Comisión Federal de Electricidad

(A Decentralized Public Entity of the Federal Government)

Financial statements for the years ended December 31, 2004 and 2003, and independent auditors' report dated March 18, 2005

Comisión Federal de Electricidad
(A Decentralized Public Entity of the Federal Government)

Independent auditors' report and financial statements 2004 and 2003

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Independent auditors' report to the Minister of Public Administration and the Governing Board of the Comisión Federal de Electricidad

We have audited the accompanying balance sheets of Comisión Federal de Electricidad (a Decentralized Public Entity of the Federal Government) (the "Entity") as of December 31, 2004 and 2003, and the related statements of operations, changes in equity and changes in financial position for the years then ended. These financial statements are the responsibility of the Entity's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, and that they are prepared in accordance with accounting principles generally accepted in Mexico. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As mentioned in Note 2g, separate financial statements have been prepared and issued for use in the preparation and integration of the Federal Public Treasury Account.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2004 and 2003, and the results of its operations, changes in its equity and changes in its financial position for the years then ended in conformity with accounting principles generally accepted in Mexico.

The accompanying financial statements have been translated into English for the convenience of users.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Member of Deloitte Touche Tohmatsu

C.P.C. Arturo García Bello

March 18, 2005

Comisión Federal de Electricidad
(A Decentralized Public Entity of the Federal Government)

Balance sheets

As of December 31, 2004 and 2003
(In thousands of Mexican pesos of purchasing power of December 31, 2004)

Assets

Assets	2004	2003
Current assets:		
Cash and temporary investments (Note 3)	$ 9,410,226	$ 18,776,747
Accounts and notes receivable:		
Consumers and other debtors, net (Note 4)	24,162,371	18,173,956
Luz y Fuerza del Centro (Note 5)	1,530,637	2,347,953
	25,693,008	20,521,909
Materials for operations, net (Note 6)	16,854,815	17,212,008
Total current assets	51,958,049	56,510,664
Long-term employee loans	2,598,722	2,443,104
Plants, installations and equipment, net (Note 7)	568,777,254	565,011,626
Other assets	372,503	1,478,117
Unamortized intangible assets (Note 11)	7,328,610	9,339,176
Total	$ 631,035,138	$ 634,782,687

Liabilities and equity

Liabilities and equity	2004	2003
Current liabilities:		
Current portion of long-term debt (Note 10)	$ 3,766,962	$ 3,642,545
Current portion of capital lease obligations and PIDIREGAS (Note 9)	7,840,352	7,768,586
Suppliers and contractors	12,063,892	7,184,069
Value-added tax payable	-	660,417
Taxes and fees payable (Note 8)	2,255,930	2,261,143
Other accounts payable and accrued liabilities	6,839,305	4,024,083
Deposits from consumers	4,670,953	4,064,689
Total current liabilities	37,437,394	29,605,532
Long-term debt (Note 10)	22,254,815	23,226,145
Capital lease obligations and PIDIREGAS (Note 9)	46,339,699	48,793,493
Other long-term liabilities	1,044,380	1,004,881
Employee retirement obligations (Note 11)	164,820,963	147,073,470
Total liabilities	271,897,251	249,703,521
Equity (Note 13):		
Accumulated earnings from prior years	367,786,648	391,773,427
Contributions received	3,408,804	3,555,615
Net loss for the year	(8,313,666)	(6,336,840)
Insufficiency in restated equity	(3,743,899)	(3,913,036)
Total equity	359,137,887	385,079,166
Total	$ 631,035,138	$ 634,782,687

Ing. Alfredo Elías Ayub
General Director

Lic. Francisco J. Santoyo Vargas
Finance Director

C.P. Conrado Villalobos Díaz
Deputy director of Finance Control

C.P. Oscar H. Lara Andrade
Accounting Manager

See accompanying notes to financial statements.

Comisión Federal de Electricidad
(A Decentralized Public Entity of the Federal Government)

Statements of operations

For the years ended December 31, 2004 and 2003
(In thousands of Mexican pesos of purchasing power of December 31, 2004)

	2004	2003
Revenues from energy sales	$ 163,268,161	$ 147,020,008
Costs and expenses:		
Exploitation	126,958,601	114,982,122
Depreciation	21,090,881	20,547,809
Administrative expenses	3,709,491	3,667,101
Actuarial cost of employee retirement obligations for the year	16,151,794	15,439,625
	167,910,767	154,636,657
Operating loss	(4,642,606)	(7,616,649)
Other income (expenses), net (Note 15)	1,486,996	(1,236,693)
Net comprehensive financing cost:		
Interest expense, net	(4,652,393)	(4,901,824)
Foreign exchange loss, net	(954,938)	(7,266,492)
Monetary position gain	2,964,731	1,841,020
	(2,642,600)	(10,327,296)
Income tax on distributable remnant (Note 16)	(898,054)	(842,353)
Loss before duties and transfers	(6,696,264)	(20,022,991)
Duties (Notes 2n and 12)	(47,375,019)	(47,087,559)
Non-cash transfers from the Federal Government to supplement deficient rates (Notes 2n and 12)	60,257,617	60,773,710
Shortfall of duties over non-cash transfers from the Federal Government to supplement deficient rates (Notes 2n and 12)	12,882,598	13,686,151
Income (loss) before extraordinary item	6,186,334	(6,336,840)
Extraordinary item (Note 18)	(14,500,000)	-
Net loss	$ (8,313,666)	$ (6,336,840)

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Comisión Federal de Electricidad

(A Decentralized Public Entity of the Federal Government)

Statements of changes in equity

For the years ended December 31, 2004 and 2003

(In thousands of Mexican pesos of purchasing power of December 31, 2004)

	Accumulated earnings from prior years	Contributions received	Net loss for the year	Insufficiency in restated equity	Total equity (Note 13)
Balances as of January 1, 2003	$ 411,538,259	$ 3,145,577	$ (6,032,698)	$ (5,870,250)	$ 402,780,888
Transfer of prior year net activity, approved by the Governing Board	(2,887,121)	(3,145,577)	6,032,698	-	-
Contributions received during 2003, from states and municipal governments and others	-	3,555,615	-	-	3,555,615
Comprehensive loss (Note 14)	(16,877,711)	-	(6,336,840)	1,957,214	(21,257,337)
Balances as of December 31, 2003	391,773,427	3,555,615	(6,336,840)	(3,913,036)	385,079,166
Transfer of prior year net activity, approved by the Governing Board	(2,781,225)	(3,555,615)	6,336,840	-	-
Contributions received during 2004, from states and municipal governments and others	-	3,408,804	-	-	3,408,804
Comprehensive loss (Note 14)	(21,205,554)	-	(8,313,666)	169,137	(29,350,083)
Balances as of December 31, 2004	$ 367,786,648	$ 3,408,804	$ (8,313,666)	$ (3,743,899)	$ 359,137,887

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Comisión Federal de Electricidad
(A Decentralized Public Entity of the Federal Government)

Statements of changes in financial position

For the years ended December 31, 2004 and 2003
(In thousands of Mexican pesos of purchasing power of December 31, 2004)

	2004	2003
Operating activities:		
Income (loss) before extraordinary item	$ 6,186,334	$ (6,336,840)
Items that did not require (generate) resources:		
Depreciation	21,090,881	20,547,809
Actuarial cost of employee retirement obligations for the year, net	16,151,794	15,439,625
Other long-term liabilities	39,499	132,769
Shortfall of duties over non-cash transfers from the Federal Government to supplement deficient rates	(12,882,598)	(13,686,151)
	30,585,910	16,097,212
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Consumers and other debtors, net	(5,988,415)	382,297
Luz y Fuerza del Centro	817,316	961,542
Materials for operations, net	357,193	(872,467)
Increase (decrease) in:		
Suppliers and contractors	4,879,823	(2,821,169)
Taxes and fees payable	(660,417)	(301,575)
Value-added tax payable	(5,213)	417,325
Other accounts payable and accrued liabilities	2,815,222	471,410
Deposits from consumers	606,264	546,849
Employee retirement obligations, net	(4,547,554)	(4,017,483)
	(1,725,781)	(5,233,271)
Net cash provided by operating activities before extraordinary item	28,860,129	10,863,941
Extraordinary item	(14,500,000)	-
Net cash provided by operating activities	14,360,129	10,863,941
Financing activities:		
Long-term debt	(846,913)	4,060,455
Capital lease obligations and PIDIREGAS, net	(2,382,028)	4,013,655
Contributions received	3,408,804	3,555,615
Net cash provided by financing activities	179,863	11,629,725

(Continue)

	2004	2003
Investing activities:		
Additions to plants, installations and equipment, less net book value of retirements	(24,856,509)	(27,131,975)
Other assets	1,105,614	4,164,557
Employee loans	(155,618)	(385,058)
Net cash used in investing activities	(23,906,513)	(23,352,476)
Cash and temporary investments:		
Net decrease	(9,366,521)	(858,810)
Beginning of the year	18,776,747	19,635,557
End of the year	$ 9,410,226	$ 18,776,747

(Conclude)

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See accompanying notes to financial statements.

Notes to financial statements

For the years ended December 31, 2004 and 2003
(In thousands of Mexican pesos of purchasing power of December 31, 2004)

1. Operations and incorporation

Comisión Federal de Electricidad ("CFE" or the “Entity") is a Decentralized Public Entity of the Federal Government of a technical, industrial and commercial nature, created by a Decree issued by Congress (Legislative Branch) on August 14, 1937, published in the Federal Official Gazette (“DOF”) on August 24, 1937 (which repealed the Decree issued by Congress on December 29, 1933, published in the DOF on January 29, 1934), with its own legal identity and equity. The Entity mainly renders public electric energy service throughout Mexico, which consists of: generating, conveying, transforming, distributing, and supplying electric energy, as well as planning and carrying out all the projects, installations, and works required by the national electricity system with respect to planning, execution, operation, and maintenance, with the applicable participation of independent energy producers, as provided for in the terms set forth in the Public Electric Energy Service and its Regulations.

The responsibility for rendering public electric energy service is shared by CFE with another Decentralized Public Entity of the Federal Government, referred to as Luz y Fuerza del Centro (“LFC”), which handles the distribution and sale of all types of power consumed, mainly in the metropolitan area of Mexico City and some neighboring states and, to a lesser degree, certain activities related to energy generation and transportation. Approximately 95% of the energy distributed and marketed by LFC in its area of influence is bought from CFE.

The rates applicable to electric power sales in Mexico are defined and authorized by the Federal Government, through the Department of Revenues of the Treasury Department (“SHCP”).

2. Summary of significant accounting policies

The accounting policies followed by the Entity are in accordance with accounting principles generally accepted in Mexico (“MEXGAAP”), which require the Entity's management to make certain estimates and assumptions to determine the valuation of certain items included in the financial statements and to make the appropriate necessary disclosures therein. Although actual results may differ from such estimates, the Entity's management believes that the estimates and assumptions used were adequate under the circumstances. The principal accounting policies followed by the Entity are as follows:

a. ***Change in accounting policies*** - As of January 1, 2004, the Entity adopted the provisions of Bulletin C-15 “Impairment in the Value of Long-Lived Assets and Their Disposal” (“C-15”). Bulletin C-15 establishes, among other things, new rules for the calculation and recognition of impairment losses for long-lived assets and their reversal. It also provides guidance as to indicators of potential impairment in the carrying amount of tangible and intangible long-lived assets in use, including goodwill. Companies must test for impairment unless there is conclusive evidence that the indicators of impairment are temporary. The calculation of such loss requires the determination of the recoverable value, which is now defined as the greater of the net selling price of a cash-generating unit and its value in use, which is the net present value of discounted future net cash flows. The use value is the present value of future cash flows based on an appropriate discount rate.

CFE has calculated the book value of long-lived assets at December 31, 2004, which does not indicate any loss from impairment. Similarly, CFE has a 10-year generating station closure program, which considers the elimination of 32 plants with a capacity of 4,188.4 Mega Watts ("MW"). These plants are currently in operating condition, and following the definition of the annual closure program, any decrease in book value will be recorded to reflect the estimated realizable value.

As of January 1, 2004, Bulletin C-12, "Financial Instruments of a Debt or Equity Nature or a Combination of Both" (C-12), became effective. C-12 is the compilation of the standards issued by the IMCP with respect to the issue of debt or equity financial instruments, or a combination of both, and includes additional standards on the accounting recognition for these instruments. Consequently, C-12 indicates the basic differences between liabilities and stockholders' equity and establishes the rules for classifying and valuing the components of debt and equity of combined financial instruments in the initial recognition. Subsequent recognition and valuation of liabilities and stockholders' equity of the financial instruments is subject to the standards issued previously in the applicable bulletins.

At December 31, 2004, the Entity does not have any financial instruments of both a debt and equity nature; accordingly, this new accounting principle did not affect its financial position.

b. ***Recognition of the effects of inflation -*** CFE restates its financial statements in terms of Mexican pesos of purchasing power of the date of the last balance sheet presented, thus recognizing the effects of inflation in financial information. Consequently, the prior year financial statements presented have been restated in terms of the same purchasing power, and their figures differ from those originally presented, which were in Mexican pesos of purchasing power of the close of that year. For this reason, the figures of the accompanying financial statements are comparable because they are all expressed in constant Mexican pesos.

c. ***Cash and temporary investments -*** This item consists of cash, deposits and short-term investments, which are stated at market value.

d. ***Materials for operations and cost of consumption -*** Inventories of materials for operations are recorded originally at average acquisition cost and the related final monthly balances and consumptions are restated using the National Consumer Price Index ("NCPI").

e. ***Plants, installations and equipment -*** These assets are recorded at acquisition and/or construction cost, including the following items as part of cost: corporate administrative expenses directly related to the construction and installation of assets, costs of retirements and seniority premiums for full-time employees on construction sites, and depreciation of the equipment used in the construction and installation of the assets.

