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Ratings On Four Classes From Pemex Finance Ltd. Affirmed

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MEXICO CITY (Standard & Poor's) Dec. 23, 2013--Standard & Poor's Ratings Services today affirmed its 'A-' ratings on four classes of notes issued by Pemex Finance Ltd. The note issuances are Mexican export future flow securitizations backed by current and future receivables generated from the sale of Maya crude oil that Petroleos Mexicanos (PEMEX) produces and exports.

Today's rating actions follow our review of PEMEX's ability to generate the necessary assets to make timely principal and interest payments even if a selective default or other financial impairment occurs. Our 'A-' ratings on the affected issues are based on, among other things, the structural enhancements that are intended to mitigate sovereign risk, a liquidity facility to cover debt service for the next scheduled payment date, and the overcollateralization levels that reflect the transactions' ability to withstand a decline in both oil prices and the generation of receivables.

The ratings also reflect:

- Strong debt service coverage (DSC). Our stressed cash flow analysis, which is based on export receivables and the \$490.1 million outstanding principal balance due over the next five years, indicates that the minimum DSC will be approximately 35.9x the quarterly debt service when maximum debt service is due (including amortization). The high DSC level in relation to the 3x DSC ratio requirement demonstrates that the transactions can withstand further combinations of stressed price and volume assumptions.
- The structural enhancements in place to mitigate sovereign risk, including the assignment of receivables generated from the sale of Maya

crude oil to Pemex Finance. Maya is a heavy and sour crude oil requiring special refinery configuration to achieve optimal refinery economics. This would make it difficult and uneconomical for PEMEX to divert Maya crude oil to non-designated customers. The majority of Maya crude oil has to be processed by refineries owned or operated by companies located in the U.S. and Canada. All of these companies are customers of PEMEX and have been designated by PEMEX to participate in the program (designated customers). Before closing, these designated customers signed agreements acknowledging the assignment and agreeing to make any future payments directly to an offshore collection account.

We will continue to surveil the ratings on these asset-backed securities and revise the ratings as necessary to reflect any changes in the transactions' underlying credit quality.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Report included in this credit rating report is available at <http://standardandpoorsdisclosure-17g7.com>

RELATED CRITERIA AND RESEARCH

Related Criteria

- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Principles Of Credit Ratings, Feb. 16, 2011
- Corporate Performance Assessment For Global Structured Finance Transactions Backed By Future Receivables, July 26, 2007
- The Three Building Blocks Of An Emerging Markets Future Flow Transaction Rating, Nov. 16, 2004

Related Research

- Petroleos Mexicanos And Subsidiaries Upgraded To Foreign Currency 'BBB+' And Local Currency 'A' On Sovereign Upgrade, Dec. 20, 2013
- Latin American Structured Finance Scenario And Sensitivity Analysis: The Effects Of Regional Market Variables, June 21, 2012
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011
- Pemex Finance Ltd. Note Ratings Are Unaffected By The Lowering Of The Local Currency Rating On Petroleos Mexicanos, July 29, 2011

RATINGS AFFIRMED

Pemex Finance Ltd.

Ratings On Four Classes From Pemex Finance Ltd. Affirmed

Series	Class	Maturity date	Rating	Coupon (%)	Amount (mil. US\$)
1998-A	A-4	11/15/2018	A-	9.15	250
1999-A	A-5	02/17/2014*	A-	LIBOR + 3.25	100
1999-B	A-3	08/15/2017	A-	10.61	200
1999-B	A-7	04/07/2014	A-	LIBOR + 3.50	90

*Maturity date of Feb. 15, 2014, falls on a Saturday. As per legal documents, it will be the next business day.

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