Pricing Supplement
To Prospectus dated December 1, 2003 and
Prospectus Supplement dated December 1, 2003

United Mexican States

U.S. $40,000,000,000 Global Medium-Term Notes, Series A
Due Nine Months or More From Date of Issue

U.S. $1,500,000,000
6.75% Global Notes due 2034

The notes will mature on September 27, 2034. Mexico will pay interest on the notes on March 27 and September 27 of each year, commencing March 27, 2005.

The notes will not be redeemable before maturity and will not be entitled to the benefit of any sinking fund.

The notes will contain provisions regarding acceleration and future modifications to their terms that differ from those applicable to Mexico's outstanding public external indebtedness issued prior to March 3, 2003. Under these provisions, which are described beginning on page 4 of the accompanying prospectus dated December 1, 2003, Mexico may amend the payment provisions of the notes with the consent of the holders of 75% of the aggregate principal amount of the outstanding notes.

Application has been made to list the notes on the Luxembourg Stock Exchange.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this pricing supplement or the accompanying prospectus supplement or prospectus. Any representation to the contrary is a criminal offense.

	Price to Public (1)	**Underwriting Discounts**	**Proceeds to Mexico, before expenses**
Per note	98.384%	0.40%	97.984%
Total	U.S. $1,475,760,000	U.S. $6,000,000	U.S. $1,469,760,000

(1) Plus accrued interest, if any, from September 27, 2004.

We expect that delivery of the notes will be made on or about September 27, 2004.

Joint Lead Managers

Bear, Stearns & Co. Inc. **Morgan Stanley**

Co-Managers

Banc of America Securities LLC **Credit Suisse First Boston** **UBS Investment Bank**

September 22, 2004

TABLE OF CONTENTS

Pricing Supplement

Prospectus Supplement

Prospectus

Mexico is a foreign sovereign state. Consequently, it may be difficult for investors to obtain or realize upon judgments of courts in the United States against Mexico. See "Risk Factors" in the accompanying prospectus supplement.

ABOUT THIS PRICING SUPPLEMENT

This pricing supplement supplements the accompanying prospectus supplement dated December 1, 2003, relating to Mexico's U.S. $40,000,000,000 Global Medium-Term Note Program and the accompanying prospectus dated December 1, 2003 relating to Mexico's debt securities and warrants. If the information in this pricing supplement differs from the information contained in the prospectus supplement or the prospectus, you should rely on the information in this pricing supplement.

You should read this pricing supplement along with the accompanying prospectus supplement and prospectus. All three documents contain information you should consider when making your investment decision. You should rely only on the information provided or incorporated by reference in this pricing supplement, the prospectus and the prospectus supplement. Mexico has not authorized anyone else to provide you with different information. Mexico and the managers are offering to sell the notes and seeking offers to buy the notes only in jurisdictions where it is lawful to do so. The information contained in this pricing supplement and the accompanying prospectus supplement and prospectus is current only as of its date.

Mexico is furnishing this pricing supplement, the prospectus supplement and the prospectus solely for use by prospective investors in connection with their consideration of a purchase of the notes. Mexico confirms that:

- the information contained in this pricing supplement and the accompanying prospectus supplement and prospectus is true and correct in all material respects and is not misleading;
- it has not omitted other facts, the omission of which makes this pricing supplement and the accompanying prospectus supplement and prospectus as a whole misleading; and
- it accepts responsibility for the information it has provided in this pricing supplement and the accompanying prospectus supplement and prospectus.

DESCRIPTION OF THE NOTES

Mexico will issue the notes under the fiscal agency agreement, dated as of September 1, 1992, as amended, between Mexico and Citibank, N.A., as fiscal agent. The information contained in this section and in the prospectus supplement and the prospectus summarizes some of the terms of the notes and the fiscal agency agreement. This summary does not contain all of the information that may be important to you as a potential investor in the notes. You should read the fiscal agency agreement and the form of the notes before making your investment decision. Mexico has filed or will file copies of these documents with the SEC and will also file copies of these documents at the offices of the fiscal agent and the paying agents.

Aggregate Principal Amount:	U.S. $1,500,000,000
Issue Price:	98.384%
Issue Date:	September 27, 2004
Maturity Date:	September 27, 2034
Specified Currency:	U.S. dollars
Authorized Denominations:	U.S. $1,000 and integral multiples thereof
Form:	Registered; Book-Entry
Interest Rate:	6.75% per year, accruing from September 27, 2004
Interest Payment Dates:	Semi-annually on March 27 and September 27 of each year, commencing on March 27, 2005
Regular Record Dates:	The March 12 or September 12 of each year preceding the relevant interest payment date.
Optional Redemption:	____ Yes __X__ No
Optional Repayment:	____ Yes __X__ No
Indexed Note:	____ Yes __X__ No
Foreign Currency Note:	____ Yes __X__ No
Managers:	Bear, Stearns & Co. Inc. Morgan Stanley & Co. Incorporated Banc of America Securities LLC Credit Suisse First Boston LLC UBS Securities LLC

Purchase Price:	97.984%
Method of Payment:	Wire transfer of immediately available funds to an account designated by Mexico.
Listing:	Application has been made to list the notes on the Luxembourg Stock Exchange.
Securities Codes:	
CUSIP:	91086QAS7
ISIN:	US 91086QAS75
Common Code:	020218118
Fiscal Agent, Principal Paying Agent, Calculation Agent, Transfer Agent, Registrar and Authenticating Agent:	Citibank, N.A.
Luxembourg Paying and Transfer Agent:	Kredietbank S.A. Luxembourgeoise
Further Issues:	Mexico may, without the consent of the holders, issue additional notes that may form a single series of notes with the outstanding notes, provided that such additional notes do not have, for purposes of U.S. federal income taxation, a greater amount of original issue discount than the notes have as of the date of the issue of such additional notes.
Governing Law:	New York, except that all matters governing authorization and execution of the notes by Mexico will be governed by the law of Mexico.
Additional Provisions:	The notes will contain provisions regarding acceleration and future modifications to their terms that differ from those applicable to Mexico's outstanding public external indebtedness issued prior to March 3, 2003. Those provisions are described beginning on page 4 of the accompanying prospectus dated December 1, 2003.

