviewed and approved the proved reserves reports estimates as of December 31, 2013 provided by Pemex-Exploration and Production on March 11, 2014. These reserves estimates were then registered and published by the Ministry of Energy on March 18, 2014.

Pemex-Exploration and Production estimates Mexico's reserves based on generally accepted petroleum engineering and evaluation methods and procedures, which are based primarily on applicable SEC regulations and, as necessary, the SPE's publication entitled Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information, dated February 19, 2007 and other SPE publications, including the SPE's publication entitled Petroleum Resources Management System, as well as other technical sources, including Estimation and Classification of Reserves of Crude Oil, Natural Gas, and Condensate, by Chapman Cronquist, and Determination of Oil and Gas Reserves, Petroleum Society Monograph Number 1, published by the Canadian Institute of Mining and Metallurgy & Petroleum. The choice of method or combination of methods employed in the analysis of each reservoir is determined by:

- Experience in the area.
- Stage of development.
- Quality and completeness of basic data.
- Production and pressure histories.

Reserves data set forth herein represent only estimates. Reserves valuation is a subjective process of estimating underground accumulations of crude oil and natural gas that cannot be measured in an exact manner. The accuracy of any reserves estimate depends on the quality of available data, engineering and geological interpretation and professional judgment. As a result, estimates of different engineers may vary. In addition, the results of drilling, testing and producing subsequent to the date of an estimate may lead to the revision of an estimate.

During 2013, PEMEX did not record any material increase in Mexico's hydrocarbons reserves as a result of the use of new technologies.

In order to ensure the reliability of PEMEX's reserves estimation efforts, it has undertaken the internal certification of its estimates of Mexico's reserves since 1996. PEMEX has established certain internal controls in connection with the preparation of its proved reserves estimates. Initially, teams of geoscientists from Pemex-Exploration and Production's exploration and exploitation business units (with each of these units covering several projects) prepare the reserves estimates, using distinct estimation processes for valuations relating to new discoveries and developed fields, respectively. Subsequently, the regional reserves offices collect these reserves estimates from the units and request the review and certification of such valuations and the booking of the related reserves from the Gerencia de Recursos y Reservas (Office of Resources and Reserves), the central hydrocarbon reserves management body of Pemex-Exploration and Production. This internal certification process is undertaken in accordance with internal guidelines for estimating and classifying proved reserves, which are based on the SEC's rules and definitions. The Hydrocarbons Reserves and Resources Management Office, which additionally oversees and conducts an internal audit of the above process, consists entirely of professionals with geological, geophysical, petrophysical and reservoir engineering backgrounds. The engineers who participate in PEMEX's reserves estimation process are experienced in: reservoir numerical simulation; well drilling and completion; pressure, volume and temperature (PVT) analysis; NODALTM (an analytical tool used in forecasting the performance of the various elements comprising the production system) analysis; and design strategies in petroleum field development. Furthermore, all of PEMEX's personnel have been certified by the Secretaría de Educación Pública (Ministry of Public Education), most have earned master's degrees in areas of study such as petroleum engineering, geology and geophysical engineering and they possess an average of over ten years of professional experience.

In addition to the above internal review process, Pemex-Exploration and Production's final reserves estimates are audited by independent engineering firms. Three independent engineering firms audited Pemex-Exploration and Production's estimates of Mexico's proved reserves as of December 31, 2013: Netherland Sewell International, S. de R. L. de C. V. ("Netherland Sewell"); DeGolyer and MacNaughton; and Ryder Scott Company, L.P. ("Ryder Scott," and together with Netherland Sewell and DeGolyer and MacNaughton, the "Independent Engineering Firms"). The reserves estimates reviewed by the Independent Engineering Firms totaled 99.3% of Mexico's reserves. The remaining 0.7% of reserves consisted of reserves located in certain areas in which third parties provide drilling services to Pemex-Exploration and Production. Under such agreements, the corresponding third party is responsible for assessing the volume of reserves. Netherland Sewell audited the reserves in the Northeastern Marine region and Southern region, DeGolyer and MacNaughton audited the reserves in the Southwestern Marine region and Ryder Scott audited the reserves in the Northern region. The audits conducted by the Independent Engineering Firms consisted primarily of: (1) analysis of historical static and dynamic reservoir data provided by Pemex-Exploration and Production; (2) construction or updating of the Independent Engineering Firms' own static and dynamic reservoir characterization models of Mexican oil fields; (3) economic analysis of selected fields; and (4) review of Pemex-Exploration and Production's production forecasts and reserves estimates.

