

**COMISION FEDERAL DE ELECTRICIDAD
(A Decentralized Public Agency
of the Federal Government)
FINANCIAL STATEMENTS FOR THE YEARS
ENDED DECEMBER 31, 2007 AND 2006
AND INDEPENDENT AUDITORS' REPORT**



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To the Public Function Department
and the Governing Board of
Comisión Federal de Electricidad

We have audited the balance sheet of Comisión Federal de Electricidad (a Decentralized Public Agency of the Federal Government) (the "Agency" or "CFE"), as of December 31, 2007, and the related statements of operations, changes in net worth and changes in financial position for the year then ended. Such financial statements are the responsibility of the management of the Agency. It is our responsibility to express an opinion on these statements based on our audits. The financial statements for the year ended December 31, 2006 were audited by another public accountant, who expressed an unqualified opinion on March 12, 2007.

We conducted our audit in accordance with auditing standards generally accepted in Mexico, which require that we plan and conduct the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and that they are prepared in accordance with Mexican financial reporting standards. An audit consists of examining, on a test basis, the evidence supporting the figures and disclosures in the financial statements. An audit also includes evaluating the financial reporting standards used, the significant estimates made by management and the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, separate financial statements have been prepared and issued to be used in the preparation of the Federal Public Spending Account.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Comisión Federal de Electricidad as of December 31, 2007, and the results of its operations, changes in its net worth and changes in its financial position for the year then ended, in conformity with Mexican financial reporting standards.

CASTILLO MIRANDA Y COMPAÑÍA, S. C.

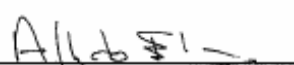
C.P.C. Luis R. Michel Domínguez

Mexico City
March 3, 2008

COMISIÓN FEDERAL DE ELECTRICIDAD
(A Decentralized Public Agency of the Federal Government)
BALANCE SHEETS
AS OF DECEMBER 31, 2007 AND 2006
(In thousands of pesos of purchasing power as of December 31, 2007)

A S S E T S	<u>2 0 0 7</u>	<u>2 0 0 6</u>	L I A B I L I T I E S	<u>2 0 0 7</u>	<u>2 0 0 6</u>
CURRENT:			SHORT-TERM:		
Cash and temporary investments (Note 4)	\$ 30,327,470	\$ 18,819,264	Current portion of documented debt (Note 11)	\$ 6,550,416	\$ 3,365,949
Accounts and notes receivable:			Current portion of leasing of plants, installations, equipment and PIDIREGAS (Note 12)	8,073,786	7,147,406
Consumers and other debtors, net (Note 5)	39,911,543	38,177,418	Suppliers and contractors	19,740,606	16,798,846
Luz y Fuerza del Centro (Note 6)	<u>4,386,437</u>	<u>4,016,543</u>	Taxes and fees payable (Note 13)	2,669,083	2,074,424
	<u>44,297,980</u>	<u>42,193,961</u>	Other accounts payable and accumulated liabilities	10,357,541	9,030,057
Materials for operations, net (Note 7)	<u>18,780,948</u>	<u>19,652,700</u>	Deposits of users and contractors	<u>8,826,353</u>	<u>6,355,890</u>
Total current assets	93,406,398	80,665,925	Total short-term liabilities	56,217,785	44,772,572
LONG-TERM LOANS TO WORKERS	3,425,211	3,094,387	Documented debt (Note 11)	18,849,775	22,471,566
PLANTS, INSTALLATIONS AND EQUIPMENT, net (Note 8)	641,208,176	632,496,015	Derivative financial instruments (Note 9)	6,164,559	6,930,584
DERIVATIVE FINANCIAL INSTRUMENTS (Note 9)	5,395,417	5,832,668	Leasing of plants, installations, equipment and PIDIREGAS (Note 12)	58,696,772	50,634,880
OTHER ASSETS	7,015,224	6,600,623	Other long-term liabilities (Note 14)	5,433,100	5,645,008
INTANGIBLE ASSETS DERIVED FROM LABOR OBLIGATIONS (Note 10)	13,531,190	15,846,687	Employee retirement obligations (Note 10)	<u>241,242,702</u>	<u>216,577,104</u>
			Total liabilities	<u>386,604,693</u>	<u>347,031,714</u>
			N E T W O R T H (Note 16)		
			Accumulated net worth	459,880,417	454,837,369
			Contributions received	5,478,295	4,912,981
			Net (loss) income for the year	(7,457,695)	2,158,583
			Insufficiency in restated net worth	(8,007,084)	(5,253,774)
			Effect on net worth due to labor obligations	<u>(72,517,010)</u>	<u>(59,150,568)</u>
			Total net worth	<u>377,376,923</u>	<u>397,504,591</u>
Total assets	<u>\$ 763,981,616</u>	<u>\$ 744,536,305</u>	Total liabilities and net worth	<u>\$ 763,981,616</u>	<u>\$ 744,536,305</u>

The accompanying notes form an integral part of these financial statements.




Ing. Alfredo Elias Ayub
General Director



Lic. Francisco J. Santoyo Vargas
Chief Financial Officer



C.P. Cerrado Villalobos Diaz
Deputy Director of Financial Control



C.P. Oscar Lara Andrade
Accounting Manager


COMISIÓN FEDERAL DE ELECTRICIDAD
(A Decentralized Public Agency of the Federal Government)
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(In thousands of pesos of purchasing power as of December 31, 2007)

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Revenues from sale of energy	\$ <u>225,744,360</u>	\$ <u>219,482,553</u>
Costs and expenses:		
From exploitation	171,585,640	164,902,391
Depreciation	25,407,344	23,406,577
Administrative expenses	4,360,031	4,857,942
Net cost for the year from labor obligations	<u>22,679,432</u>	<u>23,368,527</u>
Total operating costs and expenses	<u>224,032,447</u>	<u>216,535,437</u>
Income from operations	1,711,913	2,947,116
Other (expenses) revenues, net (Note 17)	(2,136,134)	3,749,233
Income tax on distributable remnant (Note 18)	(1,451,759)	(905,020)
Insufficiency of the charge for transfers from the Federal Government to complement deficit rates (Note 19)	1,593,727	132,072
Comprehensive result of financing (Note 20)	(1,972,540)	(3,764,818)
Tax regularization program (Note 21)	<u>(5,202,902)</u>	<u> </u>
Net (loss) income for the year	<u>\$ (7,457,695)</u>	<u>\$ 2,158,583</u>