Up to December 31, 1996 assets were restated annually to replacement cost by using capital price indexes of the electric utility industry, determined by CFE specialized experts, except for construction in progress, which continued to be restated by this method until the close of 1998. As of January 1, 1997, such assets, as well as those acquired after that date, are restated by the method of adjustments to historical costs for changes in general price levels, using NCPI inflation factors, based on the replacement values determined at the end of 1996 and the acquisition and/or construction cost of those acquired after that date.

Depreciation of plants, installations and equipment in operation is calculated based on restated values under the straight-line method, starting as of the date on which the assets are placed in operation, using depreciation rates based on the estimated useful lives of the assets, determined by CFE specialized technicians, as follows:

	Annual rate %
Geothermal power plants	From 2.00 to 3.70
Steam generating power plants	From 1.33 to 2.86
Hydroelectric power plants	From 1.25 to 2.50
Internal combustion power plants	From 1.33 to 3.03
Gas turbine and combined cycle power plants	From 1.33 to 3.03
Nuclear power plant	From 1.33 to 2.86
Substations	From 1.33 to 2.56
Transmission lines	From 1.33 to 2.86
Distribution networks	From 1.67 to 3.33

The buildings and assets used for offices and general services are depreciated based on the rates authorized in the Income Tax Law.

f. ***Impairment of long-lived assets*** - The Entity reviews the book value of its long-lived assets to detect any possible indication of impairment that could prevent the recovery of such book value by considering the higher of the present value of future net cash flows and the net sales price in the event of their disposal. Impairment is recorded to the extent the book value exceeds the higher of the two aforementioned values. The impairment indicators considered for such purposes include operating losses or negative cash flows during the period when combined with a history or projection of loss, depreciation and amortization percentages charged to results which, in relation to revenues, are significantly higher than those of prior years, the effects of obsolescence, a lower demand for the goods manufactured, competition and other economic and legal factors.

g. ***Long-term productive infrastructure projects ("PIDIREGAS")*** **-** In 1996 CFE began investment projects to construct revenue generating assets, under direct budgetary control, using long-term private financing, whose book recognition is deferred over several fiscal years, denominated as PIDIREGAS. The investments in these projects and the liabilities related to the investments are recorded in accordance with Financial Information Standard 009 B, "Rules for the Accounting Treatment of Investments in Long-Term Productive Infrastructure (PIDIREGAS)", issued jointly by the SHCP and the Ministry of Public Administration ("SFP"). This regulation allows for deferral of the recording of part of the related assets and liabilities to subsequent years, with that portion of the installments due and payable in the current year and the following year recognized in CFE as net assets acquired and related liabilities. The remainder of the deferred liabilities is recognized in memoranda accounts.

MEXGAAP require the accounting recognition of total investments made and all contracted liabilities. Consequently, in order to reflect the investments made and liabilities contracted and present better financial information, effective January 1, 2002 the Entity recognizes the aforementioned deferred assets and liabilities in the accompanying financial statements, whose principal result as of December 31, 2004 and 2003, is the recognition of a liability of $43,346,602 and $42,551,262, respectively, and an increase of plants, installations and equipment for a similar amount at those dates.

Separate financial statements were prepared and issued for use in the preparation and integration of the Federal Public Treasury Account, in compliance with NIF 009 B.

h. ***Derivative financial instruments*** - The internal control system established by CFE includes the use of derivative instruments to manage its exchange rate and interest rate risk exposure. These financial instruments are contracted only with recognized institutions. CFE does not have the practice of engaging in transactions with financial instruments for speculative purposes.

CFE currently has two strategies for derivative financial instruments. The first of these reduces its exposure to exchange rate fluctuations between the Japanese yen and U.S. dollar affecting the bond issued for 32 billion Japanese yen in September 2003 (Note 10b). The second strategy consists of interest rate "swaps" (variable rate to fixed-rate) that reduces the risk exposure derived from exchange rate fluctuations affecting the loan subscribed in October 2003 for the amount of $6,665 million pesos (Note 9d).

CFE values financial instrument derivative using the same valuation criteria for the financial assets and liabilities being hedged, and the effects of such evaluation are recognized in results, net of costs, expenses and revenues from the assets or liabilities whose risks are being hedged.

The financial assets generated by financial derivative instruments are presented in the balance sheet as a reduction of related liabilities.

i. ***Other long-term liabilities -*** In accordance with federal regulations, when a nuclear power plant terminates its operations (due to expiration of licenses), it must be dismantled for security and environmental protection reasons.

For this purpose, a technical-economic study was performed, which is periodically restated to assess the estimated cost in this regard, based on the electric power output of the Laguna Verde nuclear power plant, whose accounting recognition recorded is over its useful life. In conformity with Bulletin C-9, present value calculations have been matched, but did not significantly affect the Entity's results.

j. ***Employee retirement obligations -*** Employee retirement obligations are recorded as accrued and calculated by independent actuaries based on the projected unit credit method using real interest rates. As a result, the liability is being recognized, which at present value is estimated will cover the obligation derived from these benefits at the estimated retirement date of the Entity's employees. Severance is charged to results when the liability is determined to be payable.

k. ***Recognition of revenues -*** Revenues from energy sales are recognized in the period in which energy is consumed by customers.

l. ***Unbilled energy sold -*** Energy that has been delivered and is in the process of being billed is treated as revenue for the year, and its amount is estimated based on the actual billing of the immediately preceding bimester.

m. ***Transactions in foreign currency -*** Transactions in foreign currency are recorded at the exchange rate in effect at the transaction date, and monetary assets and liabilities in foreign currency are adjusted in Mexican pesos at the exchange rate in effect at the close of the year, affecting results as part of net comprehensive financing cost.

n. ***Transactions with federal, state and municipal governments -*** The principal transactions performed with federal, state and municipal governments and the respective accounting treatment, are as follows:

Federal Government-

Duties - In accordance with Article 46 of the Electric Utility Public Service Law, effective December 23, 1992, CFE is required to pay a fee to the Federal Government for the assets it uses to render the electric utility public service.

Duties are determined annually based on the profitability rate established for state owned entities in each year; for 2004 and 2003 the rate was 9%, which was authorized by SHCP. Such rate is applied to the value of the net operating assets of the immediately preceding year and the resulting amount is charged to results of the year.

The annual duty expense is compared with the non-cash transfers to supplement deficient rates (subsidy). Up to 1999 a net liability had been generated in favor of the Federal Government, which was not payable, but was capitalized in equity at the close of each year. However, since fiscal 2000 the amount of the duties has been below that of the subsidy, with the insufficiency directly affecting the Entity's equity.

Transfers to supplement deficient rates - This item refers to resources that the Federal Government grants to users of the electric power service through CFE by applying subsidized rates for energy sales. A significant part of these transfers is treated as non-cash transactions, because under the current Electric Power Public Service Law such transactions are credited against the duties payable by the Entity. During 2004 and 2003, CFE only recorded non-cash transfers, because it did not receive any cash transfers.

These transfers are credited to results of the year in which they are presented and are shown in the statements of operations.

State and Municipal Governments-

Contributions - The contributions received from federal, state and municipal governments for the electrification of rural settlements and low-income districts, as well as from private parties to expand the distribution network, are recorded as an increase in equity.

o. ***Restatement of equity -*** Given that the equity of CFE consists of contributions received and results obtained that are capitalized each year and decreased for withdrawals from equity, the restatement of these different components was determined by indexing the original amounts, based on the dates of contribution, withdrawal or generation of results, in order to present figures in pesos of purchasing power of December 31, 2004 using NCPI inflation factors.

p. ***Insufficiency in restated equity -*** This item represents the difference between the restatement of materials for operation and fixed assets based on specific costs and the restatement of the different components of equity by applying NCPI factors. The effects recorded in this account during 2004 and 2003 represent the net decrease in fixed assets acquired under the PIDIREGAS programs, which are restated based on the movement of the exchange rate, equivalent to specific cost, compared to the restatement obtained by restating the assets in accordance with NCPI factors.

Starting in 2002 CFE has conducted a review of the restated values of its plants, installations and equipment. Similarly, in 2004, CFE started a national-level fixed assets inventory program for its distribution area. Based on a series of reviews and the above inventory program, the Entity has made adjustments that have increased and been subsequently recorded in its net worth, forming part of the insufficiency in restated equity of $3,316,680 in 2004 and $5,656,792 in 2003. As the effect of these adjustments is not significant, the Entity did not record them as an effect for the year.

q. ***Net comprehensive financing cost -*** Net comprehensive financing cost includes all financial revenue or expense items, such as interest, exchange results and monetary position result, as they are accrued.

r. ***Comprehensive loss -*** Comprehensive loss presented in the accompanying statement of changes in equity is comprised of the net loss of the year, plus other comprehensive income (loss) items of the same period which, in accordance with MEXGAAP, are presented directly in equity without affecting the statements of operations (Note 14).

s. ***Monetary position gain -*** Monetary position gain, which represents the effects of inflation on the purchasing power of monetary items, is determined by applying the NCPI inflation factor to the net monetary liability at the start of each month and is restated at the close of the year by applying the respective factor.

t. ***Statement of changes in financial position -*** The statements of changes in financial position present the changes in constant currency, based on the financial position at the close of the prior year, restated to Mexican pesos of the close of the latest year.

3. Cash and temporary investments

At December 31, 2004 and 2003, cash and temporary investments are as follows:

	2004	2003
Cash and banks	$ 4,847,264	$ 5,377,634
Temporary investments	4,562,962	13,399,113
	$ 9,410,226	$ 18,776,747

4. Consumers and other debtors

At December 31, 2004 and 2003, these accounts and notes receivable are summarized below:

	2004	2003
Public consumers	$ 12,422,352	$ 8,635,662
Government consumers	3,497,668	1,775,243
Energy sold in the process of being billed	6,926,844	6,485,360
	22,846,864	16,896,265
Less- Allowance for doubtful accounts	(758,940)	(670,483)
	22,087,924	16,225,782
Other debtors	2,074,447	1,948,174
	$ 24,162,371	$ 18,173,956

5. Luz y Fuerza del Centro ("LFC")

The balances of the receivable from LFC at December 31, 2004 and 2003 amounting to $1,530,637 and $2,347,953, respectively, are derived from transactions carried out between that entity and CFE, in accordance with the energy buy and sell agreement entered into by both parties.

During the years ended December 31, 2004 and 2003, transactions between these entities that affected the results of CFE were as follows: revenues are recorded under the "revenues from energy sales" heading and costs under the "exploitation cost" heading:

	2004	2003
Sales of energy to LFC	$ 33,463,033	$ 29,360,388
Exploitation cost and expenses- purchases of energy from LFC	$ 954,685	$ 823,348

6. Materials for operations

As of December 31, 2004 and 2003, materials for operations, including their restatement, are as follows:

	2004	2003
Spare parts and equipment	$ 11,993,713	$ 12,725,547
Fuel and lubricants	3,936,977	3,642,483
Nuclear fuel	1,274,136	1,151,334
	17,204,826	17,519,364
Less- Allowance for obsolescence	(350,011)	(307,356)
	$ 16,854,815	$ 17,212,008

7. Plants, installations and equipment

Balances of plants, installations and equipment at December 31, 2004 and 2003 are as follows:

	2004	2003
Plants, installations and equipment in operation, net	$ 550,180,455	$ 539,556,029
Construction-in-progress	15,039,827	21,051,580
Materials for construction	3,556,972	4,404,017
	$ 568,777,254	$ 565,011,626

Plants, installations and equipment in operation - The balances of plants, installations and equipment in operation at December 31, 2004 and 2003 are summarized as follows:

	2004	2003
Plants:		
Steam	$ 231,286,241	$ 226,598,570
Transformation substation	169,161,601	161,508,678
Hydroelectric	138,218,043	140,029,673
Distribution networks	116,350,606	107,388,123
Transmission lines	87,655,059	79,217,240
Administrative buildings and other	65,061,019	64,174,553
Nuclear	54,805,523	54,633,441
Gas turbine and combined cycle	52,083,425	56,596,223
Geothermal	16,192,614	14,350,783
Internal combustion	4,021,094	4,235,785
Land in the process of regulation	407,731	348,058
Unconventional installations	117,339	116,412
	935,360,295	909,197,539
Less - Accumulated depreciation	(385,179,840)	(369,641,510)
	$ 550,180,455	$ 539,556,029

In recent years, due to the reduction in annual budgets, CFE has not fully complied with required maintenance, which might affect the estimated useful life of certain plants, installations and equipment. During 2004 and 2003, expenses incurred in this regard were considered sufficient by management.

