

FOR IMMEDIATE RELEASE

**The Mexico Equity and Income Fund, Inc.
Announces Stock Dividend and
Results of the Annual Meeting of Stockholders**

Business Editors

New York--(BUSINESS WIRE)—Dec. 16, 2008-- The Mexico Equity and Income Fund, Inc. (the “Fund”) (NYSE: MXE; MXEPR) today announced that its Board of Directors has declared a stock dividend of \$6.77531 per share payable on January 27, 2009 to stockholders of record on December 26, 2008. The dividend on each class of stock will be paid in shares of common stock with an option to elect cash. After careful consideration, the Board declared the stock distribution with a limitation on the total amount of cash to be distributed by the Fund equal to 30% of the aggregate distribution. To insure that no more than 30% of the total distribution is paid in cash, the cash portion of the distribution may be prorated among shareholders electing to receive cash with the balance of their distribution to be paid in common shares. The Fund will not issue fractional shares, but instead will pay cash in lieu of fractional shares. The dividend consists of \$0.25263 ordinary income, \$1.43261 short-term capital gain, and \$5.09007 long-term capital gain.

Registered stockholders that elect to receive 30% of their distribution in cash in lieu of an all stock dividend must notify the Fund prior to January 16, 2009. Stockholders who hold their shares through a third party intermediary such as a bank or brokerage firm and that wish to receive cash in lieu of the stock dividend must notify their broker or other financial institution prior to January 16, 2009. Please note that a third party may require such notification even earlier than this to submit your request by January 16, 2009. Contact your intermediary to clarify such guidelines.

The Fund also announced the results of the Annual Meeting of Stockholders of the Fund, which was held on November 26, 2008. At the Annual Meeting of Stockholders, the common and preferred stockholders voting as a single class, elected Phillip Goldstein as a Director of the Fund, to serve until the 2011 Annual Meeting of Stockholders.

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

Periodically updated information on the Fund can be obtained by calling the Fund's dedicated telephone line or by visiting the Fund's website at www.mxefund.com. Information includes a recorded update providing the Fund's net asset value. The Fund's toll free number is (866) 700-6104. Inquiries regarding change of address, transfer of shares, lost certificates, and non-receipt of dividend checks or reinvestment statements should be directed to Computershare Investor Services, P.O. Box A35014, Chicago, IL 60690-3504; (888) 294-8217.

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