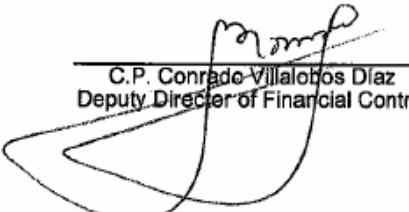
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COMISIÓN FEDERAL DE ELECTRICIDAD
(A Decentralized Public Agency of the Federal Government)
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(In thousands of pesos of purchasing power as of December 31, 2007)


	Accumulated net worth	Contributions received	Net (loss) income for the year	Insufficiency in restated net worth	Effect on the net worth due to labor obligations	Total
BALANCES AS OF DECEMBER 31, 2005	\$ 446,367,978	\$ 4,480,702	\$ 5,219,646	\$ (2,695,380)	\$ (64,040,464)	\$ 389,332,482
Transfer of balances from the previous year, approved by the Governing Board	9,700,348	(4,480,702)	(5,219,646)			
Contributions received during 2006 from State and Municipal Governments and others		4,912,981				4,912,981
Insufficiency of charge for transfers from the Federal Government (Note 19)	(132,072)					(132,072)
Comprehensive income (Note 22)	(1,098,885)		2,158,583	(2,558,394)	4,889,896	3,391,200
BALANCES AS OF DECEMBER 31, 2006	454,837,369	4,912,981	2,158,583	(5,253,774)	(59,150,568)	397,504,591
Transfer of balances from the previous year, approved by the Governing Board	7,071,564	(4,912,981)	(2,158,583)			
Contributions received during 2007 from State and Municipal Governments and others		5,478,295				5,478,295
Insufficiency of charge for transfers from the Federal Government (Note 19)	(1,593,727)					(1,593,727)
Comprehensive loss (Note 22)	(434,789)		(7,457,695)	(2,753,310)	(13,366,442)	(24,012,236)
BALANCES AS OF DECEMBER 31, 2007	<u>\$ 459,880,417</u>	<u>\$ 5,478,295</u>	<u>\$ (7,457,695)</u>	<u>\$ (8,007,084)</u>	<u>\$ (72,517,010)</u>	<u>\$ 377,376,923</u>

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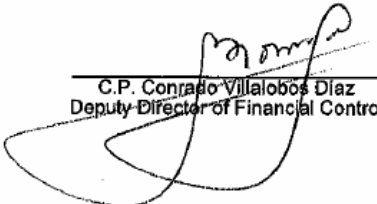
COMISIÓN FEDERAL DE ELECTRICIDAD
(A Decentralized Public Agency of the Federal Government)
STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(In thousands of pesos of purchasing power as of December 31, 2007)

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
OPERATING ACTIVITIES:		
Net (loss) income for the year	\$ (7,457,695)	\$ 2,158,583
Add (less) items that did not require (generate) resources:		
Depreciation	25,407,344	23,406,576
Net cost for the year from labor obligations	22,679,432	23,368,527
Other long-term liabilities	(211,908)	(173,045)
Insufficiency of charge for virtual transfers from the Federal Government to complement deficit rates (Note 13)	<u>(1,593,727)</u>	<u>(132,072)</u>
	<u>38,823,446</u>	<u>48,628,569</u>
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Consumers and other debtors	(1,734,125)	(4,826,574)
Luz y Fuerza del Centro	(369,894)	732,495
Materials for operations	871,752	(706,500)
Increase (decrease) in:		
Suppliers and contractors	2,941,760	(1,512,174)
Taxes and fees payable	594,659	(149,417)
Other accounts payable and accumulated liabilities	1,327,484	(116,758)
Deposits of users and contractors	2,470,463	733,582
Employee retirement obligations	<u>(12,252,877)</u>	<u>(11,259,840)</u>
	<u>(6,150,778)</u>	<u>(17,105,186)</u>
Resources provided by operating activities	<u>32,672,668</u>	<u>31,523,383</u>
FINANCING ACTIVITIES:		
Documented debt	(437,324)	(1,750,217)
Financial instruments	(766,025)	(50,763)
Debt from leasing of plants, installations and equipment and PIDIREGAS, net	8,988,271	(862,008)
Contributions received	<u>5,478,295</u>	<u>4,912,981</u>
Resources generated by financing activities	<u>13,263,217</u>	<u>2,249,993</u>
INVESTING ACTIVITIES:		
Additions of plants, installations and equipment, less net value of retirements	(34,119,505)	(27,153,655)
Other assets	(414,601)	(574,541)
Financial instruments	437,251	450,072
Long-term loans to workers	<u>(330,824)</u>	<u>(31,912)</u>
Resources used in investing activities	<u>(34,427,679)</u>	<u>(27,310,036)</u>
Cash and temporary investments:		
Increase	11,508,206	6,463,340
Balance at the beginning of the year	<u>18,819,264</u>	<u>12,355,924</u>
Balance at the end of the year	<u>\$ 30,327,470</u>	<u>\$ 18,819,264</u>

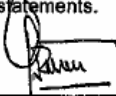
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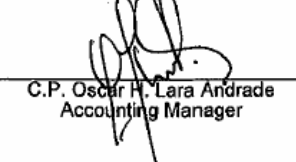
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COMISIÓN FEDERAL DE ELECTRICIDAD
(A Decentralized Public Agency of the Federal Government)
NOTES TO THE FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2007 AND 2006
(In thousands of pesos of purchasing power as of December 31, 2007)

1. COMPLIANCE WITH FINANCIAL REPORTING STANDARDS

The accompanying financial statements have been prepared in conformity with Mexican Financial Reporting Standards (initials in Spanish, NIF), issued by the Mexican Board for the Research and Development of Financial Reporting Standards (initials in Spanish, CINIF).