Construction-in-progress - The balances of construction-in-progress at December 31, 2004 and 2003 are as follows:

	2004	2003
Plants:		
Transmission lines	$ 3,790,124	$ 7,423,756
Steam	2,417,768	6,022,641
Distribution networks	4,594,281	2,856,155
Transformer substations	1,936,705	2,344,456
Geothermal	712,510	882,940
Offices and general installations	550,451	328,921
Hydroelectric	102,284	73,577
Gas turbine and combined cycle	4,189	6,139
Construction advances	931,515	1,112,995
Total	$ 15,039,827	$ 21,051,580

During the years ended December 31, 2004 and 2003, the items capitalized in construction-in-progress in accordance with the policy described in Note 2e were $2,225,086 and $1,786,382, respectively ($725,170 and $180,818 of administrative expenses, $87,632 and $67,416 of depreciation, and $1,412,284 and $1,538,148 of increase to the provision for retirement and seniority premiums in 2004 and 2003, respectively).

Materials for construction - The balances of materials for construction at December 31, 2004 and 2003 are summarized below:

	2004	2003
Spare parts and equipment	$ 3,543,447	$ 4,277,623
Materials in the possession of third parties	13,376	126,238
Equipment in transit	149	156
	$ 3,556,972	$ 4,404,017

8. Taxes and fees payable

Taxes and fees payable at December 31, 2004 and 2003 are as follows:

	2004	2003
Payable by CFE:		
Income tax distributable remnant	$ 875,093	$ 824,919
Income tax payable on account of third parties	329,233	335,206
Contributions to the Mexican Social Security Institute (includes retirement insurance)	305,789	297,101
Fees for the use of national waters	270,521	265,006
2% on salaries	21,517	16,908
Wage Credit Substitute Tax	-	10,894
Contributions to the National Workers' Housing Fund	7,894	6,487
Subtotal	1,810,047	1,756,521

	2004	2003
Withheld by CFE:		
Tax on employee salaries	226,098	224,141
Public lighting charges	136,496	147,369
Withheld value-added tax	60,923	55,486
Income tax on payments to foreign residents	8,397	47,073
0.005% ad valorem tax on contractors	8,262	24,553
Income tax on fees and leases	5,154	5,020
0.002% ad valorem tax on contractors	553	980
Subtotal	445,883	504,622
Total	$ 2,255,930	$ 2,261,143

9. Capital lease obligations and PIDIREGAS

The obligations originated by the acquisition of plants, installations and equipment through capital leases were recorded in accordance with Bulletin D-5, “Leases”, issued by the IMCP, and debt due to PIDIREGAS (Note 2g) as of December 31, 2004 and 2003 is summarized as follows:

Asset Type	Equipment Value	Interest Rates Utilized	Amount of Agreed Payments Equal to Yields: Interest commissions and fiduciary fees	Amount of Agreed Payments Equal to Yields: Principal	Payments at Dec 2004	Contract Term	Balances at December 31, 2004 (Thousands) Mexican Pesos: Short-Term	Balances at December 31, 2004 (Thousands) Mexican Pesos: Long-Term	Balances at December 31, 2004 (Thousands) Foreign Currency: Short-Term	Balances at December 31, 2004 (Thousands) Foreign Currency: Long-Term	Balances at December 31, 2003 (Thousands) Mexican Pesos: Short-Term	Balances at December 31, 2003 (Thousands) Mexican Pesos: Long-Term	Balances at December 31, 2003 (Thousands) Foreign Currency: Short-Term	Balances at December 31, 2003 (Thousands) Foreign Currency: Long-Term
ASSETS IN COMMERCIAL OPERATIONS														
2 Integral Thermo-electric units with 350 MW capacitand each for C.T. TUXPAN Units 3 and 4	104.3 million euros	2.0% 10.15% 11.78% 5.4%	Interest 18.8 million euros	104.3 million euros	Principal $707.8 million (46.2 million euros)	Until 2021	$ 30,451.0	$ 471,991.0	1,987.7	30,808.6	$ 228,182.0	$ 488,605.0	15,316.1	32,796.3
					Interest and Commissions $107.2 million (7.0 million euros)									
			Fiduciary fees $200.9 million		Fiduciary and fees $65.1 million									
2 Integral thermoelectric units with 350 MW capacity each for C.T. PETACALCO, Units 5 and 6	91,492.6 million Japanese yen	Long-term prime rate reviewable every six months, in Japanese yen plus 0.5% and 7.6% fixed anual rate	Interest 36,267.6 million Japanese yen	91,492.6 million Japanese yen	Principal $9,366.5 million (85,070.0 million Japanese yen)	Until 2004	-	-	-	-	933,452.6	-	8,467,461.8	-
					Interest and Commissions $3,892.5 million (35,353.9 million Japanese yen)									
			Fiduciary fees $98.4 million		Fiduciary fees $87.7 million									
2 Integral thermoelectric units with 160 MW capacity each one each for C.T. TOPOLOBAMPO II Units 1 and 2	6,118.3 million Japanese yen	7.30% and 1.50%	Interest 2,743.5 million Japanese yen	6,118.3 million Japanese yen	Principal $673.6 million (6,118.3 million Japanese yen)	Until 2004	-	-	-	-	46,250.3	-	419,542.0	-
					Interest and Commissions $302.5 million (2,747.9 million Japanese yen)									
	368.7 million U.S. dollars	2.75%, 8.46%, 8.00% 8.586%, 8.6% LIBOR 9.645989, 10.155% and 7.30%	Interest U.S. $226.1 million	U.S. $368.7 million	Principal $3,730.9 million (U.S. $331.2 million)	Until 2013	205,645.0	217,045.0	18,255.5	19,267.5	255,505.3	443,494.9	21,617.7	37,523.1
					Interest and Commissions $2,489.5 million (U.S. $221.0 million)									
			Fiduciary fees $374.9 million		Fiduciary fees $340.8 million									
2 Integral hydroelectric units with 211 MW capacity each for P.H. HUITES	473.0 million U.S. dollars	9.0%	287.8 million U.S. dollars	U.S. $473.0 million	Principal $3,740.5 million (U.S. $332.05 million)	Until 2008	819,210.0	768,462.0	72,723.0	68,218.0	765,981.5	1,665,815.2	64,808.0	140,941.0
					Interest and Commissions $3,039.2 million (U.S. $269.8 million)									
2 Integral thermoelectric units with 350 MW capacity each for C.T. TUXPAN Units 5 and 6	864.3 million U.S dollars	Variable and 8.41%	Interest U.S. $878.4 million	U.S. $864.3 million	Principal $8,979.2 million (U.S. 797.1 million)	Until 2006	533,236.0	402,243.0	47,336.5	35,708.0	559,479.4	981,521.7	47,336.3	83,044.4
					Interest and Commissions $4,097.0 million (U.S. 363.7 million)									
2 Integral hydroelectric units with 100 MW capacity each for P.H. TEMASCAL II Units 5 and 6	292.2 million U.S. dollars	8.94%, 2.5% , 8.73% and 8.79%	Interest U.S. $114.3 million	292.2 million U.S. dollars	Principal $2,854.5 million (U.S. 253.4 million)	Until 2026	56,105.0	380,960.0	4,980.6	33,818.6	41,992.2	470,796.2	3,552.9	39,833.0
					Interest and Commissions $1,165.9 million (U.S. 103.5 million)									
			Fiduciary fees $152.6 million		Fiduciary fees $65.05 million									

Asset Type	Equipment Value	Interest Rates Utilized	Amount of Agreed Payments Equal to Yields: Interest commissions and fiduciary fees	Amount of Agreed Payments Equal to Yields: Principal	Payments at Dec 2004	Contract Term	Balances at December 31, 2004 (Thousands) Mexican Pesos Short-Term	Balances at December 31, 2004 (Thousands) Mexican Pesos Long-Term	Balances at December 31, 2004 (Thousands) Foreign Currency Short-Term	Balances at December 31, 2004 (Thousands) Foreign Currency Long-Term	Balances at December 31, 2003 (Thousands) Mexican Pesos Short-Term	Balances at December 31, 2003 (Thousands) Mexican Pesos Long-Term	Balances at December 31, 2003 (Thousands) Foreign Currency Short-Term	Balances at December 31, 2003 (Thousands) Foreign Currency Long-Term
Transmission Line MAZATLAN - DURANGO	107.4 million U.S. dollars	12.5% and 6.38%	Interest 99.7 million U.S. dollars	U.S. $107.4 million	Principal $454.0 million (U.S. $40.3 million)	Until 2005	745,000.0	-	66,135.2	-	34,967.5	781,667.6	2,958.5	66,135.2
					Interest and Commissions $1,027.3 million (U.S. $91.2 million)									
			Fiduciary fees $36.3 million		Fiduciary fees $24.7 million									
Transmission Line TUXPAN - TEXCOCO	66.3 million U.S. dollars	7.15%, 8.9% and 8.09%	Interest U.S. $27.0 million	U.S. $66.3 million	Principal $608.3 million (U.S. $54.0 million)	Until 2008	34,713.0	104,139.0	3,081.5	9,244.6	36,421.3	145,686.1	3,081.5	12,326.2
					Interest and Commissions $238.8 million (U.S. $21.2 million)									
720 Self-Transporting Cranes	50.2 million U.S. dollars	Variable	Interest $7.6 million U.S. dollars	U.S. $50.2 million	Principal $565.5 million (U.S. $50.2 million)	Until 2004	-	-	-	-	113,931.1	-	9,639.5	-
					Interest and Commissions $85.6 million (U.S. $7.6 million)									
Payments yet to be applied to specific projects							-	-	-	-	1,034.0	(2,012.3)	-	-
TOTAL EXTERNAL DEBT							$ 2,424,360.0	$ 2,344,840.0			$ 3,017,197.2	$ 4,975,574.4		
2 Integral thermoelectric units each with capacity of 350 MW for the TUXPAN C.T. Units 5 and 6	1,137.6 MX million	8.60%	Interest $173.9 million	$1,137.6 million	Principal $379.2 million Interest $91.3 million	Until 2006	$ 379,206.0	$ 379,206.0			$ 429,314.2	$ 767,353.2		
2 Integral thermoelectric units with capacity of 100 MW each for the TEMASCAL II P.H. Units 5 and 6	561.3 MX million	8.60%	Interest $83.9 million	$561.3 million	Principal $187.1 million Interest $45.1 million	Until 2006	187,109.0	187,110.0			211,835.3	378,631.1		
Transmission line TUXPAN - TEXCOCO	163.9 MX million	9.05%	Interest $39.7 million	$163.9 million	Principal $49.2 million Interest $18.6 million	Until 2008	32,776.0	81,941.0			34,478.4	120,672.8		
TOTAL INTERNAL DEBT							$ 599,091.0	$ 648,257.0			$ 675,627.9	$ 1,266,657.1		
TOTAL EXTERNAL AND INTERNAL DEBT FROM FINANCIAL LEASES							$ 3,023,451.0	$ 2,993,097.0			$ 3,692,825.1	$ 6,242,231.5		

Asset Type	Installation Value	Amount of Agreed Payments Equal to Yields: Interest, Taxes, Other Expenses and Fiduciary Fees	Amount of Agreed Payments Equal to Yields: Principal	Payments at Dec 2004	Contract Term	Total Project Amount	Balances at December 31, 2004 (Thousands): Mexican Pesos: Short-Term	Balances at December 31, 2004 (Thousands): Mexican Pesos: Long-Term	Balances at December 31, 2004 (Thousands): Foreign Currency: Short-Term	Balances at December 31, 2004 (Thousands): Foreign Currency: Long-Term	Balances at December 31, 2003 (Thousands): Mexican Pesos: Short-Term	Balances at December 31, 2003 (Thousands): Mexican Pesos: Long-Term	Balances at December 31, 2003 (Thousands): Foreign Currency: Short-Term	Balances at December 31, 2003 (Thousands): Foreign Currency: Long-Term
PIDIREGAS														
3 Combined cycle modules with a nominal generation capacity of 168.6 MW each for C.C.C. Samalayuca II. M - 1, 2 and 3.	701.2 million U.S. dollars	578.5 million U.S. dollars of interest	701.2 million U.S. dollars	Principal $3,352.4 million (US $297.6 million)	Until 2019	$ 7,899,102.0	$ 603,469.0	$ 3,943,108.00	53,571.2	350,038.0	$ 624,888.1	$ 4,770,353.3	52,870.4	403,609.2
				Interest $3,484.2 million (U.S. $309.3 million)										
4 Integral geothermoelectric units with a 100 MW total capacity for C.G. Cerro Prieto IV	103.3 million U.S. dollars	71.3 million U.S. dollars of interest	103.3 million U.S. dollars	Principal $410.0 million (U.S. $36.4 million)	Until 2015	1,164,059.0	91,020.0	663,452.0	8,080.0	58,896.0	95,499.6	791,605.0	8,080.0	66,976.0
				Interest $441.6 million (U.S. $39.2 million)										
		4.9 million U.S. dollars in taxes		Taxes $30.4 million (U.S. $2.7 million)										
2 Combined cycle modules with total capacity of 436.9 MW for C.C.C. Monterrey II	331.1 million U.S. dollars	322.11 million U.S. dollars of interest	331.1 million U.S. dollars	Principal (One payment)	Until 2015	3,729,628.0	-	3,729,628.0	-	331,086.9	-	3,913,194.5	-	331,086.9
				Interest $1,365.3 million (U.S. $121.2 million)										
		17.6 million U.S. dollars in taxes and fiduciary fees		Taxes and fiduciary fees $71.0 million (U.S. $6.3 million)										
1 Combined cycle module with capacity of 445 MW, for C.C.C. Chihuahua	277.4 million U.S. dollars	157.7 million U.S. dollars of interest	277.4 million U.S. dollars	Principal $853.9 million (U.S. $75.8 million)	Until 2016	3,124,473.0	243,949.0	2,026,700.0	21,655.9	179,914.4	255,956.6	2,382,407.5	21,655.9	201,570.3
				Interest $796.4 million (U.S. $70.7 million)										
		U.S. $6.4 million U.S. dollars in taxes and fiduciary fees		Taxes and fiduciary fees $25.9 million (U.S. $2.3 million)										
1 combined cycle module with a capacity of 497.6 MW for C.C.C. Rosarito III	307.9 million U.S. dollars	338.5 million U.S. dollars of interest	307.9 million U.S. dollars	Principal $404.4 million (U.S. $35.9 million)	Until 2016	3,467,907.0	137,303.0	2,925,912.0	12,188.7	259,739.4	133,302.0	3,213,982.9	11,278.4	271,928.1
				Interest $1,132.1 million (U.S. $100.5 million)										
		37.1 million U.S. dollars in taxes		Taxes $124.6 million (U.S. $11.06 million)										