UNITED MEXICAN STATES—RECENT DEVELOPMENTS

The information included in this section supplements the information about Mexico corresponding to the headings below that is contained in Exhibit D to Mexico's annual report on Form 18-K, as amended, for the fiscal year ended December 31, 2002. To the extent that the information included in this section differs from the information set forth in the annual report, you should rely on the information in this section.

The Economy

Gross Domestic Product

According to preliminary figures, during 2003, Gross Domestic Product ("GDP") increased by 1.3% in real terms, as compared with 2002. The financial services, insurance and real estate sector grew by 4.3%, the electricity, gas and water sector grew by 1.1% and the transportation, storage and communications sector grew by 3.3%, each in real terms. The construction sector grew by 3.4% and the community, social and personal services sector grew by 0.5%, each in real terms. The mining, petroleum and gas sector grew by 3.7%, the agriculture, livestock, fishing and forestry sector grew by 3.9% and the commerce, hotels and restaurants sector grew by 1.3%, each in real terms. The manufacturing sector decreased by 2.0% in real terms.

According to preliminary figures, GDP increased by 3.9% in real terms during the first six months of 2004, as compared with the same period of 2003. The transportation, storage and communications sector grew by 8.2%, the agriculture, livestock, fishing and forestry sector grew by 5.1%, the financial services, insurance and real estate sector grew by 5.0% and the construction sector grew by 4.4%, each in real terms. The manufacturing sector grew by 4.0%, the commerce, hotels and restaurants sector grew by 4.0%, the mining, petroleum and gas sector grew by 2.4%, the community, social and personal services sector grew by 1.1% and the electricity, gas and water sector grew by 0.8%, each in real terms.

Prices and Wages

Inflation during 2003 was 4.0%, 1.7 percentage points lower than during 2002. Inflation for the eight months ended August 31, 2004 was 2.5%, 0.8 percentage points higher than during the same period of 2003.

Interest Rates

During 2003, interest rates on 28-day *Cetes* averaged 6.23% and interest rates on 91-day *Cetes* averaged 6.51%, as compared with average rates on 28-day *Cetes* and 91-day *Cetes* of 7.09% and 7.46%, respectively, during 2002. Domestic interest rates were at historically low levels during 2003, largely due to reduced inflationary expectations and favorable conditions in the financial markets. During the eight months ended August 31, 2004, interest rates on 28-day *Cetes* averaged 6.25% and interest rates on 91-day *Cetes* averaged 6.51%, as compared with average rates on 28-day *Cetes* and 91-day *Cetes* of 6.73% and 7.02%, respectively, during the same period of 2003. On September 21, 2004, the 28-day *Cetes* rate was 7.31% and the 91-day *Cetes* rate was 7.74%.

Principal Sectors of the Economy

Manufacturing

According to preliminary figures, the manufacturing sector decreased by 2.0% in real terms during 2003, as compared to 2002. Basic metal industries grew by 3.4%, non-metallic mineral products grew by 0.7%, chemical products, petroleum derivatives, rubber and plastic products grew by 1.8%, food, beverages and tobacco grew by 1.2% and wood industry and its derivatives grew by 0.2%, each in real terms. In contrast, paper, paper products and printing decreased by 1.7%, metallic products, machinery and equipment

decreased by 5.9%, textiles, garments and leather decreased by 8.9% and other manufacturing industries decreased by 8.3%, each in real terms.

According to preliminary figures, the manufacturing sector grew by 4.0% in real terms in the first six months of 2004, as compared to the same period of 2003. All manufacturing sectors experienced growth in the first six months of 2004. Basic metal industries grew by 6.2%, metallic products, machinery and equipment grew by 5.5%, non-metallic mineral products grew by 4.0% and chemical products, petroleum derivatives, rubber and plastic products grew by 3.6%. Textiles, garments and leather grew by 2.3%, food, beverages and tobacco grew by 2.0%, paper, paper products and printing grew by 1.1%, wood industry and derivatives grew by 0.2% and other manufacturing industries grew by 19.1%, each in real terms.

Petroleum and Petrochemicals

Financial Results for 2003

Based on the consolidated results of Petróleos Mexicanos, the subsidiary entities (i.e., Pemex-Exploración y Producción, Pemex-Refinación, Pemex-Gas y Petroquímica Básica and Pemex-Petroquímica (collectively, the "subsidiary entities" and, together with Petróleos Mexicanos and its consolidated subsidiary companies, "PEMEX")) and Petróleos Mexicanos' consolidated subsidiary companies, total sales revenues (expressed in constant pesos with purchasing power at December 31, 2003 and calculated net of the *Impuesto Especial Sobre Producción y Servicios* (Special Tax on Production and Services, or the "IEPS Tax")) for 2003 amounted to Ps. 531.4 billion, an increase of 35.4% as compared with total sales revenues (net of the IEPS Tax) during 2002 of Ps. 392.4 billion, primarily as a result of a 37.3% increase in domestic sales attributable to increased prices and higher sales volumes and a 33.2% increase in export sales.

During 2003, export sales by the subsidiary entities to P.M.I. Comercio Internacional, S.A. de C.V. ("PMI"), Petróleos Mexicanos' marketing subsidiary, to its affiliates and to third parties (excluding the trading activities of PMI and its affiliates) increased by 34.4% in peso terms from Ps. 151.2 billion in 2002 to Ps. 203.2 billion in 2003, mainly due to an increase in the average price of crude oil exports, an increase in sales volumes and the depreciation of the peso against the dollar. The weighted average price per barrel of crude oil that Pemex-Exploración y Producción sold to PMI for export in 2003 was U.S. $24.80, 16.1% higher than the weighted average price of U.S. $21.37 in 2002. Domestic sales (net of the IEPS Tax) increased by 37.3%, from Ps. 213.6 billion in 2002 to Ps. 293.2 billion in 2003, due to an increase in sales volumes and prices.