The CINIF is an independent agency created in 2002, whose principal objectives are to develop the NIF, carry out the processes for their investigation, discussion, issuance and dissemination, and bring about their convergence with International Financial Reporting Standards (IFRS).

As of June 1, 2004, the CINIF replaced the Accounting Principles Board of the Mexican Institute of Public Accountants as the body responsible for issuing accounting regulations.

Financial statements have been prepared and issued separately to be used in the preparation and completion of the Federal Public Spending Account, in compliance with Financial Reporting Standard 009B (NIFG 009B), issued jointly by the Treasury Department (SHCP) and the Public Function Department (SFP).

2. ACTIVITIES OF THE AGENCY, CREATION AND SIGNIFICANT EVENTS

a. Activities of the Agency and creation

Comisión Federal de Electricidad ("CFE" or "the Agency") is a Decentralized Public Agency of the Federal Government, of a technical, industrial and commercial nature, with its own legal personality and net worth, created by Decree of the Federal Congress on August 14, 1937, and published in the Federal Official Gazette ("DOF") on August 24 that year (which repealed the Decree of the Federal Congress of December 29, 1933, published in the DOF on January 29, 1934). The purpose of the agency is to render in Mexico the public electrical energy service, which consists of: generating, conducting, transforming, distributing and supplying electrical energy, and the planning and performance or the construction, installations and works required by the national electricity system in terms of planning, execution, operation and maintenance, with the appropriate participation of independent energy producers, as established in the Public Electric Energy Service Law and its Regulations. Also, on February 28, 2006, the Agency amended different numerals of the organic bylaws to modify the corporate purpose and be able to render the telecommunications service in the terms of the Federal Telecommunications Law.

The responsibility for the provision of the public electrical energy service is shared by CFE and another Decentralized Public Agency of the Federal Government, denominated Luz y Fuerza del Centro ("LFC"), which is responsible for the distribution and sale of all the energy consumed, mainly in the metropolitan area of Mexico City and certain adjoining States, and to a lesser degree, certain activities of energy generation and transmission. Approximately 95% of the energy that is distributed and sold by LFC in its area of influence is purchased from CFE.

The rights applicable to the sale of electrical energy in Mexico are defined and authorized by the Federal Government, through the Under Department of Revenues of the Treasury Department ("SHCP").

b. Significant events

- In previous years the Tax Administration Service (SAT) notified the Agency of the assessment of different tax liabilities owed by the CFE for noncompliance with tax provisions in terms of income tax (ISR) and value-added tax (IVA) for the years from 1998 through 2003.

Given that there were sound arguments to defend the interests of CFE, these liabilities were legally challenged by the Agency's attorneys; consequently, up to the year 2006 no provision was created. During the year 2007, the assumptions which supported the legal arguments changed with the issuance of new rulings by the Mexican Supreme Court.

By the same token, through the Federal Revenues Law the SAT promoted a tax liability forgiveness program, which the CFE decided to apply due to the significant reduction in the debts payable; also, in conjunction with the above, the Agency performed the self-correction process for the years 2003 to 2007.

Pursuant to the foregoing, MX\$ 13,996 million of an accumulated amount of MX\$ 19,088 million was forgiven, for which reason a payment of MX\$ 5,202,902 was made, which amount is presented in the 2007 results as a non-ordinary item.

- The natural disasters which took place during November 2007 led the CFE to grant support to users in the State of Tabasco 2007, in order to forgive debts owed by such users, provided that they pay for the amounts of energy consumed as of the date on which the forgiveness agreement is executed. For this reason, the Agency increased the reserve for the forgiveness of debts by \$ 2,820,585, which amount is equal to the debts owed by the users at the date of the disasters.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The accounting policies followed by the Agency are in conformity with the NIF issued by the CINIF, which require the Agency's management to make certain estimates and use certain assumptions to value some of the items in the financial statements and the required disclosures. However, actual results may differ from such estimates. The Agency's management believes that the estimates made and the assumptions used were adequate under the circumstances.

The principal accounting policies followed by the Agency are as follows:

a. Recognition of the effects of inflation

The Agency recognizes the effects of inflation by restating its financial statements in terms of pesos of purchasing power of the date of the last balance sheet presented. Consequently, the financial statements of the prior year, which are presented for purposes of comparison, have also been restated in terms of the same purchasing power and their figures differ from those originally presented. The recognition of the effects of inflation results mainly in gains or losses for inflation on nonmonetary and monetary assets, which are presented in the financial statements under certain headings.

b. Cash and temporary investments

These consist mainly of bank deposits in checking accounts and daily investments of cash surpluses which are immediately available. They are valued at face value, and the yields generated are recognized in results as they are accrued.

Temporary investments refer to easily realizable investments with very short-term maturities, which are valued at fair value

c. Inventory of materials for operations and cost of consumptions

The inventories of materials for operations are recorded originally at their acquisition cost and subsequently at average acquisition cost, and their final monthly balances, as well as their related consumption, are restated using the National Consumer Price Index ("INPC").

d. Plants, installations and equipment

These are recorded at their acquisition and/or construction cost, including the following items as part of the cost: administrative expenses of corporate directly related to the construction and installation of assets; costs of retirement and seniority premium related to full-time employees of the construction areas and the depreciation of the equipment used in the construction and installation of the assets

Up to December 31, 1996, the assets were restated at replacement values, through the use of capital pricing indexes of the electricity industry, determined by specialized experts of CFE, except for construction in progress, which continued to be restated using this method up to the close of 1998. As of January 1, 1997, such assets, as well as those acquired at that date, are restated by the historical costs method of adjustments for changes in general price levels, applying inflation factors derived from the INPC, taking as base the replacement values determined at the close of the year 1996, and their acquisition and/or construction cost for those acquired as of that date.