Asset Type	Installation Value	Amount of Agreed Payments Equal to Yields: Interest, Taxes, Other Expenses and Fiduciary Fees	Amount of Agreed Payments Equal to Yields: Principal	Payments at Dec 2004	Contract Term	Total Project Amount	Balances at December 31, 2004 (Thousands) Mexican Pesos Short-Term	Balances at December 31, 2004 (Thousands) Mexican Pesos Long-Term	Balances at December 31, 2004 (Thousands) Foreign Currency Short-Term	Balances at December 31, 2004 (Thousands) Foreign Currency Long-Term	Balances at December 31, 2003 (Thousands) Mexican Pesos Short-Term	Balances at December 31, 2003 (Thousands) Mexican Pesos Long-Term	Balances at December 31, 2003 (Thousands) Foreign Currency Short-Term	Balances at December 31, 2003 (Thousands) Foreign Currency Long-Term
2 Integral geothermoelectric units with a total capacity of 10 MW for C.G. Tres Virgenes	18.2 million U.S. dollars	$9.08 million U.S. dollars of interest $4.1 million U.S. dollars in taxes and fiduciary fees	18.2 million U.S. dollars	<u>Principal</u> $13.5 million (U.S. $1.2 million) <u>Interest</u> $48.4 million (U.S. $4.3 million) <u>Taxes and fiduciary fees</u> $0.19 million (U.S. $0.0166 million)	Until 2011	205,004.0	26,544.0	165,187.0	2,356.4	14,664.0	13,925.2	201,167.9	1,178.2	17,020.4
1 unit thermoelectric 39.4 MW at C.D. Puerto San Carlos II	61.3 million U.S. dollars	29.1 million U.S. dollars of interest $1.1 million U.S. dollars in taxes and fiduciary fees	61.3 million U.S. dollars	<u>Principal</u> $132.9 million (U.S. $11.8 million) <u>Interest</u> $136.3 million (U.S. $12.1 million) <u>Taxes</u> $2.2 million (U.S. 0.199 million)	Until 2011	690,213.0	61,125.0	496,582.0	5,426.2	44,082.6	59,057.3	585,156.4	4,996.7	49,508.8
C. G. LOS AZUFRES II and CAMPO GEOTÉRMICO	53.9 million U.S. dollars	15.68 million U.S. dollars of interest	53.9 million U.S. dollars	<u>Principal</u> $60.3 million (U.S. $5.35 million) <u>Interest</u> $37.4 million (U.S. $3.32 million)	Until 2014	607,136.0	60,835.0	485,983.0	5,400.5	43,141.7	63,828.7	555,217.0	3,132.9	28,195.8
CC EL SAUZ CONVERSION DE TG a CC	56.8 million U.S. dollars	15.4 million U.S. dollars of interest	56.8 million U.S. dollars	<u>Principal</u> $52.9 million (U.S. $4.7 million) <u>Interest</u> $27.0 million (U.S. $2.4 million)	Until 2015	640,485.0	53,374.0	533,738.0	4,738.1	47,381.0	56,001.5	616,007.8	4,738.2	52,119.1
C. H. MANUEL MORENO TORRES	38.32 million U.S. dollars	14.80 million U.S. dollars of interest	38.32 million U.S. dollars	<u>Principal</u> <u>$18.0 million</u> (U.S. $1.6 million) <u>Interest</u> $4.5 million (U.S. $0.4 million)	Until 2016	431,694.0	35,975.0	377,732.0	3,193.6	33,532.1	-	-	-	-
LT 211 SUBMARINE CABLE	100.0 million U.S. dollars	50.3 million U.S. dollars of interest U.S. $3.1 million U.S. dollars in taxes and fiduciary fees	100.0 million U.S. dollars	<u>Principal</u> $563.2 million (U.S. $50.0 million) <u>Interest</u> $445.0 million (U.S. $39.5 million) <u>Taxes and fiduciary fees</u> $25.9 million (U.S. $2.3 million)	Until 2013	1,126,693.0	149,569.0	414,325.0	13,277.6	36,780.5	156,929.9	591,666.7	13,277.5	50,059.6

Asset Type	Installation Value	Amount of Agreed Payments Equal to Yields: Interest, Taxes, Other Expenses and Fiduciary Fees	Amount of Agreed Payments Equal to Yields: Principal	Payments at Dec 2004	Contract Term	Total Project Amount	Balances at December 31, 2004 (Thousands): Mexican Pesos Short-Term	Balances at December 31, 2004 (Thousands): Mexican Pesos Long-Term	Balances at December 31, 2004 (Thousands): Foreign Currency Short-Term	Balances at December 31, 2004 (Thousands): Foreign Currency Long-Term	Balances at December 31, 2003 (Thousands): Mexican Pesos Short-Term	Balances at December 31, 2003 (Thousands): Mexican Pesos Long-Term	Balances at December 31, 2003 (Thousands): Foreign Currency Short-Term	Balances at December 31, 2003 (Thousands): Foreign Currency Long-Term
SE 212 SF6 POWER	104.7 million U.S. dollars	104.8 million U.S. dollars of interest $5.3 million U.S. dollars in taxes and fiduciary fees	104.7 million U.S. dollars	Principal $205.0 million (U.S. $18.2 million) Interest $487.8 million (U.S. $43.3 million) Taxes and fiduciary fees $20.3 million (U.S. $1.8 million)	Until 2013	1,179,552.0	42,686.0	931,945.0	3,789.3	82,730.7	44,788.1	1,022,601.8	3,789.4	86,520.1
SE 213 SF6 DISTRIBUTION	70.5 million U.S. dollars	57.7 million U.S. dollars of interest $2.7 million U.S. dollars in taxes and fiduciary fees	70.5 million U.S. dollars	Principal $234.3 million (U.S. $20.8 million) Interest $316.5 million (U.S. $28.1 million) Taxes and fiduciary fees $12.4 million (U.S. $1.1 million)	Until 2013	793,793.0	46,075.0	513,121.0	4,090.2	45,550.8	48,341.5	586,718.5	4,090.1	46,641.0
LT 214 SOUTHEAST PENINSULAR	35.4 million U.S. dollars	31.2 million U.S. dollars of interest $2.0 million U.S. dollars in taxes and fiduciary fees	35.4 million U.S. dollars	Principal $15.8 million (U.S. $1.4 million) Interest $163.3 million (U.S. $14.5 million) Taxes and fiduciary fees $10.3 million (U.S. $0.912 million)	Until 2010	398,798.0	5,403.0	377,427.0	479.6	33,505.0	5,260.6	400,208.9	445.1	33,860.8
LT 215 SOUTHEAST PENINSULAR	97.8 million U.S. dollars	92.4 million U.S. dollars of interest $14.2 million U.S. dollars in taxes and fiduciary fees	97.8 million U.S. dollars	Principal $171.2 million (U.S. $15.2 million) Interest $441.6 million (U.S. $39.2 million) Taxes and fiduciary fees $52.9 million (U.S. $4.7 million)	Until 2015	1,101,464.0	51,131.0	879,628.0	4,539.0	78,086.4	48,728.6	976,569.3	4,122.8	82,625.4
LT 216 NORTHWEST	44.9 million U.S. dollars	22.0 million U.S. dollars of interest 0.5 million U.S. dollars in taxes and fiduciary fees	44.9 million U.S. dollars	Principal $224.2 million (U.S. $19.9 million) Interest $176.9 million (U.S. $15.7 million) Taxes and fiduciary fees $2.3 million (U.S. $0.2 million)	Until 2009	505,729.0	50,935.0	229,673.0	4,521.6	20,388.6	51,177.4	296,411.9	4,330.0	25,078.8

Asset Type	Installation Value	Amount of Agreed Payments Equal to Yields: Interest, Taxes, Other Expenses and Fiduciary Fees	Amount of Agreed Payments Equal to Yields: Principal	Payments at Dec 2004	Contract Term	Total Project Amount	Balances at December 31, 2004 (Thousands): Mexican Pesos: Short-Term	Balances at December 31, 2004 (Thousands): Mexican Pesos: Long-Term	Balances at December 31, 2004 (Thousands): Foreign Currency: Short-Term	Balances at December 31, 2004 (Thousands): Foreign Currency: Long-Term	Balances at December 31, 2003 (Thousands): Mexican Pesos: Short-Term	Balances at December 31, 2003 (Thousands): Mexican Pesos: Long-Term	Balances at December 31, 2003 (Thousands): Foreign Currency: Short-Term	Balances at December 31, 2003 (Thousands): Foreign Currency: Long-Term
LT 217 NORTHWEST	65.3 million U.S. dollars	61.5 million U.S. dollars of interest 3.5 million U.S. dollars in taxes and fiduciary fees	65.3 million U.S. dollars	Principal Interest $394.2 million (U.S. $31.0 million) Taxes and fiduciary fees $19.2 million (U.S. $1.7 million)	Until 2009	735,468.0	-	735,468.0	-	65,289.0	-	771,667.1	-	65,289.1
SE 218 NORTHWEST	50.7 million U.S. dollars	34.3 million U.S. dollars of interest	50.7 million U.S. dollars	Principal $165.6 million (U.S. $14.7 million) Interest $207.3 million (U.S. $18.4 million) Taxes and fiduciary fees $8.6 million (U.S. $0.76 million)	Until 2015	570,640.0	42,607.0	362,035.0	3,782.3	32,138.6	41,360.0	424,557.4	3,499.4	35,920.9
SE 219 SOUTHEAST - PENINSULAR	33.8 million U.S. dollars	16.8 million U.S. dollars of interest 0.6 million U.S. dollars in taxes and fiduciary fees	33.8 million U.S. dollars	Principal $187.0 million (U.S. $16.6 million) Interest $143.1 million (U.S. $12.7 million) Taxes and fiduciary fees $3.6 million (U.S. $0.32 million)	Until 2009	380,692.0	38,675.0	154,645.0	3,433.3	13,728.2	39,119.4	202,797.3	3,309.8	17,158.2
SE 220 EASTERN - CENTRAL	62.8 million U.S. dollars	41.4 million U.S. dollars of interest 1.6 million U.S. dollars in taxes and fiduciary fees	62.8 million U.S. dollars	Principal $174.6 million (U.S. $15.5 million) Interest $274.9 million (U.S. $24.4 million) Taxes and fiduciary fees $9.0 million (U.S. $0.8 million)	Until 2009	707,976.0	45,987.0	487,721.0	4,082.4	43,296.0	44,611.4	559,975.9	3,774.5	47,378.3
SE 221 WESTERN	72.5 million U.S. dollars	52.2 million U.S. dollars of interest 1.3 million U.S. dollars in taxes and fiduciary fees	72.5 million U.S. dollars	Principal $153.2 million (U.S. $13.6 million) Interest $295.1 million (U.S. $26.2 million) Taxes and fiduciary fees $3.4 million (U.S. $0.3 million)	Until 2014	816,822.0	57,815.0	612,491.0	5,132.4	54,372.1	61,021.2	703,298.3	5,162.9	59,504.5
L.T. 301 CENTRAL	44.5 million U.S. dollars	16.9 million U.S. dollars of interest	44.5 million U.S. dollars	Principal $131.8 million (U.S. $11.7 million) Interest $89.0 million (U.S. $7.9 million)	Until 2011	501,778.0	52,852.0	317,110.0	4,691.8	28,150.5	55,453.4	388,170.9	4,691.8	32,842.3