During 2003, PEMEX's net loss, as calculated in accordance with Mexican GAAP, amounted to Ps. 40.6 billion, as compared with a net loss during 2002 of Ps. 24.6 billion. This 65.0% increase in losses was primarily due to foreign exchange losses of Ps. 21.1 billion as a result of the depreciation of the peso against the U.S. dollar, which was partially offset by a monetary gain of Ps. 11.5 billion and a net balance between other revenues and expenses of Ps. 3.0 billion, as well as a 21.8% increase in taxes and duties paid to the Mexican Government.

Financial Results for the First Six Months of 2004

PEMEX's total sales revenues (expressed in constant pesos with purchasing power at June 30, 2004 and calculated net of the IEPS Tax) for the first six months of 2004 amounted to Ps. 318.1 billion, an increase of 16.6% as compared with total sales revenues (net of the IEPS Tax) during the first six months of 2003 of Ps. 272.7 billion.

Total consolidated export sales increased by 15.4% in peso terms from Ps. 124.2 billion in the first six months of 2003 to Ps. 143.3 billion in the first six months of 2004. During the first six months of 2004, export sales by the subsidiary entities to PMI, to PMI's affiliates and to third parties increased by 20.4% in peso terms, from Ps. 99.0 billion in the first six months of 2003 to Ps. 119.2 billion in the first six months of

2004. Domestic sales (net of the IEPS Tax) increased by 17.7% in the first six months of 2004, from Ps. 148.5 billion in the first six months of 2003 to Ps. 174.8 billion in the first six months of 2004, due to increased unit prices and higher sales volumes.

During the first six months of 2004, the net loss of PEMEX, as calculated in accordance with Mexican GAAP (unaudited), amounted to Ps. 19.9 billion, as compared with a Ps. 4.1 billion net loss during the first six months of 2003. This 385.5% increase in losses was attributable primarily to the recognition of a new accounting standard, which resulted in a loss of Ps. 13.9 billion, a 209.2% increase in PEMEX's comprehensive financing cost due to an increase in total debt and the continued devaluation of the peso and a 12.3% increase in duties and taxes paid.

Set forth below is selected summary operating data relating to Petróleos Mexicanos and the subsidiary entities.

	Year ended December 31,		Six months ended June 30,	
	2002	**2003**	**2003**	**2004**
Operating Highlights				
Monthly average production				
Crude oil (tbpd)	3,177	3,371	3,328	3,402
Natural gas production (mmcfpd)	4,423	4,498	4,433	4,564
Refined products[1] (tbpd)	1,481	1,556	1,581	1,601
Petrochemicals[2] (mtpy)	9,880	10,296	5,011	5,249
Monthly average crude oil exports (tbpd)				
Olmeca	245	219	207	219
Isthmus	46	24	32	6
Maya[3]	1,411	1,617	1,554	1,613
Total	1,702	1,860	1,793	1,838
Crude oil exports (value in millions of U.S. dollars)	$13,276	$16,692	$8,293	$9,680
Monthly average PEMEX crude oil export prices per barrel[4][5] (value in U.S. dollars)				
Olmeca	$24.87	$29.32	$29.42	$34.97
Isthmus	23.48	28.08	27.31	34.40
Maya	20.71	24.15	23.98	27.73
Weighted average price[6]	$21.37	$24.80	$24.64	$28.57
Monthly average West Texas Intermediate crude oil average price per barrel[7] (value in U.S. dollars)	$26.09	$30.72	$31.47	$36.82

tbpd = thousands of barrels per day
mmcfpd = millions of cubic feet per day
mtpy = thousands of tons per year

(1) Includes natural gas liquids of 205 tbpd, 212 tbpd, 212 tbpd and 228 tbpd processed by Pemex-Gas and Basic Petrochemicals in the years ended 2002 and 2003 and in the first six months of 2003 and 2004, respectively.
(2) Excludes ethane and butane gases.
(3) Includes Altamira crude oil, which is recorded as a separate category for annual, but not interim, sales.
(4) Subject to adjustment to reflect the percentage of water in each shipment.
(5) Average price during period indicated.
(6) On September 22, 2004, the spot price for the PEMEX crude oil basket (the weighted average price of the crude oil that PEMEX exports) was U.S. $36.77 per barrel.
(7) On September 22, 2004, the spot price for West Texas Intermediate crude oil was U.S. $48.28 per barrel.

Sources: December 2002 and December 2003 Indicadores Petroleros and P.M.I. Comercio Internacional, S.A. de C.V.

Reserves

Mexico's total proved developed and undeveloped reserves of crude oil and condensates decreased by 6.7% in 2003, from 17.2 billion barrels of oil equivalent at December 31, 2002 to 16.0 billion barrels of oil equivalent at December 31, 2003. Mexico's total proved developed and undeveloped dry gas reserves decreased by less than one percent in 2003, from 15.0 trillion cubic feet at December 31, 2002 to 14.9 trillion cubic feet at December 31, 2003.

The following two tables of crude oil and dry gas reserves set forth PEMEX's estimates of Mexico's proved reserves determined in accordance with Rule 4-10(a) of Regulation S-X of the Securities Act of 1933.

Crude Oil and Condensate Reserves
(including natural gas liquids)[1]

	2002	2003
Proved developed and undeveloped reserves	**(in millions of barrels)**	
At January 1	18,767	17,196
Revisions	(247)	120
Extensions and discoveries[2]	(36)	84
Production	(1,288)	(1,359)
At December 31	17,196	16,041
Proved developed reserves at December 31	11,725	10,473

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.
(2) Extensions include positive and negative changes due to new data gathered through drilling of extension wells.
Source: Pemex-Exploration and Production.

Dry Gas Reserves

	2002	2003
Proved developed and undeveloped reserves	**(in billions of cubic feet)**	
At January 1	16,256	14,985
Revisions	(443)	695
Extensions and discoveries[1]	313	354
Production[2]	(1,141)	(1,184)
At December 31	14,985	14,850
Proved developed reserves at December 31	8,572	8,094

Note: Numbers may not total due to rounding.
(1) Extensions include positive and negative changes due to new data gathered through drilling of extension wells.
(2) Natural gas production refers to production of dry gas. There is a shrinkage in volume when natural gas liquids and impurities are extracted to obtain dry gas. Therefore, reported production of wet, sour gas volumes are greater than dry gas volumes.
Source: Pemex-Exploration and Production.