The fixed assets acquired under the PIDIREGAS programs are restated based on the movement of the exchange rate of the contracting currency, which is equivalent to specific cost.

The depreciation of operating plants, installations and equipment is calculated by the straight-line method on the basis of the restated values, and is recorded as of the first day of operations of the assets, considering depreciation rates based on the useful lives of the assets, determined by specialized technicians of the CFE, as follows:

	<u>Annual rate%</u>
Power plants-geothermal	From 2 al 3.70
Power plants-steam	From 1.33 al 2.86
Power plants-hydroelectric	From 1.25 al 2.50
Power plants-internal combustion	From 1.33 al 3.03
Power plants-gas turbo and combined cycle	From 1.33 al 3.03
Power plant-nuclear	From 1.33 al 2.86
Substations	From 1.33 al 2.56
Transmission lines	From 1.33 al 2.86
Distribution networks	From 1.67 al 3.33

The real estate properties and assets intended for general offices and services are depreciated based on the rates authorized under the Income Tax Law.

e. Impairment of long-lived assets in use

The Agency revises the book value of long-lived assets in use, in the presence of any indicator of impairment that might show that the related book value cannot be recovered, considering the higher of the present value of the net future cash flows or the selling price, in the event of their eventual disposal. The impairment indicators that are considered for these purposes are, among others, losses from operations or negative cash flows in the period if they are combined with a history or projection of losses, which in percentage terms, in relation to revenues, are substantially higher than those of prior years, the effects of obsolescence, competition and other economic and legal factors. As of December 31, 2007, the flows of resources generated by the cash generating units support the recognized value of the long-lived assets.

f. Long-term productive infrastructure projects ("PIDIREGAS")

In 1996 the CFE began investment projects to construct revenue-generating assets under direct budgetary control with long-term private financing.

At the time of the delivery of the construction work derived from the contract, as received to the satisfaction of the CFE, the asset is recorded in the leasing equipment account, together with the total liability derived from the value of the asset.

The assets acquired through capital leases, as well as the related obligation, are recorded at the lower of the present value of the minimum payments and the market value of the asset leased at the starting date of the lease.

g. Derivative financial instruments

The Agency values all derivatives on the balance sheet at fair value or market value ("mark to market"). When the derivatives are designated as hedges, the recognition of the fair value depends on whether the hedge is fair value or cash flow.

The derivatives designated as hedges recognize the changes in fair value as follows: (1) if they are fair value, the fluctuations of both the derivative and the item hedged are recorded against results, or, (2) if they are cash flow, they are temporarily recognized in comprehensive income (loss) and are reclassified to results when the item hedged affects them. The ineffective portion of the change in fair value is recognized immediately in results, regardless of whether the derivative is designated as a fair value or cash flow hedge.

The Agency mainly uses interest rate and foreign exchange "swaps" and foreign exchange forwards contracts to manage its exposure to exchange-rate and foreign currency fluctuations. CFE formally documents all its hedging relationships, describing the risk management objectives and strategies for carrying out transactions with derivatives. The policy of the Agency is to avoid performing speculative transactions with derivative financial instruments.

Certain derivative financial issues, although they are contracted with hedging purposes from an economic perspective, have not been designated as hedges for accounting purposes, but as negotiable securities. The fluctuation in the fair value of these derivatives is recognized in results as part of the comprehensive result of financing.

h. Other long-term liabilities

As required by law, when the operating service of a nuclear installation terminates (due to expiration of the license), it must be dismantled for security and environmental protection reasons.

CFE has the policy of conducting a technical-economic study, which must be periodically updated (every five years) and outlines the estimated cost for such item, based on the energy production of the Laguna Verde nuclear power plant, whose distribution is standardized over the remaining useful life and which, in accordance with Bulletin C-9, "Liabilities, Provisions, Contingent Assets and Liabilities and Commitments", must be compared against the calculations at their present value.

During the year 2005, the Organization performed the update of the technical-economic study, based on studies by international companies specializing in the dismantling of similar plans, so as to determine the necessary funds to dismantle the nuclear power plant. As a result of such update, the new amount of the reserve increased from US\$ 312,000,000 to US\$ 500,000,000. The cost of the original estimate reflects the fact that the costs for cooling, transportation and storage of the radioactive waste are included. These expenses will be amortized in the remaining useful life of the nuclear power plant.

i. Employee retirement obligations

The liability for seniority premiums, pensions and severance payments for termination of the employment relationship are recorded as they are accrued, which is calculated by independent actuaries based on the projected unit credit method using real interest rates. Therefore, the liability is being recognized which at present value is estimated will cover the obligation for these benefits at the estimated retirement date of all the employees working at the Agency.

j. Recognition of revenues

The revenues are recognized in the period in which the energy sale services are rendered to the customers.

k. Information by segments

As a public economic entity the CFE, in accordance with the terms of the NIF, separates and discloses information by segments, which is presented on the same form used by the Comisión Federal de Electricidad to evaluate each activity with a management focus. An operating segment is defined as a component of the Agency that is engaged in different business activities, from which revenues are obtained and expenses and costs are incurred, and whose operating results are reviewed regularly by the operating management for decision-making purposes.

l. Energy sold that is still in the billing process

The energy already delivered that is engaged in the billing process is considered revenue for the year and its amount is estimated based on the actual billing of the immediately prior two-month period.

m. Transactions in foreign currency

Transactions in foreign currency are recorded at the exchange-rate in effect at the transaction date. Monetary assets and liabilities are recorded in Mexican pesos at the exchange-rate in effect at the date of the financial statements. Exchange fluctuations are recorded in results as part of the comprehensive result of financing.

n. Transactions with the Federal, State and Municipal Governments

The principal transactions which are performed with the Federal, State and Principal Governments and their related accounting treatment, are as follows:

With the Federal Government:

Charge - In accordance with article 46 of the Public Electrical Energy Service Law in effect as of December 23, 1992, the CFE is obligated to pay a charge to the Federal Government for the assets that it uses to render the public electrical energy service.