Asset Type	Installation Value	Amount of Agreed Payments Equal to Yields: Interest, Taxes, Other Expenses and Fiduciary Fees	Amount of Agreed Payments Equal to Yields: Principal	Payments at Dec 2004	Contract Term	Total Project Amount	Balances at December 31, 2004 (Thousands): Mexican Pesos: Short-Term	Balances at December 31, 2004 (Thousands): Mexican Pesos: Long-Term	Balances at December 31, 2004 (Thousands): Foreign Currency: Short-Term	Balances at December 31, 2004 (Thousands): Foreign Currency: Long-Term	Balances at December 31, 2003 (Thousands): Mexican Pesos: Short-Term	Balances at December 31, 2003 (Thousands): Mexican Pesos: Long-Term	Balances at December 31, 2003 (Thousands): Foreign Currency: Short-Term	Balances at December 31, 2003 (Thousands): Foreign Currency: Long-Term
L.T. 302 SOUTHEAST	41.2 million U.S. dollars	18.9 million U.S. dollars of interest	41.2 million U.S. dollars	Principal $125.0 million (U.S. $11.1 million) Interest $105.9 million (U.S. $9.4 million)	Until 2011	463,622.0	48,332.0	289,989.0	4,290.5	25,742.9	50,710.4	354,971.6	4,290.5	30,033.4
L.T 303 IXTAPA - PIE DE LA CUESTA	27.7 million U.S. dollars	11.6 million U.S. dollars of interest	27.7 million U.S. dollars	Principal $93.5 million (U.S. $8.3 million) Interest $66.5 million (U.S. $5.9 million)	Until 2011	311,804.0	31,180.0	187,083.0	2,767.9	16,607.8	32,715.4	229,005.6	2,768.0	19,375.7
L.T. 304 NORTHWEST	28.2 million U.S. dollars	14.1 million U.S. dollars of interest	28.2 million U.S. dollars	Principal $95.8 million (U.S. $8.5 million) Interest $83.4 million (U.S. $7.4 million)	Until 2011	317,897.0	31,790.0	190,738.0	2,822.1	16,932.2	33,353.9	233,480.4	2,822.0	19,754.3
L.T. 305 CENTRAL - EASTERN	36.5 million U.S. dollars	17.7 million U.S. dollars of interest	36.5 million U.S. dollars	Principal $122.8 million (U.S. $10.9 million) Interest $102.5 million (U.S. $9.1 million)	Until 2011	410,924.0	41,092.0	246,555.0	3,647.8	21,887.2	43,115.6	301,804.0	3,647.9	25,535.0
L.T 306 SOUTHEAST	45.0 million U.S. dollars	18.9 million U.S. dollars of interest	45.0 million U.S. dollars	Principal $152.1 million (U.S. $13.5 million) Interest $109.3 million (U.S. $9.7 million)	Until 2011	506,792.0	50,679.0	304,075.0	4,498.9	26,993.4	53,173.9	372,214.5	4,498.9	31,492.3
L.T. 307 NORTHWEST	24.3 million U.S. dollars	12.5 million U.S. dollars of interest	24.3 million U.S. dollars	Principal $82.2 million (U.S. $7.3 million) Interest $75.5 million (U.S. $6.7 million)	Until 2011	274,177.0	27,418.0	164,506.0	2,434.0	14,603.5	28,766.5	201,369.9	2,433.9	17,037.5
L.T. 308 NORTHWEST	44.1 million U.S. dollars	21.1 million U.S. dollars of interest	44.1 million U.S. dollars	Principal $148.7 million (U.S. $13.2 million) Interest $121.7 million (U.S. $10.8 million)	Until 2011	497,122.0	49,712.0	298,273.0	4,413.0	26,478.3	52,159.9	365,113.1	4,413.1	30,891.4

		Amount of Agreed Payments Equal to Yields			Contract	Total	Balances at December 31, 2004 (Thousands)				Balances at December 31, 2003 (Thousands)			
							Mexican Pesos		Foreign Currency		Mexican Pesos		Foreign Currency	
Asset Type	Installation Value	Interest, Taxes, Other Expenses and Fiduciary Fees	Principal	Payments at Dec 2004	Term	Project Amount	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term
SE 401 WESTERN - CENTRAL	64.29 million U.S. dollars	22.2 million U.S. dollars of interest	64.29 million U.S. dollars	Principal $130.7 million (U.S. $11.6 million) Interest $80.0 million (U.S. $7.1 million)	Until 2012	724,326.0	75,540.0	518,057.0	6,705.8	45,989.0	79,257.1	622,812.6	6,705.8	52,694.8
SE 402 EASTERN PENINSULAR	73.1 million U.S. dollars	18.42 million U.S. dollars of interest	73.1 million U.S. dollars	Principal $123.9 million (U.S. $11.0 million) Interest $56.3 million (U.S. $5.0 million)	Until 2013	823,757.0	82,376.0	617,817.0	7,312.7	54,844.9	86,430.0	734,655.7	7,312.7	62,157.6
L.T. 403 NORTHEAST	72.5 million U.S. dollars	26.7 million U.S. dollars of interest	72.5 million U.S. dollars	Principal $206.1 million (U.S. $18.3 million) Interest $129.5 million (U.S. $11.5 million)	Until 2012	816,641.0	84,319.0	525,802.0	7,485.2	46,676.5	88,469.7	640,150.2	7,485.2	54,161.7
L.T. 404 NORTHWEST - NORTHERN	40.5 million U.S. dollars	15.2 million U.S. dollars of interest	40.5 million U.S. dollars	Principal $110.4 million (U.S. $9.8 million) Interest $74.3 million (U.S. $6.6 million)	Until 2011	456,196.0	49,397.0	296,383.0	4,385.1	26,310.5	51,828.6	362,798.9	4,385.1	30,695.6
SE 405 HIGH TENSION COMPENSATION	8.6 million U.S. dollars	2.1 million U.S. dollars in interest	8.6 million U.S. dollars	Principal $14.6 million (U.S. $1.3 million) Interest $6.8 million (U.S. $0.6 million)	Until 2013	96,745.0	9,675.0	72,810.0	858.9	6,463.5	10,149.9	86,543.6	858.8	7,322.3
L.T. 406 NETWORK ASSOCIATED WITH TUXPAN II, III and IV	121.9 million U.S. dollars	44.0 million U.S. dollars of interest	121.9 million U.S. dollars	Principal $249.0 million (U.S. $22.1 million) Interest $190.4 million (U.S. $16.9 million)	Until 2014	1,373,593.0	139,393.0	984,708.0	12,374.2	87,414.6	117,077.4	1,179,427.7	9,905.7	99,788.8
L.T. 407 NETWORK ASSOCIATED WITH ALTAMIRA II, III and IV	297.6 million U.S. dollars	117.7 million U.S. dollars of interest	297.6 million U.S. dollars	Principal $715.3 million (U.S. $63.5 million) Interest $535.1 million (U.S. $47.5 million)	Until 2014	3,352,441.0	343,966.0	2,292,792.0	30,534.6	203,536.0	318,455.7	2,363,321.7	26,943.8	199,955.5
L.T. 408 NACOZARI - NOGALES AREAS NORTHWEST	44.6 million U.S. dollars	15.3 million U.S. dollars of interest	44.6 million U.S. dollars	Principal $98.0 million (U.S. $8.7 million) Interest $60.8 million (U.S. $5.4 million)	Until 2013	502,705.0	51,575.0	352,756.0	4,578.4	31,314.9	54,113.3	424,232.4	4,578.4	35,893.4

Asset Type	Installation Value	Amount of Agreed Payments Equal to Yields: Interest, Taxes, Other Expenses and Fiduciary Fees	Amount of Agreed Payments Equal to Yields: Principal	Payments at Dec 2004	Contract Term	Total Project Amount	Balances at December 31, 2004 (Thousands) Mexican Pesos Short-Term	Balances at December 31, 2004 (Thousands) Mexican Pesos Long-Term	Balances at December 31, 2004 (Thousands) Foreign Currency Short-Term	Balances at December 31, 2004 (Thousands) Foreign Currency Long-Term	Balances at December 31, 2003 (Thousands) Mexican Pesos Short-Term	Balances at December 31, 2003 (Thousands) Mexican Pesos Long-Term	Balances at December 31, 2003 (Thousands) Foreign Currency Short-Term	Balances at December 31, 2003 (Thousands) Foreign Currency Long-Term
L.T. 409 MANUEL MORENO TORRES	101.86 million U.S. dollars	26.5 million U.S. dollars of interest	101.86 million U.S. dollars	Principal $57.3 million (U.S. $5.09 million) Interest $30.2 million (U.S. $2.68 million)	Until 2014	1,147,463.0	114,746.0	975,344.0	10,186.2	86,583.3	-	-	-	-
L.T. 410 NATIONAL SYSTEM	173.2 million U.S. dollars	63.8 million U.S. dollars of interest	173.2 million U.S. dollars	Principal $324.4 million (U.S. $28.8 million) Interest $226.4 million (U.S. $20.1 million)	Until 2012	1,950,779.0	197,336.0	1,428,637.0	17,517.9	126,823.1	207,049.2	1,706,002.3	17,518.0	144,341.1
L.T. 411 NATIONAL SYSTEM	85.7 million U.S. dollars	28.1 million U.S. dollars of interest	85.7 million U.S. dollars	Principal $150.9 million (U.S. $13.4 million) Interest $96.4 million (U.S. $8.56 million)	Until 2014	965,152.0	100,837.0	712,797.0	8,951.5	63,276.5	83,401.6	640,887.6	7,056.4	54,224.1
SE 412 NORTH COMPENSATION	22.0 million U.S. dollars	5.3 million U.S. dollares of interest	22.0 million U.S. dollars	Principal $37.2 million (U.S. $3.3 million) Interest $16.7 million (U.S. $1.48 million)	Until 2013	247,792.0	24,779.0	185,844.0	2,199.7	16,497.8	25,999.0	220,990.1	2,199.7	18,697.5
SE 413 NORTHEAST - WESTERN	23.1 million U.S. dollars	6.1 million U.S. dollars of interest	23.1 million U.S. dollars	Principal $12.4 million (U.S. $1.1 million) Interest $7.9 million (U.S. $0.7 million)	Until 2015	260,163.0	26,016.0	221,139.0	2,309.5	19,631.0	-	-	-	-
L.T. 414 NORTH WESTERN	65.7 million U.S. dollars	19.5 million U.S. dollars of interest	65.7 million U.S. dollars	Principal $50.7 million (U.S. $4.5 million) Interest $40.6 million (U.S. $3.6 million)	Until 2014	739,788.0	73,979.0	614,804.0	6,567.3	54,577.4	46,161.9	722,683.9	3,905.7	61,144.7
SE 503 EASTERN	21.4 million U.S. dollars	5.3 million U.S. dollars of interest	21.4 million U.S. dollars	Principal $36.0 million (U.S. $3.2 million) Interest $16.9 million (U.S. $1.5 million)	Until 2013	241,085.0	24,109.0	180,814.0	2,140.2	16,051.2	25,295.2	215,008.9	2,140.2	18,191.4

Asset Type	Installation Value	Amount of Agreed Payments Equal to Yields: Interest, Taxes, Other Expenses and Fiduciary Fees	Amount of Agreed Payments Equal to Yields: Principal	Payments at Dec 2004	Contract Term	Total Project Amount	Balances at December 31, 2004 (Thousands): Mexican Pesos: Short-Term	Balances at December 31, 2004 (Thousands): Mexican Pesos: Long-Term	Balances at December 31, 2004 (Thousands): Foreign Currency: Short-Term	Balances at December 31, 2004 (Thousands): Foreign Currency: Long-Term	Balances at December 31, 2003 (Thousands): Mexican Pesos: Short-Term	Balances at December 31, 2003 (Thousands): Mexican Pesos: Long-Term	Balances at December 31, 2003 (Thousands): Foreign Currency: Short-Term	Balances at December 31, 2003 (Thousands): Foreign Currency: Long-Term
SE 504 NORTH WESTERN	31.7 million U.S. dollars	8.2 million U.S. dollars	31.7 million U.S. dollars	<u>Principal</u> $36.6 million (U.S. $3.25 million) <u>Interest</u> $21.4 million (U.S. $1.9 million)	Until 2014	357,217.0	35,722.0	284,909.0	3,171.1	25,292.0	28,563.5	336,411.7	2,416.7	28,463.1
LT 506 SALTILLO - CANADA	57.8 million U.S. dollars	15.2 million U.S. dollars of interest	57.8 million U.S. dollars	<u>Principal</u> $32.7 million (U.S. $2.9 million) <u>Interest</u> $19.2 million (U.S. $1.7 million)	Until 2014	650,862.0	65,086.0	553,233.0	5,777.8	49,111.7	34,144.9	648,752.7	2,888.9	54,889.6
SE 607 EASTERN BAJIO SYSTEM	4.9 million U.S. dollars	1.2 million U.S. dollars of interest	4.9 million U.S. dollars	<u>Principal</u> $2.3 million (U.S. $0.2 million) <u>Interest</u> $1.1 million (U.S. $0.1 million)	Until 2014	55,149.0	5,515.0	46,877.0	489.6	4,161.4	-	-	-	-
LT RAT OF BAJA CALIFORNIA CCI SOUTH I	21.1 million U.S. dollars	5.4 million U.S. dollars of interest	21.1 million U.S. dollars	<u>Principal</u> $11.9 million (U.S. $1.06 million) <u>Interest</u> $5.6 million (U.S. $0.5 million)	Until 2014	238,575.0	23,857.0	202,787.0	2,117.8	18,001.8	-	-	-	-
TOTAL EXTERNAL DEBT						$ 48,561,873.0	$ 3,705,755.0	$ 34,113,140.0			$ 3,449,643.1	$ 36,916,375.4		
C.G. LOS AZUFRES II	870.4 MX million	296.5 MX million	870.4 MX million	<u>Principal</u> $87.2 million <u>interest</u> $54.2 million <u>Commissions and other expenses</u> $47.5 million	Until 2014	$ 870,494.0	$ 87,049.0	$ 696,242.0	-	-	$ 91,568.6	$ 823,951.1	-	-
R. M. EMILIO PORTES GIL	2.7 MX million	1.2 MX million	2.7 MX million	<u>Principal</u> $0.13 million <u>interest</u> $0.10 million <u>Commissions and other expenses</u> $0.006 million	Until 2014	2,797.0	280.0	2,377.0	-	-	-	-	-	-
L. T. 407 NET ASSOCIATED ALTAMIRA II, III y IV	405.9 MX million	132.5 MX million	405.9 MX million	<u>Principal</u> $40.5 million <u>interest</u> $19.7 million <u>Commissions and other expenses</u> $0.22 million	Until 2014	405,942.0	40,594.0	324,754.0	-	-	42,701.2	384,312.5	-	-