Capital Expenditures and Investments

For 2004, the Government approved a budget for 29 long-term productive infrastructure projects (called "PIDIREGAS"), 27 of which will be carried out by Pemex-Exploración y Producción, one of which will be carried out by Pemex-Refinación, and one of which will be carried out by Pemex-Gas y Petroquímica Básica, for a total PIDIREGAS budget of Ps. 123,528 million. The 2004 budget includes approximately Ps. 120,954 million (or 97.9% of the total PIDIREGAS budget) for Pemex-Exploration and Production.

Exports and Exports Agreements

Although Mexico is not a member of Organization of the Petroleum Exporting Countries ("OPEC"), since 1998 it has entered into agreements with OPEC and non-OPEC members to reduce its oil exports in order to stabilize international oil prices. In September 2003, OPEC announced that it would cut crude oil production by 900 thousand barrels per day beginning November 1, 2003. Following this announcement,

Mexico announced that it expected to maintain its crude oil exports at their present levels. In March 2004, OPEC announced that it would cut crude oil production by one million barrels per day beginning April 1, 2004. In June 2004, OPEC announced that it would increase crude oil production by 500 thousand barrels per day beginning August 1, 2004. In September 2004, OPEC announced that it would increase crude oil production by 1 million barrels per day beginning November 1, 2004. As of this date, Mexico has not announced any revisions to its current levels of crude oil exports as a result of this latest announcement by OPEC.

Taxes and Duties

PEMEX must pay a number of special hydrocarbon taxes and duties, the rates of which vary from year to year, to the Government. PEMEX is obligated to pay to the Government the Hydrocarbon Duty, which is calculated by applying a rate of 60.8% to the sales revenues of Petróleos Mexicanos and the subsidiary entities from PMI, PMI Trading Ltd., their affiliates and third parties, including the IEPS Tax, but excluding the value added tax.

Previously, PEMEX paid to the Government a duty on "Excess Gains Revenues", which was equal to 39.2% of PEMEX's revenues from crude oil export sales in excess of a threshold crude oil price (which in 2003 was U.S. $18.35 per barrel). Beginning in 2004, PEMEX must instead pay to the Government a duty for "Exploration, Gas, Refining and Petrochemical Infrastructure", which will be dedicated for investment in infrastructure works for exploration, gas, refining and petrochemicals that will be carried out by PEMEX and its subsidiary entities. Like the prior Excess Gains Revenue Duty, this duty equals 39.2% of PEMEX's revenues from crude oil export sales in excess of the threshold crude oil price set for that year (which in 2004 is U.S. $20.00 per barrel). Thus, for every dollar exceeding the threshold price, PEMEX must pay to the Government 60.8 cents in Hydrocarbon Duty and 39.2 cents in Duty for Exploration, Gas, Refining and Petrochemical Infrastructure so that all revenues above the threshold amount for that year are payable to the Government. However, for the amount up to the threshold price, PEMEX pays only the Hydrocarbon Duty.

Directors, Senior Management and Employees

The collective bargaining agreement between Petróleos Mexicanos and the Petroleum Workers' Union (the "Union") is subject to renegotiation every two years, although salaries are reviewed annually. On July 18, 2003, Petróleos Mexicanos and the Union renewed the collective bargaining agreement, effective August 1, 2003 through July 31, 2005. Subsequently, on July 26, 2004, Petróleos Mexicanos and the Union entered into a side agreement, effective August 1, 2004, which provides for a 4% increase in wages and other benefits, as well as an out-of-court settlement of a claim filed in August 2003 by the Union. The payment of certain of the benefits pursuant to this side agreement remains subject to the approval of the Board of Directors of Petróleos Mexicanos and the Ministry of Finance and Public Credit.

Mexican Government Audits and Other Investigations

In July 2003, the Office of the Federal Attorney General closed its investigation against certain former officers of Petróleos Mexicanos, including Rogelio Montemayor Seguy (former Director General of Petróleos Mexicanos), Carlos Juaristi Septién (former Corporate Management Director of Petróleos Mexicanos) and Juan José Domene Berlanga (former Chief Financial Officer of Petróleos Mexicanos), with regard to charges of money laundering and organized crime, on the grounds that it had insufficient proof to support these charges. Nevertheless, these former officers continue to be sought by the Federal Courts of Mexico for their alleged commission of the crimes of embezzlement, electoral embezzlement, wrongful use of powers and, in the case of Messrs. Juaristi and Domene, improper exercise of a public service.

On September 1, 2003, the date on which the newly elected Chamber of Deputies was convened, federal Congressman Carlos Romero Deschamps completed his term and no longer enjoys legislative immunity, which had prevented his prosecution for alleged illegal diversion of PEMEX funds. On

September 22, 2003 and October 1, 2003, a Mexican judge issued two arrest warrants against Mr. Romero Deschamps in connection with the investigation, and, more recently, the same Mexican judge issued formal imprisonment writs which commenced the trial against him. Senator Ricardo Aldana Prieto will complete his term in 2006, and will continue to enjoy legislative immunity unless the Congress strips him of it.

At a hearing on July 20, 2004, a U.S. federal judge authorized the extradition of Rogelio Montemayor Seguy (former Director General of Petróleos Mexicanos) from the United States to Mexico. On August 5, 2004, Mr. Montemayor's habeas corpus petition appealing the decision was denied, and on September 2, 2004, U.S. authorities turned him over to officials in Mexico to face charges for the alleged commission of the crimes of embezzlement and wrongful use of powers in connection with the illegal diversion of federal moneys from PEMEX to the Union in 2000.

The Union has offered to pay, over a period of years, Ps. 1,580 million to PEMEX for the amounts illegally diverted from PEMEX through the transactions under investigation. This offer was accepted by the Board of Directors of PEMEX on September 1, 2003. The federal judge in charge of the case must decide if the acceptance of this offer by PEMEX effectively constitutes restitution of all of the damages caused to PEMEX.