Since reserves estimates are, by definition, only estimates, they cannot be reviewed for the purpose of verifying exactness. Instead, the Independent Engineering Firms conducted a detailed review of Pemex-Exploration and Production's reserves estimates so that they could express an opinion as to whether, in the aggregate, the reserves estimates that PEMEX furnished were reasonable and had been estimated and presented in conformity with generally accepted petroleum engineering and evaluation methods and procedures.

All questions, including any suggested modifications to proved reserves estimates, that arose during the Independent Engineering Firms' review process were resolved by Pemex-Exploration and Production to the satisfaction of the Independent Engineering Firms. The Independent Engineering Firms have concluded that PEMEX's estimated total proved oil and natural gas reserve volumes set forth in this report are, in the aggregate, reasonable and have been prepared in accordance with Rule 4-10(a), are consistent with international reserves reporting practice and are in accordance with the revised oil and gas reserves disclosure provisions of ASC Topic 932.

Mexico's total proved developed and undeveloped reserves of crude oil, condensates and liquefiable hydrocarbons recoverable from field processing plants decreased by 3.0% in 2013, from 11,424 million barrels at December 31, 2012 to 11,079 million barrels at December 31, 2013. Mexico's proved developed reserves of crude oil, condensates and liquefiable hydrocarbons recoverable from processing plants decreased by 5.5% in 2013, from 7,790 million barrels at December 31, 2012 to 7,360 million barrels at December 31, 2013. These decreases were principally due to the level of production during 2013, which amounted to 1,037 million barrels of crude oil and natural gas liquids and due to fewer positive revisions to our reserves estimates in 2013, as well as a decrease in extensions and discoveries, particularly in connection with the decrease in field development activities at the Aceite Terciario del Golfo ("ATG") project, where the dismantling of four field laboratories resulted in a decrease in the number of wells completed, and the decrease in the number of exploratory activities carried out in the deep waters of the Gulf of Mexico. The amount of crude oil, condensate and liquefiable hydrocarbon reserves added in 2013 was insufficient to offset the level of production in 2013, which amounted to 1,037 million barrels of crude oil and condensates and liquefiable hydrocarbons.

Mexico's total proved developed and undeveloped dry gas reserves decreased by 3.5% in 2013, from 12,713 billion cubic feet at December 31, 2012 to 12,273 billion cubic feet at December 31, 2013. Mexico's proved developed dry gas reserves decreased by 6.2% in 2013, from 7,951 billion cubic feet at December 31, 2012 to 7,461 billion cubic feet at December 31, 2013. This decrease was principally due to the level of production during 2013, which amounted to 1,539 billion cubic feet of dry gas. The amount of dry gas reserves added in 2013 was insufficient to offset the level of production in 2013, which amounted to1,539 billion cubic feet of dry gas. Mexico's proved undeveloped dry gas reserves increased by 1.0% in 2013, from 4,762 billion cubic feet at December 31, 2012 to 4,811 billion cubic feet at December 31, 2013. This increase was primarily due to field development activities in the Burgos and Veracruz basins.

During 2013, 903.4 million barrels of oil equivalent were reclassified from proved undeveloped, probable and possible reserves to proved developed reserves, at a cost of Ps. 181,670,000. The only fields containing material volumes of Mexico's proved reserves that have remained undeveloped for five years or more are the Ayatsil, Ayín and Alux fields, which are all located offshore. These fields remain undeveloped due to delays in construction related to certain unique field characteristics. In particular, the design of the development plan for the Ayatsil field, the largest of the three, has required additional time due to the complexity of this project, which is expected to represent Pemex-Exploration and Production's first offshore project producing extra-heavy crude oil. As of the date of these consolidated financial statements, three drilling platforms have been installed at the Ayatsil field and drilling activity is expected to begin in the near future. PEMEX also expects to continue to develop the Ayín and Alux fields during 2014.