The charge is determined annually based on the profitability rate published for parastate entities in each year; for 2007 and 2006, the rate was 9%, as authorized by the Treasury Department (SHCP). Such rate is applied to the value of the net fixed assets in operation for the immediately prior year and the resulting amount is charged to results of the year.

The annual expense for this charge is compared against the revenues from transfers to complement deficit 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 the net worth at the close of each year. However, as of the year 2000, the amount of the charge has been lower than the subsidy, which insufficiency has directly impacted the net worth of the Agency.

Transfers to complement deficit rates - These refer to the resources which the Federal Government grants to users of the electrical energy service through the CFE, by means of different subsidized rates for energy sales. An important part of these transactions is considered as virtual, because under the current Public Electrical Energy Service Law, they are credited against the charge payable by the Agency. During the years 2007 and 2006, CFE recorded only virtual transfers because it did not receive any transfers in cash. These transfers are credited in results of the year.

With State and Municipal Governments:

Contributions - The amounts received from the Federal, State and Municipal governments to provide electricity to rural settlements and popular zones, and from private parties to expand the distribution network, are recorded as an increase in net worth.

ñ. Restatement of net worth

Considering that the net worth of CFE consists of contributions received and results obtained which are annually capitalized and decreased by withdrawals from net worth, the restatement of these different components was determined by indexing the original amounts, taking as the base the dates of contribution, withdrawal and generation of the results, to present the figures in pesos of purchasing power equivalent to the close of 2007, using the inflation factors derived from the INPC.

o. Insufficiency in restated net worth

This represents the difference resulting from comparing the restatement of the materials for operations and fixed assets based on specific costs, against the restatement of the different components of net worth made by applying the INPC. The effects recorded in this account during the years 2007 and 2006 represent the net increase sustained by the fixed assets acquired under the PIDIREGAS programs, which are restated for movements in the exchange-rate, equivalent to their specific cost, compared to the restatement that would be obtained from restating assets in accordance with the INPC.

As of 2002, CFE has conducted a review of the restated values of its plants, installations and equipment, principally. Furthermore, in 2004 a program of physical inventories for fixed assets was initiated nationwide in the distribution area. Based on the reviews and the aforementioned program, adjustments were generated to increase and decrease the net worth and were recorded directly therein as part of the insufficiency in restated net worth.

p. Comprehensive result of financing

The comprehensive result of financing includes all the items of financial revenues or expenses, such as interest, exchange results and the gain from monetary position, as they occur or are accrued.

q. Comprehensive income (loss)

The comprehensive income (loss) that is presented in the accompanying statement of changes in net worth consists of the net income (loss) for the year, plus other items representing a gain or loss from the same period, which in accordance with the NIF are presented directly in net worth without affecting the statement of income ([Note 22](#)).

r. Gain from monetary position

This represents the erosion of the purchasing power of monetary items due to inflation and is determined by applying factors derived from the INPC to the monthly net monetary position. Gains arise from maintaining a net liability monetary position.

s. Accounting principles which are enacted

As of January 1, 2007, the NIF B-3, related to the presentation of the statement of income, and D-6, related to the capitalization of the comprehensive result of financing for assets acquired as of January 1, 2007, went into effect. The financial statements as of December 31, 2007 and 2006 have been prepared in accordance with the aforementioned NIF B-3; consequently, the financial statements as of December 31, 2006 have been reclassified in certain headings to conform their presentation to that used in 2007. In relation to NIF D-6, the incorporation of such standard did not require recognition of any effect, because the directly financed long-term investments made during the year 2007 do not have a significant impact on the figures of the financial statements taken as a whole.

t. New accounting principles

As of January 1, 2008, new regulatory provisions issued by the CINIF are in effect, which must be observed for the presentation of the financial information. A summary of the new standards is described below:

NIF B-10 "Effects of inflation"

Certain changes were made to the former Bulletin B-10 to adapt it to current circumstances, the most important of which are as follows:

- The obligation is established to recognize the effects of inflation only in inflationary environments (inflation equal to or higher than 26% accumulated over the three prior complete years).
- The option is included of utilizing the value of the Investment Units (UDIS) instead of the National Consumer Price Index (INPC).
- The possibility is eliminated of utilizing replacement values to restate the value of inventories, as well as the specific indexation method for fixed assets.
- The excess or insufficiency in restatement (the result from holding nonmonetary assets and the result from monetary position) may be reclassified to accumulated results.

NIF D-3 "Employee benefits"

This NIF adjusts the structure of the former Bulletin D-3, identifying three different types of employee benefits: direct short-term and long-term benefits, benefits from termination of the employment relationship and retirement benefits. The most important of these benefits are outlined below:

- Shorter periods are considered for the application of tax loss carryforwards.

- The treatment related to the recognition of an additional liability, as well as the related intangible asset, is eliminated to directly recognize any unapplied item in earned capital, as the case may be.
- Benefits from termination of the employment relationship are treated as a provision that should be recognized directly in results.
- Employee profit sharing (PTU) is incorporated into this NIF. Up to December 31, 2007, the deferred PTU on temporary differences which arose from the reconciliation between the accounting and tax income was recognized, and as of 2008, the deferred PTU calculated based on the assets and liabilities method, as established in NIF D-4 "Taxes on income" must be determined. The effect of this change must be recorded against retained earnings.

NIF B-2 "Statement of cash flows"

This NIF eliminates Bulletin B-12 "Statement of changes in financial position" and establishes the mandatory issuance of statements of cash flow determined on the basis of the face values of monetary and nonmonetary items, without including the effects of inflation.

Such statement must present the operating cash flows, followed by those related to investment and, finally, those related to financing. The presentation of the statement of cash flows is prospective, for which reason the financial statements presented for years prior to 2008 should not be restructured.