In 2004, Pemex-Refining submitted a criminal complaint against former officers of Pemex-Refining to the Office of the Federal Attorney General in connection with the negotiation and settlement of a claim with Productos Ecológicos S.A. de C.V. (Proesa) regarding the early termination of a long-term MTBE supply and services contract. Following that submission, the Office of the Federal Attorney General filed charges against these officers for unlawful use of their corporate powers and privileges. A federal judge subsequently issued formal imprisonment writs against former officers Mr. Mario Willars Andrade (former Director General of Pemex-Refining), Mr. Luis Ricardo Bouchot Guerrero and Mr. Cuauhtémoc Arce Herce. The proceeding against Mr. Arce is currently in its evidentiary stages.

Civil Actions

In connection with the August 2003 claim filed by the Union against Petróleos Mexicanos before the Federal Council of Conciliation and Arbitration for alleged unpaid benefit payments, the Union and Petróleos Mexicanos agreed to settle this claim out of court and expressly waived any right to further pursue the claim pursuant to the side agreement referenced above under "—Directors, Senior Management and Employees." On August 3, 2004, the Union withdrew its claim from the Federal Council of Conciliation and Arbitration.

Sugar Industry

On February 19, 2004, the Supreme Court ruled in favor of claims originally initiated by four of the subsidiaries of *Grupo Azucarero México, S.A. de C.V.* ("GAM"), that the expropriations of four of the 27 total sugar mills expropriated by the Government in 2001 were unconstitutional and ruled that the Government must return the four unconstitutionally expropriated mills to the shareholders of each sugar mill as of the date they were originally expropriated. The claim that that had been initiated by a fifth subsidiary of GAM was voluntarily withdrawn prior to the ruling. Pursuant to the Supreme Court ruling, the Government returned the four mills to the shareholders of each of the mills. Other parties, including creditors of certain of the sugar companies whose mills were expropriated, have also filed claims against the Government. To date, several claims remain pending in the Mexican courts. In addition, GAMI Investment Inc., a U.S. shareholder of one of the companies affected by the expropriation, has submitted a claim under Chapter 11 of the North American Free Trade Agreement. The Government does not believe that the return of the four sugar mills or the pending claims will have a material adverse effect on the Government or its finances.

Financial System

Central Bank and Monetary Policy

During 2003, the M1 money supply (defined as bills and coins held by the public, plus checking accounts denominated in local currency and foreign currency, plus interest-bearing deposits denominated in pesos and operated by debit cards) increased by 7.6% in real terms, as compared with 2002. In addition, checking account deposits denominated in pesos increased by 8.1% in real terms during 2003, as compared with 2002.

During 2003, financial savings increased by 8.7% in real terms, as compared with 2002. Savings generated by Mexican residents increased by 8.6% in real terms and savings generated by non-residents increased by 17.5% in real terms during 2003, each as compared with 2002.

During the first seven months of 2004, the Ml money supply increased by 10.3% in real terms, as compared with the same period of 2003. In addition, checking account deposits denominated in pesos increased by 5.2% in real terms during the first seven months of 2004, as compared with the same period of 2003.

During the first seven months of 2004, financial savings increased by 6.8% in real terms, as compared with the same period of 2003. Savings generated by Mexican residents increased by 6.7% in real terms and savings generated by non-residents increased by 10.9% in real terms during the first seven months of 2004, each as compared with the same period of 2003.

At September 21, 2004, the monetary base totaled Ps. 276.6 billion, a 8.9% nominal decrease from the level of Ps. 303.6 billion at December 31, 2003. Banco de México estimates that the monetary base will total approximately Ps. 338.1 billion at December 31, 2004.

Banco de México utilizes the "short" mechanism to induce necessary changes in interest rates to achieve inflation objectives. Banco de México has increased the "short" on five occasions during 2004, from Ps. 25 million to Ps. 29 million on February 20, 2004, from Ps. 29 million to Ps. 33 million on March 12, 2004, from Ps. 33 million to Ps. 37 million on April 27, 2004, from Ps. 37 million to Ps. 41 million on July 23, 2004 and from Ps. 41 million to Ps. 45 million on August 27, 2004. These increases were made in response to internal and external factors that could have threatened the achievement of the 3.0% inflation target for 2004.

Banking Supervision and Support

In May 2002, the Bank Savings Protection Institute, or IPAB, which in 1999 replaced and assumed the assets and liabilities of the Banking Fund for Protection of Savings, or FOBAPROA, announced its intention to initiate a review of four banks that had transferred nonperforming loans to FOBAPROA following the 1994-1995 financial crisis, in order to determine whether all of the loans transferred by the banks were in fact eligible for transfer under the applicable guidelines. The four banks subsequently filed suit to challenge the reviews, which were suspended pending resolution of the suits by the applicable courts. In July 2004, the four banks reached an out-of-court settlement agreement with IPAB, pursuant to which they have agreed to exchange their FOBAPROA notes for new notes from IPAB with a face value of approximately 50% of the face value of the original FOBAPROA notes and to submit to certain further audits regarding a portion of the transferred loans. These audits are currently in progress. The banks have also agreed to pay any further amounts to be assessed pursuant to the outcome of these audits.

Regulation

At December 31, 2003, the total amount of past-due loans of commercial banks (excluding banks under Government intervention and those in special situations) was Ps. 31.1 billion, as compared with Ps. 45.0 billion at December 31, 2002. The total loan portfolio of the banking system decreased by 3.8% in real terms during 2003. The past-due loan ratio of commercial banks was 3.2% at December 31, 2003, as compared with 4.6% at December 31, 2002. Loan loss reserves created by commercial banks (excluding banks under Government intervention and those in special situations) totaled Ps. 52.0 billion at December 31, 2003, as compared with Ps. 62.1 billion at December 31, 2002. At this level, commercial banks had reserves covering 167.1% of their past-due loans, exceeding the 45% minimum reserve level required by the applicable accounting criteria.

At June 30, 2004, the total amount of past-due loans of commercial banks (excluding banks under Government intervention and those in special situations) was Ps. 30.5 billion, as compared with Ps. 31.1 billion at December 31, 2003. The total loan portfolio of the banking system increased by 1.3% in real terms during the first six months of 2004. The past-due loan ratio of commercial banks was 3.0% at June 30, 2004, as compared to the 3.2% past-due loan ratio at December 31, 2003. The amount of loan loss reserves created by commercial banks (excluding banks under Government intervention and those in special situations) totaled Ps. 53.1 billion at the end of June 2004, as compared with Ps. 52.0 billion at December 31, 2003. At this level, commercial banks have reserves covering 174.5% of their past-due loans, exceeding the minimum reserve level of 45% required by the applicable accounting criteria.