Asset Type	Installation Value	Amount of Agreed Payments Equal to Yields		Payments at Dec 2004	Contract Term	Total Project Amount	Balances at December 31, 2004 (Thousands)				Balances at December 31, 2003 (Thousands)			
							Mexican Pesos		Foreign Currency		Mexican Pesos		Foreign Currency	
		Interest, Taxes, Other Expenses and Fiduciary Fees	Principal				Short-Term	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term
L. T. 409 MANUEL MORENO TORRES	1,958.7 MX million	736.9 MX million	1,958.7 MX million	Principal $146.1 million interest $92.6 million Commissions and other expenses $2.5 million	Until 2014	1,958,710.0	195,871.0	1,616,683.0	-	-	101,200.9	910,805.1	-	-
L.T. 411 NATIONAL SYSTEM	514.6 MX million	175.23 MX million	514.6 MX million	Principal $51.4 million interest $32.3 million Commissions and other expenses $0.028 million	Until 2014	514,600.0	51,460.0	411,680.0	-	-	54,131.2	487,180.7	-	-
SE 413 NORTHEAST - WESTERN	391.4 MX million	179.4 MX million	391.4 MX million	Principal $1.55 million interest $1.19 million Commissions and other expenses $1.02 million	Until 2015	391,408.0	39,141.0	350,722.0	-	-	-	-	-	-
L. T. 502 NORTH - EASTERN	78.9 MX million	36.0 MX million	78.9 MX million	Principal $ million interest $ million Commissions and other expenses $0.3 million	Until 2014	78,902.0	7,890.0	71,012.0	-	-	-	-	-	-
SE 504 NORTH - WESTERN	147.1 MX million	50.4 MX million	147.1 MX million	Principal $14.7 million interest $9.4 million Commissions and other expenses $0.3 million	Until 2014	147,164.0	14,716.0	117,731.0	-	-	15,479.9	139,323.1	-	-
L. T. 506 SALTILLO - CANADA	2,117.9 MX million	700.4 MX million	2,117.9 MX million	Principal $211.8 million interest $111.7 million Commissions and other expenses $0.116 million	Until 2014	2,117,980.0	211,798.0	1,694,384.0	-	-	223,039.2	2,007,352.9	-	-
L.T. 509 NET ASSOCIATED RIO BRAVO III	497.4 MX million	188.7 MX million	497.4 MX million	Principal $36.1 million interest $20.6 million Commissions and other expenses $0.533 million	Until 2014	497,449.0	49,745.0	411,642.0	-	-	30,917.7	278,249.7	-	-
SE 607 EASTERN BAJIO SYSTEM	807.0 MX million	347.88 MX million	807.0 MX million	Principal $76.1 million interest $31.0 million Commissions and other expenses $0.269 million	Until 2014	806,959.0	80,696.0	650,173.0	-	-	-	-	-	-

Asset Type	Installation Value	Amount of Agreed Payments Equal to Yields: Interest, Taxes, Other Expenses and Fiduciary Fees	Amount of Agreed Payments Equal to Yields: Principal	Payments at Dec 2004	Contract Term	Total Project Amount	Balances at December 31, 2004 (Thousands): Mexican Pesos Short-Term	Balances at December 31, 2004 (Thousands): Mexican Pesos Long-Term	Balances at December 31, 2004 (Thousands): Foreign Currency Short-Term	Balances at December 31, 2004 (Thousands): Foreign Currency Long-Term	Balances at December 31, 2003 (Thousands): Mexican Pesos Short-Term	Balances at December 31, 2003 (Thousands): Mexican Pesos Long-Term	Balances at December 31, 2003 (Thousands): Foreign Currency Short-Term	Balances at December 31, 2003 (Thousands): Foreign Currency Long-Term
L. T. 610 NOREAST-NORTH (PHASE 1) TRANSMISSION	786.1 MX million	312.2 MX million	786.1 MX million	Principal $ million interest $ million Commissions and other expenses $ million	Until 2014	786,115.0	78,612.0	707,504.0	-	-	-	-	-	-
L. T. 612 NORTH-NORTH EAST SUB-TRANSMISSION	70.4 MX million	31.9 MX million	70.4 MX million	Principal $ million interest $ million Commissions and other expenses $0.347 million	Until 2014	70,486.0	7,049.0	63,438.0	-	-	-	-	-	-
L. T. 613 WESTERN SUB-TRANSMISSION	170.4 MX million	67.7 MX million	170.4 MX million	Principal $ million interest $ million Commissions and other expenses $1.0 million	Until 2014	170,366.0	17,037.0	153,330.0	-	-	-	-	-	-
L. T. 614 EASTERN ORIENTAL (PHASE 1) SUB-TRANSMISSION	13.1 MX million	6.0 MX million	13.1 MX million	Principal $ million interest $ million Commissions and other expenses $0.081 million	Until 2014	13,055.0	1,305.0	11,749.0	-	-	-	-	-	-
L. T. 615 PENINSULAR SUBTRANSMISSION (PHASE 1)	87.2 MX million	41.3 MX million	87.2 MX million	Principal $ million interest $ million Commissions and other expenses $0.023 million	Until 2014	87,214.0	8,721.0	78,492.0	-	-	-	-	-	-
L. T. 707 NORTH-SOUTH LINK	378.6 MX million	167.3 MX million	378.6 MX million	Principal $19.0 million interest $14.2 million Commissions and other expenses $1.0 million	Until 2014	378,591.0	37,859.0	321,803.0	-	-	-	-	-	-
L. T. 711 RAT TO LAGUNA II	196.0 MX million	95.1 MX million	196.0 MX million	Principal $ million interest $ million Commissions and other expenses $0.6 million	Until 2014	196,030.0	19,603.0	176,427.0	-	-	-	-	-	-
STEAM SUPPLY TO C.G. CERRO PRIETO IV	188.5 MX million	85.9 MX million	188.5 MX million	Principal $ million interest $ million Commissions and other expenses $0.822 million	Until 2014	188,495.0	18,850.0	169,646.0	-	-	-	-	-	-
C. H. MANUEL MORENO TORRES	438.5 MX million	201.0 MX million	438.5 MX million	Principal $2.9 million interest $0.8 million Commissions and other expenses $2.5 million	Until 2014	438,530.0	43,853.0	391,805.0	-	-	-	-	-	-

		Amount of Agreed Payments Equal to Yields			Contract	Total	Balances at December 31, 2004 (Thousands)				Balances at December 31, 2003 (Thousands)			
							Mexican Pesos		Foreign Currency		Mexican Pesos		Foreign Currency	
Asset Type	Installation Value	Interest, Taxes, Other Expenses and Fiduciary Fees	Principal	Payments at Dec 2004	Term	Project Amount	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term
C. C. EL SAUZ CONVERSION FROM TG to CC	637.6 MX million	209.2 MX million	637.6 MX million	Principal $63.7 million interest $31.9 million Commissions and other expenses $ million	Until 2014	637,689.0	63,769.0	510,151.0	-	-	67,079.1	603,711.0	-	-
C. C. I. GUERRERO NEGRO II	310.4 MX million	140.9 MX million	310.4 MX million	Principal $15.5 million interest $10.7 million Commissions and other expenses $ million	Until 2015	310,444.0	31,044.0	263,878.0	-	-	-	-	-	-
R. M. CARBON II	42.0 MX million	19.9 MX million	42.0 MX million	Principal $ million interest $ million Commissions and other expenses $ million	Until 2014	42,043.0	4,204.0	37,839.0	-	-	-	-	-	-
TOTAL INTERNAL DEBT						11,111,463.0	1,111,146.0	9,233,462.0			626,117.8	5,634,886.1		
TOTAL EXTERNAL AND INTERNAL DEBT OF PIDIREGAS						$ 59,673,336.0	4,816,901.0 1_/	43,346,602.0			4,075,760.9	42,551,261.5		
TOTAL LIABILITY FROM CAPITAL LEASE OBLIGATIONS AND PIDIREGAS							$ 7,840,352.0	$ 46,339,699.0			$ 7,768,586.0	$ 48,793,493.0		

1_/ PAYMENT OF SHORT-TERM CAPITAL OF PIDIREGAS IS AUTHORIZED IN THE FEDERAL TREASOUTHY BUDGET FOR THE YEAR 2005

a. The liability from capital lease obligations and PIDIREGAS agreements matures as follows:

Year ending December 31,	
2005	$ 7,840,352
2006	6,410,004
2007	5,214,563
2008	5,091,063
2009	5,694,150
Thereafter	23,929,919
	$ 54,180,051

b. As of December 31, 2004, minimum payment commitments for capital leases and PIDIREGAS agreements are:

Equipment leases and PIDIREGAS	$ 77,872,290
Less-	
Unearned interest	(23,692,239)
Present value of obligations	54,180,051
Less-	
Current portion of obligations	(7,840,352)
Long-term portion of equipment leases and PIDIREGAS	$ 46,339,699

c. During the years ended December 31, 2004 and 2003, the capital lease transactions that affected CFE results were those shown below:

	2004	**2003**
Interest	$ 584,882	$ 1,091,125
Foreign exchange	52,382	1,066,030
Commissions and others	177,929	449,277
	$ 815,193	$ 2,606,432

d. ***Shelf program*** - CFE obtained authorization from the National Banking and Securities Commission to carry out a Shelf Program, for the purpose of refinancing Financed Public Construction ("Obra Pública Financiada") projects through a structured mechanism that allows for the securitization of the credit rights owed by CFE, by assigning to a Trust the rights and obligations derived from both a Credit Agreement and the promissory notes documenting any borrowings by CFE under the credit granted. Such Trust serves as a vehicle for the securitization of the credit rights through the Mexican Stock Exchange.

For this purpose, on October 2, 2003 CFE signed a credit agreement with ING Bank (Mexico), S.A. Institucion de Banca Múltiple, ING Grupo Financiero, up to the amount of $6,665 million, and on December 9, 2003 an amendment was signed to increase the aforementioned amount to $8,000 million.

During 2003 three tranches were issued for a total amount of $6,000 million: The first two tranches were for $2,600 million each, and were completed on October 6 and November 7, 2003. The third tranche was issued on December 11, 2003 in the amount of $800 million.

Finally, a fourth tranche was issued on March 5, 2004 in the amount of $665 million.

The effective term of all these transactions is approximately 10 years, at a gross interest rate equal to the 182-day CETES rate + 0.85%.

The payments for the four tranches mentioned above will be made approximately every 182 days, and the calculation of interest will include a protection against inflation (an inflation floor), in other words, for each applicable interest period, the rate will be adjusted as a result of comparing the percentage increase in the value of the investment unit ("UDI") during the interest period in question, with the Annual Gross Interest Rate payable on the Shelf Certificates for such interest period.

e. ***Interest rate hedge transactions -*** CFE carried out six interest rate "swaps" with four institutions; the hedge begins on April 5, 2004, and expires on September 23, 2013. Through these contracts, CFE is able to reduce the interest rate fluctuation risk by fixing the cost of its debt at an annual 9.039% weighted average rate with semiannual payments to its counterparts at the variable six-month CETES rate plus 85 basis points, which establishes the original commitment of the securitized certificates issued. The joint notional amount is $5,998.50 million pesos, which represents 100% of the liability contracted with ING Bank (Note 9d).

The institutions, amounts and respective contracts are: ING Bank (Mexico) for $2,167.42 million pesos at a 9.08% rate; Banco Credit Suisse First Boston (Mexico) for $1,236.22 million pesos at a 8.995% rate; two loans with Deutsche Bank México, one for $1,526.33 million pesos at a 9.07% rate and the other for $618.11 million pesos at a 9.00% rate, and two loans with Goldman Sachs Paris, one for $618.11 million pesos at a 9.00% rate, and the other for $165.55 million pesos at a 8.85% rate.