4. CASH AND TEMPORARY INVESTMENTS

As of December 31, 2007 and 2006, cash and temporary investments are composed as follows:

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Cash in hand and banks	\$ 14,293,908	\$ 11,028,100
Temporary investments	<u>16,033,562</u>	<u>7,791,164</u>
	<u>\$ 30,327,470</u>	<u>\$ 18,819,264</u>

5. CONSUMERS AND OTHER DEBTORS

As of December 31, 2007 and 2006, these accounts receivable are composed as follows:

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Public consumers	\$ 19,487,716	\$ 17,540,268
Governmental consumers	4,138,823	3,658,256
Energy sold that is in the billing process	<u>9,138,693</u>	<u>8,817,103</u>
	32,765,232	30,015,627
Allowance for doubtful accounts	<u>(4,579,937)</u>	<u>(1,102,814)</u>
	28,185,295	28,912,813
Other debtors	7,250,984	5,091,559
Creditable value-added tax	<u>4,475,264</u>	<u>4,173,046</u>
	<u>\$ 39,911,543</u>	<u>\$ 38,177,418</u>

Due to the overflowing of the rivers Usumacinta and Grijalva in November 2007, as of January 2008 the Agency will execute agreements with domestic users from the State of Tabasco, in order to grant them support to cover the accumulated debt they have with the CFE as of that date, which amount is \$ 2,820,585. Such support will consist of canceling the debt of each user for the same amount that the latter pays for the consumption of electrical energy as of the signing date of the agreement. As of December 31, 2007, based on the support granted, the Agency increased the reserve for debt write-off by such amount.

6. LUZ Y FUERZA DEL CENTRO ("LFC")

The balances of the account receivable with LFC as of December 31, 2007 and 2006, for \$ 4,386,437 and \$ 4,016,543, respectively, are derived from the transactions performed between such agency and CFE, in accordance with the agreement for purchase and sale of energy executed between both parties. The transactions carried out during the regular course of business were as follows:

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Revenues from the sale of energy to LFC	<u>\$ 47,766,106</u>	<u>\$ 46,870,372</u>
Purchases of energy from LFC	<u>\$ 2,436,699</u>	<u>\$ 1,479,558</u>

7. MATERIALS FOR OPERATIONS

As of December 31, 2007 and 2006, materials for operations are composed as follows:

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Replacement parts and equipment	\$ 11,787,418	\$ 12,969,245
Fuels and lubricants	5,726,808	5,761,093
Nuclear fuel	<u>1,519,044</u>	<u>1,186,188</u>
	19,033,270	19,916,526
Reserve for obsolescence	<u>(252,322)</u>	<u>(263,826)</u>
	<u>\$ 18,780,948</u>	<u>\$ 19,652,700</u>

8. PLANTS, INSTALLATIONS AND EQUIPMENT

The balances of plants, installations and equipment as of December 31, 2007 and 2006 are composed as follows:

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Plants, installations and equipment in operation, net	\$ 619,638,210	\$ 609,298,381
Construction in progress	15,134,054	17,521,871
Materials for construction	<u>5,001,850</u>	<u>4,187,796</u>
	639,774,114	631,008,048
Fixed assets for sale	<u>1,434,062</u>	<u>1,487,967</u>
	<u>\$ 641,208,176</u>	<u>\$ 632,496,015</u>

The balances of plants, installations and equipment as of December 31, 2007 and 2006, which include leased equipment, are composed as follows:

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Plants:		
Steam	\$ 245,278,977	\$ 248,295,138
Hydroelectric	164,890,412	151,126,277
Electronuclear	84,111,498	84,576,822
Gas turbo and combined cycle	44,160,031	43,570,248
Geothermal	18,358,807	19,187,125
Internal combustion	5,887,341	6,520,452
Non-traditional installations	1,173,834	95,360
Transmission lines and transformation substations	301,622,200	297,193,542
Distribution networks	127,978,931	122,492,786
Land that is being regularized	411,186	398,979
Administrative buildings and others	<u>86,010,709</u>	<u>79,179,312</u>
	1,079,883,926	1,052,636,041
Accumulated depreciation	<u>(460,245,716)</u>	<u>(443,337,660)</u>
	<u>\$ 619,638,210</u>	<u>\$ 609,298,381</u>

In the last few years, due to the reduction in the annual budgets, the CFE has not fully complied with the required maintenance; consequently, this situation might affect the estimated useful life of certain plants. Notwithstanding the above, the investments incurred for this item during 2007 and 2006 are believed to be sufficient to enable the plants, installations and equipment to continue operating adequately.

The balances of construction in progress as of December 31, 2007 and 2006 are composed as follows:

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Plants:		
Geothermal	\$ 831,499	\$ 515,129
Steam	100,970	367,179
Hydroelectric	1,925,151	3,058,230
Internal combustion	141,219	57,400
Gas turbo and combined cycle	905,466	1,334,861
Electronuclear	7,506	149,370
Lines, networks and substations	9,487,071	10,118,390
Offices and general installations	847,792	896,922
Advances for construction	<u>887,380</u>	<u>1,024,390</u>
 Total	 <u>\$ 15,134,054</u>	 <u>\$ 17,521,871</u>

During the periods ended December 31, 2007 and 2006, the items capitalized in construction in progress, based on the policy described in [Note 3-d](#), were \$ 1,789,662 and \$ 2,345,525, respectively (\$ 454,737 and \$ 457,283 for administrative expenses, \$ 166,147 and \$ 112,927 for depreciation and \$ 1,168,778 and \$ 1,775,315 for the increase in reserves for retirement and seniority premium, as of December 31, 2007 and 2006, respectively).