The Securities Market

At December 31, 2003, the Stock Market Index stood at 8,795.28 points, representing a 43.55% increase from the level at December 31, 2002. At September 22, 2004, the Stock Market Index stood at 10,777.23 points, representing a 22.5% increase from the level at December 31, 2003.

External Sector of the Economy

Foreign Trade

During 2003, Mexico registered a trade deficit of U.S. $5.6 billion, as compared with a trade deficit of U.S. $7.9 billion for 2002. Merchandise exports increased by 2.6% during 2003, to U.S. $164.9 billion, as compared with U.S. $160.8 billion in 2002. Petroleum exports increased by 28.9% and non-petroleum exports decreased by 0.01% in 2003, each as compared with 2002. Exports of manufactured goods, which represented 85.5% of total merchandise exports, decreased by 0.7% during 2003 as compared with 2002.

Total imports were U.S. $170.5 billion during 2003, a 1.1% increase as compared with 2002. Imports of intermediate goods increased by 1.8%, imports of capital goods decreased by 3.8% and imports of consumer goods increased by 1.6% during 2003, each as compared with 2002.

According to preliminary figures, during the first seven months of 2004, Mexico registered a trade deficit of U.S. $2.2 billion, equal to the trade deficit for the same period of 2003. Merchandise exports increased by 13.4% during the first seven months of 2004, to U.S. $105.8 billion, as compared to U.S. $93.3 billion for the same period of 2003. During the first seven months of 2004, petroleum exports increased by 18.1%, while non-petroleum exports increased by 12.8%, each as compared to the same period of 2003.

According to preliminary figures, during the first seven months of 2004, total imports grew by 13.2% to U.S. $108.1 billion, as compared to U.S. $95.5 billion for the same period of 2003. During the first seven months of 2004, imports of intermediate goods increased by 13.9%, imports of capital goods increased by 8.2% and imports of consumer goods increased by 13.3%, each as compared to the same period of 2003.

Balance of International Payments

According to preliminary figures, during 2003, Mexico's current account registered a deficit of 1.5% of GDP or U.S. $8.9 billion, U.S. $5.1 billion less than the current account deficit registered in 2002. The capital account surplus for the same period totaled U.S. $17.7 billion, U.S. $4.6 billion less than the capital account surplus registered in 2002.

According to preliminary figures, during the first six months of 2004, Mexico's current account registered a deficit of 0.4% of GDP, or U.S. $2.3 billion. The capital account surplus for the first six months of 2004 totaled U.S. $4.9 billion.

At December 31, 2003, Mexico's international reserves totaled U.S. $57.4 billion, an increase of U.S. $9.5 billion from the level of December 31, 2002. The net international assets of Banco de México totaled U.S. $59.1 billion at December 31, 2003, an increase of U.S. $8.3 billion from the level of December 31, 2002.

At September 17, 2004, Mexico's international reserves totaled U.S. $57.2 billion, a decrease of U.S. $0.2 billion from the level at December 31, 2003. The net international assets of Banco de México totaled U.S. $60.2 billion at September 17, 2004, an increase of U.S. $1.1 billion from the level at December 31, 2003.

Under the existing daily auction procedure to moderate the accumulation of international reserves that commenced on May 2, 2003, on January 20, 2004, Banco de México announced that the daily amount of dollars to be auctioned pursuant to this procedure for the period from February 2, 2004 to April 30, 2004 would be U.S. $45.0 million.

On March 12, 2004, the Foreign Exchange Commission announced that it would adjust the existing mechanism to moderate the rate of accumulation of international reserves that it had adopted on March 20, 2003 and that commenced on May 2, 2003. Under the adjusted mechanism, Banco de México will continue to make quarterly announcements regarding the daily amounts of dollars to be supplied to the currency market pursuant to the same formula, but the total amount announced will be divided into four equal portions to be sold in the following four quarters. The new mechanism commenced on May 3, 2004, and the amount of dollars to be auctioned during the quarter from May through July 2004 (U.S. $22.0 million) was based retroactively on the accumulation of net international reserves registered in the four quarters from April 16, 2003 through April 16, 2004. The total to be auctioned for the quarter from May through July 2004 was therefore equal to the sum of one-fourth of each of the total amounts announced for the quarters ended in July 2003, October 2003, January 2004 and April 2004. The amount of dollars to be auctioned during the quarter from August 2004 through October 2004 is U.S. $22.0 million. The total amount of dollars to be sold in a quarter will be sold through daily auctions, each for an amount equal to the total for the quarter divided by the number of business days in the quarter.

Direct Foreign Investment in Mexico

Net foreign investment in Mexico as reported in the balance of payments totaled U.S. $14.6 billion in 2003, and was composed of direct foreign investment totaling U.S. $10.8 billion and net foreign portfolio investment (including securities placed abroad) inflows totaling U.S. $3.9 billion.

During the first six months of 2004, net foreign investment totaled U.S. $9.1 billion and was composed of direct foreign investment of U.S. $10.3 billion and portfolio investment (including securities placed abroad) inflows totaling U.S. $1.2 billion.

Exchange Controls and Foreign Exchange Rates

The peso/dollar exchange rate closed at Ps. 11.2360 = U.S. $1.00 on December 31, 2003, a 9.0% depreciation in dollar terms as compared to the exchange rate at the end of 2002. During 2003, the average peso/U.S. dollar exchange rate was Ps. 10.7890 = U.S. $1.00, as compared to Ps. 9.6560 = U.S. $1.00 in 2002. During the first eight months of 2004, the monthly average peso/U.S. dollar exchange rate was Ps. 11.245 = U.S. $1.00. The peso/U.S. dollar exchange rate announced by Banco de México on September 22, 2004 (to take effect on the second business day thereafter) was Ps. 11.4012 = U.S. $1.00.