The following three tables set forth PEMEX's estimates of Mexico's proved crude oil and dry gas reserves determined in accordance with Rule 4-10(a).

Summary of oil and gas[1] proved reserves as of December 31, 2013 based on average fiscal year prices

	Crude oil and condensates[2] (in millions of barrels)	Dry Gas[3] (in billions of cubic feet)
Proved developed and un-developed reserves		
Proved developed reserves	7,360	7,461
Proved undeveloped reserves	3,719	4,812
Total proved reserves	11,079	12,273

Note: Numbers may not total due to rounding.
(1) PEMEX does not currently produce synthetic oil or synthetic gas, or other natural resources from which synthetic oil or synthetic gas can be produced.
(2) Crude oil and condensate reserves include the fraction of liquefiable hydrocarbons recoverable in natural gas processing plants located at fields.
(3) Reserve volumes reported in this table are volumes of dry gas, although natural gas production reported in other tables refers to sour wet gas. There is a shrinkage in volume when natural gas liquids and impurities are extracted to obtain dry gas. Therefore, reported natural gas volumes are greater than dry gas volumes.
Source: Pemex-Exploration and Production.

Crude oil and condensate reserves (including natural gas liquids)[1]

	2011	2012	2013
		(in millions of barrels)	
Proved developed and undeveloped reserves:			
At January 1	11,394	11,362	11,424
Revisions[2]	824	1,012	630
Extensions and discoveries	194	103	62
Production	(1,050)	(1,053)	(1,037)
At December 31	11,362	11,424	11,079
Proved developed reserves at December 31	7,618	7,790	7,360
Proved undeveloped reserves at December 31	3,744	3,634	3,719

Note: Numbers may not total due to rounding.
(1) Crude oil and condensate reserves include the fraction of liquefiable hydrocarbons recoverable in natural gas processing plants located at fields.
(2) Revisions include positive and negative changes due to new data from well drilling, and revisions made when actual reservoir performance differs from expected performance.
Source: Pemex-Exploration and Production.

Dry gas reserves

	2011	2012	2013
	(in billions of cubic feet)		
Proved developed and undeveloped reserves:			
At January 1	12,494	12,734	12,713
Revisions(1)	1,592	1,377	1,010
Extensions and discoveries	249	162	89
Production(2)	(1,601)	(1,560)	(1,539)
At December 31	12,734	12,713	12,273
Proved developed reserves at December 31	7,958	7,951	7,462
Proved undeveloped reserves at December 31	4,776	4,762	4,811

Note: Numbers may not total due to rounding.

(1) Revisions include positive and negative changes due to new data from well drilling, and revisions made when actual reservoir performance differs from expected performance.

(2) Production refers here to dry gas, although natural gas production reported in other tables refers to sour wet gas. There is a shrinkage in volume when natural gas liquids and impurities are extracted to obtain dry gas. Therefore, reported natural gas volumes are greater than dry gas volumes.

Source: Pemex-Exploration and Production.

Pemex-Exploration and Production's reserves replacement rate ("RRR") for a given period is calculated by dividing the sum of proved reserves additions due to discoveries, developments, delineations and revisions by that period's total production. In 2013, the RRR was 67.8%, which was 36.5 percentage points lower than the 2012 RRR of 104.3%. The fact that the reserves replacement rate was less than 100% in 2013 represents a decline in Mexico's proved reserves during this period. This decrease in the RRR was mainly due to a significant decrease in the amount of proved reserves that were added as a result of discoveries, extensions and positive revisions in 2013 as compared to 2012. Specifically, lower levels of field development activities in the ATG project as well as the decrease in the number of exploratory activities carried out in the deep waters of the Gulf of Mexico, where the lack of infrastructure precluded PEMEX from booking proved reserves, contributed to the decrease in RRR in 2013.

PEMEX's goal is to increase its RRR during 2014, in part by increasing Mexico's proved reserves over the coming years. PEMEX aims to accomplish this primarily through development of the Ku-Maloob-Zaap, Crudo Ligero Marino and ATG projects, as well as through the performance of delineation activities. PEMEX has developed these objectives based on reserves estimates, which are subject to the uncertainty and risks associated with hydrocarbon exploration and production activities. Additionally, future decisions regarding authorized exploration and exploitation investment levels may lead to related changes.