NOTA 10 - DEBT-

Debt balances at December 31, 2004 and 2003 are comprised as follows:

EXTERNAL DEBT

External Debt	Credit Type	Weighted Average Interest Rate	Expiration	2004 Mexican Pesos	2004 Foreign Currency (thousands)	2003 Mexican Pesos	2003 Foreign Currency (thousands)
IN U.S. DOLLARS: at the exchange rate of $11.2648 pesos for one dollar in 2004 and $11.2360 at Dec 2003	Joint Investment-credit	Fixed 1.260% to 8.6905%	Various until 2010	$ 1,494,661	132,684	$ 1,964,346	166,199
	Investment - other international agencies	Fixed from 1.25% to 2.00%	Various until 2032	2,744,680	243,651	3,064,884	259,313
	Investment-credit buyer financial institutions	Fixed 1.205% to 8.730%	Various until 2016	9,878,011	876,892	9,206,416	778,935
	Investment-credit suppliers	Fixed 5.50%	Various until 2004	-	-	27,683	2,342
TOTAL U.S. DOLLARS				$ 14,117,352	1,253,227	$ 14,263,329	1,206,789
IN EUROS: at the exchange rate of $15.3201 per Euro at Dec 2004 and $14.1630 at Dec 2003	Investment-credits buyer-	Fixed 4.582%	Various until 2013	$ 285,038	18,606	150,341	10,091
	Joint investment- credit	Fixed 2.00%		118,797	7,754	122,280	8,208
	Investment-other international organizations			4,203	274	35,182	2,362
TOTAL EUROS				$ 408,038	26,634	$ 307,803	20,661
IN SWISS FRANCS: at the exchange rate of $ 9.9241 per Swiss Franc at 2004 and $ 9.0833 at Dec 2003	Investment-credits buyer	Fixed 1.9218%	Various until 2009	$ 1,007,117	101,482	$ 386,515	40,452
	Joint Investment-credit	Fixed 0.645% to 5.596%	Various until 2014	1,647,950	166,055	1,765,458	184,772
				$ 2,655,067	267,537	$ 2,151,973	225,224
IN JAPANESE YEN: at the exchange rate of Japanese yen at $ 0.1101 in 2004 and $ 0.1048 at Dec 2003	Joint Investment-credit	Fixed 5.50%	Various until 2010	$ 925,482	8,405,830	$ 896,063	8,128,284
				$ 925,482	8,405,830	$ 896,063	8,128,284
Bond		3.83%	Various until 2032	3,523,200	32,000,000	3,527,679	32,000,000
Received from financial instruments, net (Note 10b)				(487,629)		(342,701)	
				$ 3,035,571	32,000,000	$ 3,184,978	32,000,000
TOTAL JAPANESE YEN:				3,961,053	40,405,830	4,081,041	40,128,284
		TOTAL EXTERNAL DEBT		$ 21,141,510		$ 20,804,146	

INTERNAL DEBT

Internal Debt	Credit Type	Weighted Average Interest Rate	Expiration	2004 Mexican Pesos	2004 Foreign Currency (thousands)	2003 Mexican Pesos	2003 Foreign Currency (thousands)
IN U.S DOLLARS: at the exchange rate of $11.2648 per US$1.00 at Dec 2004 and $ 11.2360 at Dec 2003	NAFIN - other international agencies	Cost of annual BID 10%	Various until 2014	2,158,363	191,602	$ 2,588,514	219,009
	NAFIN - BIRF	Fixed 7.10%	Various until 2007	1,920,085	170,450	$ 2,910,844	246,280
	Suppliers' Investment-Credits	Fixed 2.4563%	Various until 2004	-	-	$ 1,894	160
	Financial - Revolving Credits			59,122	5,248	$ 32,373	2,739
TOTAL U.S. DOLLARS				$ 4,137,570	$ 367,300	$ 5,533,625	$ 468,188
MEXICAN CURRENCY	Financial - Security issuance			742,697		$ 530,919	
		TOTAL Internal Debt		$ 4,880,267		$ 6,064,544	
	Summary						
	Total external debt			$ 21,141,510		$ 20,804,146	
	Total Internal debt			$ 4,880,267		$ 6,064,544	
	Total documented debt			26,021,777		$ 26,868,690	
	Total short-term			$ 3,766,962		$ 3,642,545	
	Total long-term			$ 22,254,815		$ 23,226,145	
	Total short and long-term			$ 26,021,777		$ 26,868,690	

The loan agreements establish obligations for borrowers, including the following:

- Provide the information requested by CFE for credit follow-up and supervision.
- Provide duly-signed quarterly interim financial statements that include analyses of the main collective accounts.
- Provide annual audited financial statements for the term of the credits, including the respective report and notes.

All these obligations have been met at December 31, 2004. Likewise, the credit agreements do not establish restrictions on the Entity's financial structure.

a. Short and long-term liabilities from documented liabilities expire as follows:

Year ending on December 31,		
2005	$	3,766,962
2006		7,420,852
2007		2,508,657
2008		2,046,048
2009		1,758,090
2010		1,381,756
Thereafter		7,139,412
	$	26,021,777

b. On September 17, 2003, CFE placed a bond on the Japanese market for 32 billion Japanese yen, at an annual 3.83% interest rate, with maturity in September 2032. At the same time, it also contracted an exchange rate swap through which it exchanged 32 billion Japanese yen for the amount of US$269,474,000 at the spot exchange rate of 118.75 Japanese yen per U.S. dollar, at the transaction date. As a result of this transaction, CFE pays an annual interest rate equal to 8.42% in U.S. dollars and receives an interest rate of 3.83% in Japanese yen. The effect of the swap is recorded in net comprehensive financing cost, under which a gain (loss) is applied against a loss (gain) derived from the underlying liability.

Furthermore, upon termination of the swap, CFE would have to purchase Japanese yen to amortize the issued bond. For such purpose, it has a purchase-sales strategy for yen-dollar exchange rate options ("Collar") to ensure that at September 20, 2032 it will be able to acquire Japanese yen at a maximum price of 27.8 Japanese yen per U.S. dollar, undertaking to pay a minimum of 118.75 Japanese yen per U.S. dollar.

If CFE decides to cancel the derivative financial instrument through the swap, at December 31, 2004 it would suffer an estimated loss of approximately US$ 29.3 million (market value). Such amount was estimated by J. Aron & Company based on the fair value of this instrument.

11. Employee retirement obligations

The Entity determines its liabilities and annual cost of seniority premium and retirements based on the actuarial study performed by independent experts in accordance with the bases defined in the plans, using the projected unit credit method.

The main items derived from the actuarial study obtained to quantify the retirement labor liabilities of CFE al December 31, 2004, are analyzed below:

	Retirements	Seniority premiums and other compensation	Total
Projected benefit obligations	$ 153,510,330	$ 27,285,250	$ 180,795,580
Accumulated benefit obligations	$ 142,402,714	$ 24,690,380	$ 167,093,094
Less - Plan assets	(2,272,131)	-	(2,272,131)
Current net liability	140,130,583	24,690,380	164,820,963
Unamortized intangible assets	(7,328,610)	-	(7,328,610)
	$ 132,801,973	$ 24,690,380	$ 157,492,353
Net periodic cost	$ 14,327,098	$ 3,236,980	$ 17,564,078

The amortization period for unamortized items is:

	Remaining years	
Item	**Retirements**	**Seniority premiums and other compensation**
Prior service costs resulting from plan amendments	12.64	-
Transition liability	10.41	6.55
Variances in assumptions	11.81	8.16

Net periodic cost is comprised of the following:

Service cost	$ 6,330,690
Amortization of unrecognized prior service cost	328,340
Amortization of unrecognized transition liability	1,682,160
Amortization of unrecognized variances in assumptions	3,745,318
Amortization of share gains/losses	101,370
Interest cost	5,567,000
Less - Actual return on plan assets	(190,800)
Net periodic cost	$ 17,564,078

The annual rates used to calculate projected benefit obligations and actual returns on plan assets, net of inflation, for 2004 were as follows:

Discount rate	3.50%
Salary increases rate	1.50%
Estimated long-term yield on plan assets	4.00%
Annual inflation rate	5.19%

The actuarial study performed by an independent expert, who was used to quantify the employee retirement liabilities for 2003, reports the following significant information:

	Values expressed in pesos of the 2004 close		
	Retirements	Seniority premiums and other compensation	Total
Projected benefit obligations	$ 137,345,881	$ 25,112,052	$ 162,457,933
Accumulated benefit obligations	$ 126,787,797	$ 22,640,552	$ 149,428,349
Less - Plan assets	(2,354,879)	-	(2,354,879)
Accumulated net liabilities	124,432,918	22,640,552	147,073,470
Unamortized intangible assets	(9,339,176)	-	(9,339,176)
	$ 115,093,742	$ 22,640,552	$ 137,734,294
Net periodic cost	$ 13,331,881	$ 3,645,892	$ 16,977,773

The annual rates used to calculate projected benefit obligations and yields on plan assets for 2003, net of inflation, were as follows:

Discount rate	3.50%
Salary increase	1.50%
Estimated long term yield on plan assets	4.00%
Annual inflation rate	3.98%

Increases to this reserve that were capitalized to construction in progress for the permanent employees working on the construction sites were $1,412,284 and $1,538,148 in 2004 and 2003, respectively (Note 7).

As of December 31, 2004 and 2003 plan assets consist of an investment in fixed income securities, which are allocated to provisionally finance the employee retirement liability, while a definitive strategy is defined to obtain additional resources for this purpose and begin to reduce the plan's underfunded status.

The liability derived from retirement obligations at December 31, 2004, increased with regard to December 31, 2003, primarily due to wage increases, benefits, the modification of the wage scale, an increased wage integration factor and the recognition of a certain degree of seniority for temporary workers. The effects have been recognized in the actuarial calculation.

12. Federal government transactions

Federal Government transactions during the years ended December 31, 2004 and 2003, that did not involve any cash flow activity, were the following:

	2004	2003
Duties payable by CFE determined by applying a 9% rate on net fixed assets in operation of the prior year	$ (47,375,019)	$ (47,087,559)
Non-cash subsidies from the Federal Government to supplement deficient rates	60,257,617	60,773,710
Shortfall of duties over non-cash transfers to supplement deficient rates	$ 12,882,598	$ 13,686,151

13. Distribution of restated equity

As mentioned in Note 2o, the restatement of equity is distributed among each of its different components as shown below:

	Nominal value	Restatement	Total
Accumulated earnings from prior years	$ 31,375,582	$ 336,411,066	$ 367,786,648
Contributions received	3,321,651	87,153	3,408,804
Net loss for the year	(8,471,833)	158,167	(8,313,666)
Insufficiency in restated equity	-	(3,743,899)	(3,743,899)
	$ 26,225,400	$ 332,912,487	$ 359,137,887

14. Comprehensive loss

The comprehensive loss for the years ended December 31, 2004 and 2003 is as follows:

	2004	2003
Loss according to statements of operations	$ (8,313,666)	$ (6,336,840)
Insufficiency in restated equity	(3,147,543)	(3,699,578)
Correction to restatement of fixed assets (Note 2p)	3,316,680	5,656,792
Additional liability of pension plans	(8,322,956)	(3,191,560)
Shortfall of duties over non-cash transfers from the Federal Government	(12,882,598)	(13,686,151)
	$ (29,350,083)	$ (21,257,337)

15. Other income (expenses), net

Other income (expenses), net in 2004 and 2003 consist of the following:

	2004	2003
Other income	$ 2,701,388	$ 1,782,487
Other expenses	(1,658,737)	(2,907,430)
Independent energy producers, net	444,345	(111,750)
	$ 1,486,996	$ (1,236,693)

16. Income tax on distributable remnant

During 2004 and 2003, income tax due on the distributable remnant was $898,054 and $842,353, respectively, which was determined as provided for in Articles 95 and 102 of the Income Tax Law. This tax is presented in the statements of operations.

17. Foreign currency position

At December 31, 2004 CFE had foreign currency denominated assets and liabilities (all amounts stated in thousands) as shown below:

	Assets	Liabilities				
	Cash and temporary investments	Suppliers	Internal debt	External debt	Capital lease obligations and PIDIREGAS	Total
US dollars	82	8,055	367,301	1,253,227	3,736,032	(5,364,533)
Euros	-	-	-	26,634	32,796	(59,430)
Japanese yen	1,118,514	-	-	40,405,830	-	(39,287,316)
Swiss francs	-	-	-	267,537	-	(267,537)

These foreign currency denominated assets and liabilities were translated into Mexican pesos at the exchange rate established by the General Office of Government Accounting, an agency of the SHCP, in accordance with the administrative directive denominated “Foreign currency exchange rates for accounting closes at December 31, 2004”, as shown below

Currency	2004	2003
US dollar	$ 11.2648	$ 11.2360
Euro	15.3201	14.1630
Japanese yen	0.1101	0.1048
Swiss franc	9.9241	9.0833

As of March 18, 2005 exchange rate trends continue to adversely affect the Entity.

18. Extraordinary item

In December 2004, through the Assistant Revenues Department, SHCP requested that the Entity pay a one-time extraordinary government charge of $14,500 million in conformity with the Organic Public Federal Administration Law of the current Federal Incomes Law and the Internal Regulations of the Treasury Department. CFE made the requested payment to the Federal Treasury on December 17, 2004, recording the amount paid as an extraordinary item in the statement of operations.

19. Contingencies

On August 16, 2002, the Executive Branch of the Federal Government sent the draft for constitutional and legal amendments for the electric utility industry to the Mexican Senate of the Federal legislative branch. At the date of issue of these financial statements, the amendments are still under discussion, and the possible impact of such discussions on the figures presented is unknown.

20. Commitments

Contracts signed with independent energy producers - As of December 31, 2004, 21 contracts have been signed with private investors, denominated independent energy producers, establishing the obligation for CFE to pay different considerations in exchange for which the latter guarantee to supply the energy service based on a previously established generation capacity through power plants financed and constructed on their own account.

Such contracts contain a contingency clause, whereby CFE undertakes to early pay the investor the value of his assets at the date of noncompliance with any of the assumptions contained in this clause, in accordance with the calculation methodology established in the contract in question.