Public Finance

2004 Budget and Fiscal Package

In December 2003, the Congress approved the Federal Annual Revenue Law for 2004 and the Federal Expenditure Decree for 2004 (as passed, together with the Federal Annual Revenue Law for 2004 as passed, the "2004 Budget"). The 2004 Budget maintains fiscal discipline as the cornerstone of the economic program, and contemplates a public sector deficit of 0.3% of GDP for 2004.

The 2004 Budget is based upon an estimated weighted average price of Mexico's oil exports of U.S. $20.00 per barrel and an estimated volume of oil exports of 1,959 thousand barrels per day.

The assumptions and targets underlying the 2004 Budget, as embodied in the *Criterios Generales de Política Económica* (General Economic Policy Guidelines) for 2004, the results for 2002 and preliminary results for 2003 and the first half of 2004 are set forth in the table below.

2002, 2003 and First Half of 2004 Results;
2004 Budget Assumptions and Targets

	2002 Results	2003 Results	First half of 2004	2004 Budget
Real GDP growth (%)	0.7%(1)	1.3%(1)	3.9%(1)	3.1%
Increase in the national consumer price index (%)	5.7%	4.0%	4.4%(1)	3.0%
Average export price of Mexican oil mix (U.S. $/barrel)	$ 21.61	$ 24.79	$ 28.57	$ 20.00
Current account deficit as % of GDP	2.3%	1.5%	0.4%(1)	2.6%
Average exchange rate (Ps./U.S. $1.00)	9.7	10.8	11.18	11.2
Average rate on 28-day Cetes (%)	7.1%	6.2%	6.0%	6.5%
Public sector balance as % of GDP	(1.2)%(2)	(0.6)%(1)	0.8%(1)	(0.3)%
Primary balance as % of GDP	1.7%(2)	2.2%(1)	2.1%(1)	2.7%

(1) Preliminary.
(2) Includes liquidation of Banrural.
Source: Ministry of Finance and Public Credit.

Under the 2004 Budget, the Government estimates that it will devote Ps. 283.0 billion (23.9% of total budgetary programmable expenditures) to education and Ps. 330.6 billion (27.9% of total budgetary programmable expenditures) to health and social security.

Revenues and Expenditures

During 2003, the public sector registered a deficit of Ps. 41.7 billion, 47.2% lower than the deficit recorded at the end of 2002, in real terms. This result includes a gross expenditure of Ps. 16.2 billion related to the costs associated with the Programa de Separación Voluntaria (Voluntary Retirement Program, or "PSV"), which was implemented in late 2002 with the long-term goal of reducing the number of Government administrative personnel and which offers severance packages to certain persons who retire voluntarily. Excluding the gross expenditure related to the PSV, the public deficit for 2003 was Ps. 25.6 billion,

equivalent to 0.4% of estimated GDP for 2003 and Ps. 7.3 billion lower than the public deficit target approved by Congress for 2003. During the first seven months of 2004, the public sector balance registered a surplus of Ps. 57.0 billion pesos, 52.7% higher in real terms than the surplus of Ps. 35.7 billion that was recorded on the same period of 2003.

The primary surplus, defined as total public sector revenues less expenditures other than interest payments on public debt, was Ps. 148.8 billion in 2003, 31.8% higher than that recorded at the end of 2002 in real terms (46.2% higher in real terms if the expenditures associated with the PSV are excluded). During the first seven months of 2004, the primary balance registered a surplus of Ps. 183.1 billion, 8.8% higher in real terms than the primary surplus for the same period of 2003.

Public Debt

Internal Debt

Internal debt of the Government as presented herein on a net basis includes Banco de México's general account balance (which was positive at December 31, 2003, indicating monies owed to the Government). Net internal debt includes *Cetes* and other securities sold to the public in primary auctions, but not such debt allocated to Banco de México nor debt issued by Banco de México for its use in regulating liquidity ("*Regulación Monetaria*"). The internal debt of the Government does not include the debt of budget and administratively controlled agencies.

At December 31, 2003, the net internal debt of the Mexican Government totaled U.S. $82.5 billion, as compared with the U.S. $79.6 billion outstanding at December 31, 2002. At December 31, 2003, the gross internal debt of the Government totaled U.S. $90.1 billion, as compared to U.S. $88.0 billion at December 31, 2002.

At July 31, 2004, the net internal debt of the Mexican Government totaled U.S. $81.3 billion, as compared with the U.S. $82.5 billion outstanding at December 31, 2003. At July 31, 2004, the gross internal debt of the Government totaled U.S. $95.3 billion, as compared to U.S. $90.1 billion at December 31, 2003.

On October 28, 2003, the Government issued its first twenty-year fixed rate peso-denominated bonds, placing Ps. 1.0 billion of these instruments in the market. The Government expects to continue to offer these instruments on a regular basis, along with the three-, five-, seven- and ten-year fixed rate peso-denominated bonds first offered in 2000, 2001 and 2002, pursuant to a securities auction calendar published by the Government each quarter.

External Debt

The total external debt of the public sector consists of the external portion of the long-term indebtedness incurred directly by the Government, the external long-term indebtedness incurred by budget controlled agencies, the external long-term indebtedness incurred directly or guaranteed by administratively controlled agencies (including but not limited to national development banks), and the short-term external debt of the public sector.

Outstanding gross external debt increased by approximately U.S. $0.2 billion during 2003, from U.S. $78.8 billion at December 31, 2002 to U.S. $79.0 billion at December 31, 2003. Outstanding gross external debt increased by approximately U.S. $1.1 billion during the first seven months of 2004, from U.S. $79.0 billion at December 31, 2003 to U.S. $80.1 billion at July 31, 2004.

The Government's financing costs on internal debt totaled U.S. $7.3 billion during 2003 (equivalent to 1.21% of GDP, 0.02 percentage points lower than the 1.23% for 2002), a decrease of 3.12% as compared to 2002. During the first six months of 2004, the Government's financing costs on internal debt totaled U.S.

$2.9 billion. Public sector external debt financing costs totaled U.S. $7.0 billion during 2003 (equivalent to 1.17% of GDP, 0.09 percentage points greater than 1.08% for 2002), a 6.96% increase in nominal terms as compared to 2002. During the first six months of 2004, public sector external debt financing costs totaled U.S. $3.5 billion.