PEMEX's reserves production ratio, which is presented in terms of years, is calculated by dividing the estimated remaining reserves at the end of the relevant year by the total production of hydrocarbons for that year. As of December 31, 2013, this ratio was equal to 10.1 years for proved reserves, which represents a decrease of 1.0% as compared to the 2012 reserves production ratio of 10.2 years for proved reserves.

f. Standardized measure of discounted future net cash flows related to proved oil and gas reserves (unaudited)

The standardized measure tables presented below relate to proved oil and gas reserves excluding proved reserves scheduled to be produced after the year 2038. This measure is presented in accordance with ASC Topic 932.

Estimated future cash inflows from production are computed by applying average prices of oil and gas of the first day of each month of 2013. Future development and production costs are those estimated future expenditures needed to develop and produce the year-end estimated proved reserves after a net cash flows discount factor of 10%, assuming constant year-end economic conditions.

Future tax expenses are computed by applying the appropriate year-end statutory tax rates with consideration of the tax rates of the new fiscal regime for Pemex-Exploration and Production already legislated for 2013 to the future pre-tax net cash flows related to Mexico's proved oil and gas reserves.

The estimated future payment of taxes was calculated based on fiscal regime applicable by decree to Pemex-Exploration and Production effective January 1, 2013 and which reformed Chapter XII of the Federal Duties Law.

The standardized measure provided below represents a comparative benchmark value rather than an estimate of expected future cash flows or fair market value of PEMEX's production rights. There are numerous uncertainties inherent in estimating quantities of proved reserves and in projecting future rates of production and timing of development expenditures, including many factors beyond the control of the producer. Accordingly, reserve estimates may be materially different from the quantities of crude oil and natural gas that are ultimately recovered.

Standardized measure of discounted future net cash flows as of December 31

	2013	2012	2011
	(in millions of U.S. dollars)		
Future cash inflows	US$ 931,874	US$ 974,411	US$ 1,004,082
Future production costs (excluding taxes)	(135,211)	(124,485)	(118,123)
Future development cost	(46,339)	(46,146)	(38,521)
Future cash flows before tax	750,324	803,780	847,438
Future production and excess gains taxes	(634,371)	(664,343)	(649,023)
Future net cash flows	115,953	139,437	198,415
Effect of discounting net cash flows by 10%	(34,996)	(41,913)	(60,518)
Standardized measure of discounted future net cash flows	US$ 80,957	US$ 97,524	US$ 137,897

Note: Table amounts may not total due to rounding.

To comply with ASC Topic 932, the following table presents the aggregate standardized measure changes for each of the last three years and significant sources of variance:

Changes in standardized measure of discounted future net cash flows

	2013	2012	2011
		(in millions of U.S. dollars)	
Sales of oil and gas produced, net of production costs	US$ (82,802)	US$ (87,609)	US$ (91,280)
Net changes in prices and production costs	(61,268)	(58,215)	269,575
Extensions and discoveries	4,280	6,315	7,935
Development cost incurred during the year	14,224	11,431	10,554
Changes in estimated development costs	(12,625)	(17,466)	(11,722)
Reserves revisions and timing changes	49,091	58,150	57,968
Accretion of discount of pre-tax net cash flows	54,280	56,921	29,216
Net changes in production and excess gains taxes	18,253	(9,899)	(192,730)
Aggregate change in standardized measure of discounted future net cash flows	US$ (16,567)	US$ (40,372)	US$ 79,516
Standardized measure:			
As of January 1	US$ 97,524	US$ 137,896	US$ 58,380
As of December 31	80,957	97,524	137,896
Change	US$ 16,567	US$ 40,372	US$ (79,516)

Note: Table amounts may not total due to rounding.

In computing the amounts under each factor of change, the effects of variances in prices and costs are computed before the effects of changes in quantities. Consequently, changes in reserves are calculated at December 31 prices and costs. The change in computed taxes includes taxes effectively incurred during the year and the change in future tax expense.