Furthermore, CFE is exposed to certain inherent risks including the following:

Inherent risks of CFE:

- Electricity market risks
- Legal amendments

Inherent risks of independent energy producers:

- Obtaining financing and project cost variations
- Compliance with critical events
- Penalties imposed for noncompliance with the guaranteed net capacity
- Noncompliance with operating guarantees
- Generating plant operating risks

As mentioned previously, the basic information on the power plants contracted under these conditions, which will generate variable future payments for the purchase of electric power and generation capacity, is as follows:

Plant	Contract Term (in years)	Generating Capacity (in MW)	Scheduled dates for entry into commercial operation
CC Mérida III	25.5	484.0	June 9, 2000 Phase I and October 14, 2000 Phase II
CC Río Bravo II (Anáhuac)	25.0	495.0	January 18, 2002
CC Hermosillo	25.0	250.0	October 1, 2001
CC Saltillo	25.0	247.5	November 19, 2001
CC Bajío (El Sauz)	25.0	495.0	March 9, 2002
CC Bajío (complementary generation)	5.0	82.0	March 9, 2002
CC Tuxpan II	25.0	495.0	December 15, 2001
CC Monterrey III	25.0	449.0	March 27, 2002
CC Altamira II	25.0	495.0	May 1, 2002
CC Campeche	25.0	252.4	May 28, 2003
CC Naco – Nogales	25.0	258.0	October 4, 2003
CC Mexicali	25.0	489.0	July 20, 2003
CC Chihuahua III	25.0	259.0	September 9, 2003
CC Tuxpan III y IV	25.0	983.0	May 23, 2003
CC Altamira III y IV	25.0	1,036.0	December 24, 2003
CC Río Bravo III	25.0	495.0	April 1, 2004
CC Río Bravo IV	25.0	500.0	April 1, 2005
CC La Laguna II	25.0	498.0	April 22, 2005
CC Altamira V	25.0	1,121.0	November 1, 2006
CC Tuxpan V	25.0	495.0	September 1, 2006
CC Valladolid III	25.0	525.0	June 1, 2006

The CFE obligation for future payments includes: a) rules to quantify the acquisition price of the power plants in the event of a contingency classified as force majeure in the terms of each contract, applicable from the construction stage of each project to the conclusion of the contracts and b) fixed charges for energy generating capacity, and variable charges for operation and maintenance of the power plants, which are determined based on variable terms established in the contracts, applicable from the start-up testing stage to conclusion of the contracts.

Furthermore, there are obligations derived from contracts executed with third parties owning the gas pipelines, denominated Ciudad PEMEX – Valladolid and Samalayuca, and the Terminal de Carbón de la C.T. Pdte. Plutarco Elías Calles, for which CFE also agrees to pay various considerations, while the latter guarantee the transport of gas through the gas pipelines and the reception, transportation and handling of coal, in the case of the Terminal de Carbón.

Pursuant to the foregoing, as of December 31, 2004, CFE has a commitment of $138,355 million, equivalent to US $12,282 million, which includes the fixed capacity charge in operation, related to the servicing and settlement of the debt acquired by the producer, and reflects the payments which CFE will have to make to the independent producer for having available electric power generating capacity for the Entity. CFE has additional commitments, in the event of an act of God or force majeure, and other noncompliance events, on the understanding that the calculation of the amounts takes into account certain contractual considerations that depend on the contract termination causes, with an amount of $62,146 million, equivalent to US $5,517 million, recorded in memoranda accounts at the aforementioned date.

Natural gas supply contract - On October 1, 2003, CFE contracted the supply of liquid gas (LP gas) with Gas del Litoral, S. de R.L. de C.V. based on the LP gas storage and regassing plant located at the delivery points of the National Gas Pipeline System (SNG) and at Altamira V, in the zone of Altamira, Tamaulipas.

Delivery conditions are as follows: from October 1, 2006 to December 31, 2006, 300 million cubic feet by volume, and on January 1, 2007, the contract termination date, 500 million cubic feet by volume.

With regard to price, the aforementioned natural gas supply contract must be consulted due to the significant number of variables established in the formula used to calculate the monthly payment, together with other considerations used to determine the net gas supply payment.

Contracted liabilities are settled in Mexican pesos and the respective prices determined on a monthly basis according to the following items: reference price plus the transportation tariff and other costs. The reference price depends on the location of the thermoelectric plant and the average southern Texas-NYMEX international price established in U.S. dollars and converted based on the exchange rate in effect on the transaction date.

The main restrictions and clauses are, for each day of delay affecting the gas supply a penalty equal to 30% of the daily natural gas supply will be applied. Accordingly, the 30% daily rate will be applied to the contractual natural gas value for each day of delay during the first 120 days following the supply deadline. A penalty equal to 30% of the daily natural gas supply is also applicable to any supply deficit, as detailed in exhibit 4 of the respective contract.

Trusts and lease agreements - Since 1996 CFE has executed a variety of trust agreements with different Mexican finance institutions, which act as trustees, and with private sector companies. In these trust agreements, such private companies participate as constructors of investment projects in energy generating plants, electricity sub stations and energy transmission lines, under the concept of Construction, Leasing and Transfer ("CAT"), through financing obtained domestically and abroad, in order to lease these assets subsequently to the Entity through lease agreements, whose assets will belong to CFE upon expiration of such agreements.

Since 2001 the projects received by CFE refer to the Financed Public Construction (Obra Pública Financiada, “OPF”) program, whose electric power generation infrastructure is such that once the project begins commercial operations, CFE receives title and takes over its operation and maintenance, paying the constructor in a lump sum settlement as established in the contract when the construction work is provisionally accepted. CFE has been contracting direct loans to pay for these projects.

All construction of the plants, installations and equipment, and the loans obtained during the construction period, are the sole responsibility of the winning bidder, for which reason CFE is held harmless from any related liability and/or risk.

Given the above, as of December 31, 2004, CFE has signed different lease agreements whose payment commitments will begin on the dates that the private investors complete construction of each of the investment projects and deliver the assets to the Entity for operation. The estimated amounts of these lease agreements and the estimated termination dates of the construction and commencement of operation are those shown in the following table:

Transmission and Substations

Project	Capacity	Estimated amount of the contract expressed in thousands of		Start-up or construction conclusion
		US dollars	Mexican pesos	
L. T. 615 Subtransmisión Peninsular F 2 (DIST)	78.9 Km - c	12,460	$ 140,359	April 2005
SE 402 Oriental Peninsular (DIST) F 2	80.0 MVA	4,470	50,354	Jun 2005
L. T. 614 Subtransmisión Oriental F 2 (DIST)	8.4 Km - c 30.0 MVA	4,000	45,059	Jun 2005
L. T. 706 Sistemas Norte F 1	395.6 Km - c 1,233.3 MVA	78,250	881,471	July 2005
L. T. 609 Transmisión Noroeste Occidental	830.1 Km - c 375.0 MVA	105,990	1,193,956	July 2005
SE 722 Norte (DIST)	120.0 MVA	7,700	86,739	August 2005
L. T. 704 Proyectos Baja California -Noroeste (DIST)	7.5 Km - c 80.0 MVA	6,690	75,362	September 2005
L. T. 611 Subtransmisión Baja California - Noroeste F 2	110.0 MVA	7,050	79,417	September 2005
L. T. 709 Sistema Sur	302.9 Km - c 2,115.0 MVA	92,850	1,045,937	October 2005
L. T. 807 Durango I	217.4 Km - c	31,940	359,798	January 2006
L. T. 723 Líneas Centro (DIST)	16.9 Km - c 40.0 MVA	6,300	70,968	March 2006
L. T. 702 Proyectos Sureste Peninsular (DIST)	26.0 Km - c 50.0 MVA	8,820	99,356	March 2006
L. T. 715 Red Asociada a CC Tamazunchale	397.1 Km - c 375.0 MVA	101,230	1,140,336	July 2006
SLT 801 Altiplano	139.7 Km - c 1,000.0 MVA	40,700	458,477	July 2006
L. T. 710 Red Asociada a CC Altamira V	508.6 Km - c	190,470	2,145,606	August 2006

Generating facilities

Project	Capacity	Estimated amount of the contract expressed in thousands of		Estimated date for commencement of operation
		US dollars	Mexican Pesos	
C. H. Manuel Moreno Torres (2 stages)	930.0 MW	114,800	$1,293,199	January 2005
C. C. Río Bravo IV	500.0 MW	290,000	3,266,792	April 2005
C. C. La Laguna II (2 modules of 225 MW each)	498.0 MW	346,000	3,897,621	April 2005
C. C. Hermosillo (Conversion TG to CC)	88.0 MW	77,000	867,390	May 2005
C. C. Valladolid III	525.0 MW	266,000	2,996,437	Jun 2006
C. C. El Encino (Conversión TG to CC)	65.0 MW	74,500	839,228	August 2006
C .C. Tuxpan V	495.0 MW	292,700	3,297,207	September 2006
C .C. Altamira V	1,121.0 MW	572,000	6,443,466	November 2006
C. C. I. Baja California Sur II	37.5 MW	65,300	735,591	January 2007
C. H. El Cajón	750.0 MW	748,300	8,429,450	May 2007

These contracts are executed under the PIDIREGAS program (Note 2g) and CFE will apply the accounting policy for the purposes of these financial statements in accordance with MEXGAAP; the total amount of each of the contracts must be recorded in books when the risks and benefits of the assets are transferred to CFE.

"CH El Cajón" Hydroelectric Project - On March 14, 2003 the government announced the winner of the public bid for construction of the "CH El Cajón" hydroelectric project located in the State of Nayarit, which will be developed with long-term private financing.

The winning bid was US $748.3 million, submitted by the consortium of Constructora Internacional de Infraestructura, S.A. de C.V., comprising the companies Ingenieros Civiles Asociados, S.A. de C.V., Promotora e Inversora ADISA, S.A. de C.V., La Peninsular Compañía Constructora, S.A. de C.V. and Energo-Machkexport-Power Machines. The contract signing date was March 26, 2003, and the construction work began on that date. El Cajón will have an installed capacity of 750 MW in nominal power, in two generating units, the first of which must begin operations at the end of February 2007 and the second in May 2007.

21. New accounting principles

In May 2004, the IMCP issued Bulletin B-7, "Business Acquisitions" ("B-7"), whose application is mandatory for financial statements of periods beginning on January 1, 2005, although early adoption is encouraged. B-7 provides updated rules for the accounting treatment of business acquisitions and investments in associated entities. It establishes, among others; the adoption of the purchase method as the only accounting method for business combinations; it eliminates the amortization of goodwill, which is now subject to the impairment rules; it establishes rules for the accounting treatment of asset transfers or share exchange among entities under common control as well as for the acquisition of minority interest based on the provisions of Bulletin B-8, "Consolidated and combined financial statements and valuation of permanent investments in shares".

In April 2004, the IMCP issued Bulletin C-10, "Derivative instruments and hedging activities" ("C-10"), whose application is mandatory for financial statements of periods beginning on January 1, 2005, although early adoption is encouraged. In general, C-10 establishes that for fair value hedges, any variances in the fair value, both of the derivative and the underlying, must be reflected in current earnings when such variances occur; for cash flow hedges, the effective portion of fair value variances must be recognized in other comprehensive income in stockholders' equity, while the ineffective portion must affect current earnings.

With respect to derivative financial instruments, C-10 establishes the conditions that must be met for an instrument to be considered as such, and revises and adds definitions. It also includes rules regarding the elements involved in hedging activities, including the formal documentation at the inception of each hedge and measurement of its effectiveness during its term, among others; C-10 classifies hedges into three categories: a) fair value hedges, b) cash flow hedges and c) foreign currency hedges, and provides specific rules by type of hedge, for their valuation, recognition, presentation and disclosure.

In April 2004, the IMCP issued Amendments to Bulletin C-2, "Financial instruments" ("C-2"), whose application is mandatory for financial statements of periods beginning on January 1, 2005, although early adoption is encouraged. Revised C-2 basically establishes that any variances in the fair value of financial instruments classified as available for sale must be recognized in other comprehensive income and reclassified to current earnings upon sale of such instruments; revised C-2 includes the possibility of making transfers among some of the categories under which financial instruments are classified, provided that conditions and rules for their accounting recognition are met. It also extends the applicability of impairment rules to financial instruments available for sale and provides more precise rules for their recognition.

In January 2004, the IMCP issued revised Bulletin D-3, "Labor obligations" ("D-3"), which replaces the concept of unforeseen severance payments that are recognized in earnings of the period in which the payment decision is made, with that of "Severance payments at the end of the work relationship", defined as payments granted to employees when they conclude their labor relationship before reaching retirement age, for which the valuation and disclosure rules applicable to pension and seniority premium payments must be followed.

Revised D-3 is mandatory as of January 1, 2005, but grants the option to immediately recognize in earnings the resulting transition asset or liability, or to amortize it over the average remaining labor life of employees.

Management considers that the adoption of these new accounting principles at January 1, 2005 will not affect the Entity's financial position and results.

Ing. Alfredo Elías Ayub General Director	Lic. Francisco J. Santoyo Vargas Finance Director
C.P. Conrado Villalobos Diaz Deputy-direction of Finance Control	C.P. Oscar H. Lara Andrade Accounting Manager

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