At December 31, 2003, commercial banks held approximately 9.1% of Mexico's total public sector external debt (excluding bonds issued in debt exchange transactions), multilateral and bilateral creditors (excluding the IMF) held approximately 24.8%, bondholders (including commercial banks holding bonds issued in debt exchange transactions) held approximately 61.6% and others held approximately 4.5%. During the first six months of 2004, commercial banks held approximately 7.6% of Mexico's total public sector external debt (excluding bonds issued in debt exchange transactions), multilateral and bilateral creditors (excluding the IMF) held 23.3%, bondholders (including commercial banks holding bonds issued in debt exchange transactions) held 62.0% and others held the remaining 7.1%.

Subsequent to December 31, 2003:

- RepCon Lux S.A., a newly formed Luxembourg financing vehicle, issued approximately U.S. $1.37 billion of 4.50 per cent. Guaranteed Exchangeable Bonds due 2011 on January 26, 2004. These bonds are guaranteed by Petróleos Mexicanos and are exchangeable for shares of Repsol YPF, S.A. or, at the option of the issuer, the cash equivalent thereof.

- The Pemex Project Funding Master Trust issued U.S. $1.5 billion of its Guaranteed Floating Rate Notes due 2010 on June 15, 2004 and €850 million of its 6.375 per cent. Guaranteed Notes due 2016 on August 5, 2004. The Pemex Project Funding Master Trust expects to issue U.S. $1.75 billion of its 7.75% Guaranteed Perpetual Bonds on September 28, 2004.

- Mexico issued U.S. $1,000,000,000 of its Floating Rate Notes due 2009 on January 6, 2004, £500,000,000 of its 6.76% Notes due 2024 on February 6, 2004 and U.S. $500,000,000 of its Floating Rate Notes due 2009 on August 9, 2004.

- On April 21, 2004, Mexico issued approximately U.S. $815,000,000 of its 5.875% Global Notes due 2014 and U.S. $2,055,000,000 of its 7.500% Global Notes due 2033 in exchange for approximately U.S. $665,000,000 of its 8.125% Global Bonds due 2019, U.S. $465,000,000 of its 8.00% Global Notes due 2022 and U.S. $1,205,000,000 of its 11.50% Global Bonds due May 15, 2026.

The Federal Annual Revenue Law for 2004 authorizes the Government to engage in refinancing transactions with the effect of achieving a reduction in net external indebtedness of up to U.S. $500,000,000. Therefore, the Government intends to issue or contract for new external debt in 2004 exclusively for the purposes of refinancing maturing debt and liability management.

PLAN OF DISTRIBUTION

The managers severally have agreed to purchase, and Mexico has agreed to sell to them, the principal amount of the notes listed opposite their names below. The terms agreement, dated as of September 22, 2004, between Mexico and the managers provides the terms and conditions that govern this purchase.

Managers	Principal Amount of Notes
Bear, Stearns & Co. Inc.	U.S. $ 675,000,000
Morgan Stanley & Co. Incorporated.	675,000,000
Banc of America Securities LLC	50,000,000
Credit Suisse First Boston LLC	50,000,000
UBS Securities LLC	50,000,000
Total	U.S. $ 1,500,000,000

Bear, Stearns & Co. Inc. and Morgan Stanley & Co. Incorporated are acting as joint lead managers and joint bookrunners in connection with the offering of the notes.

The managers plan to offer the notes directly to the public at the price set forth on the cover page of this pricing supplement. After the initial offering of the notes, the managers may vary the offering price and other selling terms.

The managers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of the validity of the notes by counsel and other conditions contained in the terms agreement, such as the receipt by the managers of certificates of officials and legal opinions. The managers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

In order to facilitate the offering of the notes, the joint lead managers (or, in the United Kingdom, Morgan Stanley & Co. International Limited) may engage in transactions that stabilize, maintain or affect the price of the notes. In particular, the joint lead managers may:

- over-allot in connection with the offering (*i.e.*, apportion to dealers more of the notes than the managers have), creating a short position in the notes for their own accounts,
- bid for and purchase notes in the open market to cover over-allotments or to stabilize the price of the notes or
- if the managers repurchase previously distributed notes, reclaim selling concessions which they gave to dealers when they sold the notes.

Any of these activities may stabilize or maintain the market price of the notes above independent market levels. The joint lead managers are not required to engage in these activities, but, if they do, they may discontinue them at any time.

The managers and their affiliates have engaged in and may in the future engage in other transactions with and perform services for Mexico. These transactions and services are carried out in the ordinary course of business.

The notes are being offered for sale in jurisdictions in the United States, Europe and Asia where it is legal to make such offers. The managers have agreed that they will not offer or sell the notes, or distribute or

publish any document or information relating to the notes, in any place without complying with the applicable laws and regulations of that place. If you receive this pricing supplement and the related prospectus supplement and prospectus, then you must comply with the applicable laws and regulations of the place where you (a) purchase, offer, sell or deliver the notes or (b) possess, distribute or publish any offering material relating to the notes. Your compliance with these laws and regulations will be at your own expense.

The managers have specifically agreed to act as follows in each of the following places:

- *United Kingdom*. Each manager has severally represented and agreed that it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 of Great Britain with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Mexico will register the notes with the National Registry of Securities of Mexico, which is maintained by the National Banking and Securities Commission. Such registration does not certify the solvency of Mexico, that the notes are of investment quality or that the information contained in this pricing supplement, in the prospectus supplement or in the prospectus is accurate or complete. The notes will not be publicly offered or sold in Mexico.

The terms relating to non-U.S. offerings that appear under "Plan of Distribution" in the prospectus do not apply to the offer and sale of the notes under this pricing supplement.

The net proceeds to Mexico from the sale of the notes will be approximately U.S. $1,469,585,000, after the deduction of the underwriting discount and Mexico's share of the expenses in connection with the sale of the notes, which are estimated to be approximately U.S. $175,000.

Mexico has agreed to indemnify the managers against certain liabilities, including liabilities under the U.S. Securities Act of 1933, as amended.