The balances of materials for construction as of December 31, 2007 and 2006 are composed as follows:

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Replacement parts and equipment	\$ 4,999,279	\$ 4,184,796
Materials in the possession of third parties	2,422	2,845
Equipment in transit	<u>149</u>	<u>155</u>
	<u>\$ 5,001,850</u>	<u>\$ 4,187,796</u>

The balance of fixed assets available-for-sale as of December 31, 2007 and 2006 is composed as follows:

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Sistema Hidroeléctrico Miguel Alemán	<u>\$ 1,434,062</u>	<u>\$ 1,487,967</u>

9. DERIVATIVE FINANCIAL INSTRUMENTS

- a. The balances as of December 31, 2007 and 2006 of derivative financial instruments and interest are as follows:

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
For hedging purposes:		
Assets	\$ <u>2,247,583</u>	\$ <u>2,477,942</u>
Liabilities	\$ <u>2,397,797</u>	\$ <u>3,086,902</u>
For trading purposes:		
Assets	\$ <u>3,147,834</u>	\$ <u>3,354,726</u>
Liabilities	\$ <u>3,766,762</u>	\$ <u>3,843,682</u>
Total derivative financial instruments:		
Assets	\$ <u>5,395,417</u>	\$ <u>5,832,668</u>
Liabilities	\$ <u>6,164,559</u>	\$ <u>6,930,584</u>

- b. Derivative financial instruments for trading purposes - On September 17, 2002, CFE placed a bond for 32 billion Japanese yen in the Japanese market at an annual interest rate of 3.83%, maturing in September 2032. At the same time, CFE carried out a hedge transaction for which it received the amount of US\$ 269,474,000, equivalent to the ¥32 billion at the spot exchange rate in effect on the transaction date of ¥118.7499 per US dollar. The transaction consists of a series of foreign exchange "forwards" which enable the yen/dollar exchange rate to be fixed during the transaction term at ¥54.0157 per US dollar.

As a result of the transaction, CFE pays an interest rate equivalent to 8.42% in US dollars. The valuation effect of the foreign currency "forwards" is recorded in the comprehensive result of financing; a gain (loss) in such cost offsets a loss (gain) in the underlying liability.

The final obligation of the CFE is to pay the Japanese yen based on the maturities to the creditor, and CFE has the right to receive Japanese yen from the institution with which the hedge was contracted, in exchange for certain US dollars established in the financial instrument contract. The result of the transaction with the institution with which the financial instrument was contracted is as follows:

	<u>Yen</u>	<u>Dollars</u>	<u>Exchange rate</u>	<u>Mexican pesos (thousands)</u>
Assets to be received (asset)	32,000,000,000		\$ 0.0973	\$ 3,113,600
Assets to be delivered (liability)		269,474,000	10.8662	<u>2,928,158</u>
Assets to be received, net				<u>\$ 185,442</u>

From March 17, 2003 until September 17, 2032, the CFE is obligated to make semiannual payments for US\$ 11,344,855 equivalent to ¥612,800,000, for which reason the total amount that the CFE is obligated to pay in the next 25 years is US\$ 567,242,770, and the total amount that it will receive is ¥30,640,000,000.

Furthermore, at the end of the hedge contract, the parties executed a contract of purchase on the part of CFE for a "European call", in which the CFE acquires the right to purchase Japanese yen at maturity, at market value, if the yen/dollar exchange rate is quoted below ¥118.7498608401 per US dollar, and also the sale by CFE of a "European call" in which the CFE sells the hedge of an appreciation of the yen/dollar exchange rate above ¥27.8000033014 per US dollar.

If the CFE decided to early cancel the hedge (foreign currency "forwards"), an estimated loss of approximately \$ 56,958,977 would be generated as of December 31, 2007. Such loss was estimated by J. Aron & Company (calculation agent), taking as base the fair value of the hedge at the estimate date.

c. Derivative financial instruments for hedging purposes as of December 31, 2007 are detailed below:

Counterparty	Primary position	Purpose	Notional amount	Underlying	Market value	Starting date of hedge	Ending date of hedge	Rate/type of currency received	Rate/type of currency paid	% hedged
Credit Suisse	\$ 1,301,289	Change from floating rate to fixed rate	\$ 1,236,224	Cetes interest rate 182 + 0.85%	\$ (2,278)	April 5, 2005	September 23, 2013	Cetes 182 + 0.85%	8.9950%	95
Deutsche Bank	\$ 1,606,668	Change from floating rate to fixed rate	\$ 1,526,335	Cetes interest rate 182 + 0.85%	\$ (9,047)	April 5, 2005	September 23, 2013	Cetes 182 + 0.85%	9.0700%	95
Deutsche Bank	\$ 650,644	Change from floating rate to fixed rate	\$ 618,112	Cetes interest rate 182 + 0.85%	\$ (2,897)	April 5, 2005	September 23, 2013	Cetes 182 + 0.85%	9.0000%	95
ING Bank	\$ 2,281,491	Change from floating rate to fixed rate	\$ 2,167,417	Cetes interest rate 182 + 0.85%	\$ (15,602)	April 5, 2005	September 23, 2013	Cetes 182 + 0.85%	9.0800%	95
Goldman Sachs	\$ 650,644	Change from floating rate to fixed rate	\$ 618,112	Cetes interest rate 182 + 0.85%	\$ (3,146)	April 5, 2005	September 23, 2013	Cetes 182 + 0.85%	9.0000%	95
Goldman Sachs	\$ 174,263	Change from floating rate to fixed rate	\$ 165,550	Cetes interest rate 182 + 0.85%	\$ (404)	April 5, 2005	September 23, 2013	Cetes 182 + 0.85%	8.8500%	95
ING Bank	\$ 1,000,000	Change from floating rate to fixed rate	\$ 850,000	Cetes interest rate 182 + 0.65%	\$ (12,578)	November 21, 2005	May 21, 2014	Cetes 182 + 0.65%	9.1900%	85
ING Bank	\$ 593,513	Change from floating rate to fixed rate	\$ 504,486	Cetes interest rate 182 + 0.65%	\$ (4,974)	January 2, 2006	July 2, 2014	Cetes 182 + 0.65%	8.8500%	85
ING Bank	\$ 569,363	Change from floating rate to fixed rate	\$ 540,895	Cetes interest rate 91 + 0.79%	\$ (3,402)	December 16, 2005	March 6, 2015	Cetes 91 + 0.79%	8.8900%	95
Bancomer	\$ 510,638	Change from floating rate to fixed rate	\$ 510,638	Cetes interest rate 91 + 0.79%	\$ (2,951)	December 16, 2005	March 6, 2015	Cetes 91 + 0.79%	8.8900%	100
ING Bank	\$ 894,954	Change from floating rate to fixed rate	\$ 850,206	Cetes interest rate 91 + 0.79%	\$ (3,069)	December 16, 2005	March 6, 2015	Cetes 91 + 0.79%	8.7800%	95
Bancomer	\$ 839,688	Change from floating rate to fixed rate	\$ 797,703	Cetes interest rate 91 + 0.79%	\$ (2,471)	December 16, 2005	March 6, 2015	Cetes 91 + 0.79%	8.7800%	95
Santander Serfin	\$ 1,072,519	Change from floating rate to fixed rate	\$ 1,018,623	Cetes interest rate 91 + 0.79%	\$ (4,859)	February 17, 2006	March 6, 2015	Cetes 91 + 0.79%	8.8900%	95
ING Bank	\$ 1,005,343	Change from floating rate to fixed rate	\$ 1,005,343	Cetes interest rate 91 + 0.79%	\$ (5,597)	December 16, 2005	March 6, 2015	Cetes 91 + 0.79%	8.8600%	100
HSBC	\$ 1,251,699	Change from floating rate to fixed rate	\$ 1,215,305	Cetes interest rate 91 + 0.79%	\$ (2,093)	February 24, 2006	March 6, 2015	Cetes 91 + 0.79%	8.7600%	97
HSBC	\$ 1,038,911	Change from floating rate to fixed rate	\$ 1,038,911	Cetes interest rate 91 + 0.79%	\$ (1,308)	March 1, 2006	March 6, 2015	Cetes 91 + 0.79%	8.7395%	100
Banamex	\$ 1,702,516	Change from floating rate to fixed rate	\$ 1,617,390	Cetes interest rate 182 + 0.25%	\$ 6,515	December 7, 2007	May 26, 2017	Cetes 182 + 0.25%	8.1950%	95
Banamex	\$ 368,987	Change from floating rate to fixed rate	\$ 350,538	Cetes interest rate 182 + 0.25%	\$ 1,384	February 15, 2007	August 4, 2017	Cetes 182 + 0.25%	8.2200%	95
Bancomer	\$ 1,314,758	Change from floating rate to fixed rate	\$ 1,249,020	Cetes interest rate 91 + 0.50%	\$ 3,059	December 6, 2007	February 23, 2017	Cetes 91 + 0.50%	8.3650%	95
Credit Suisse	USD 16,788	Change from dollars to pesos	USD 12,005	Exchange rate USD/Mexican peso	\$ (12,900)	January 24, 2005	July 24, 2021	US dollars	Pesos	72
Credit Suisse	USD 10,750	Change from dollars to pesos	USD 8,311	Exchange rate USD/ Mexican peso	\$ (9,699)	February 2, 2005	February 2, 2023	US dollars	Pesos	77
Deutsche Bank	USD 208,188	Change from dollars to pesos	USD 171,323	Exchange rate USD/ Mexican peso	\$ (154,902)	May 3, 2005	June 21, 2021	US dollars	Pesos	82
Goldman Sachs	USD 49,296	Change from dollars to pesos	USD 40,977	Exchange rate USD/ Mexican peso	\$ (47,920)	March 26, 2005	March 28, 2022	US dollars	Pesos	83

10. EMPLOYEE RETIREMENT OBLIGATIONS

The Agency determined its liability and the period cost of severance payments and compensation, seniority premium and retirements based on the actuarial study prepared by an independent actuary in accordance with the bases defined in the plans, using the projected unit credit method.

As indicated in the preceding paragraph, the net period cost for the years ended December 31, 2007 and 2006 was \$ 23,848,210 and \$ 25,143,842, respectively, of which \$ 22,679,432 and \$ 23,368,527 were charged to the results of 2007 and 2006, and \$ 1,168,778 and \$ 1,775,315 were capitalized for the same periods, respectively.

The principal items derived from the actuarial study prepared to quantify the labor liabilities of CFE as of December 31, 2007 and 2006 are analyzed below:

	2 0 0 7			
	Retirements	Seniority premium	Severance and compensation payments	Total
Obligations for projected benefits	\$ 232,258,302	\$ 16,201,330	\$ 18,140,030	\$ 266,599,662
Plan assets	(8,512,000)			(8,512,000)
Previous services and plan amendments	(12,649,930)	(401,240)	(480,020)	(13,531,190)
Transition obligation	-	-	-	-
Changes in assumptions and adjustments for experience	(80,665,000)	(5,142,910)	(3,554,060)	(89,361,970)
Projected net liability	<u>\$ 130,431,372</u>	<u>\$ 10,657,180</u>	<u>\$ 14,105,950</u>	<u>\$ 155,194,502</u>
Obligations for current benefits	\$ 218,466,372	\$ 14,758,080	\$ 16,530,250	\$ 249,754,702
Less plan assets	(8,512,000)	-	-	(8,512,000)
Current net liability	209,954,372	14,758,080	16,530,250	241,242,702
Projected net liability	<u>130,431,372</u>	<u>10,657,180</u>	<u>14,105,950</u>	<u>155,194,502</u>
Additional liability	79,523,000	4,100,900	2,424,300	86,048,200
Intangible asset	(12,649,930)	(401,240)	(480,020)	(13,531,190)
Charge to net worth	<u>\$ 66,873,070</u>	<u>\$ 3,699,660</u>	<u>\$ 1,944,280</u>	<u>\$ 72,517,010</u>
	2 0 0 6			
Obligations for projected benefits	\$ 207,544,791	\$ 15,418,328	\$ 17,627,222	\$ 240,590,341
Plan assets	(7,646,967)	-	-	(7,646,967)
Previous services and plan amendments	(14,055,122)	(465,473)	(556,657)	(15,077,252)
Transition obligation	(769,435)	-	-	(769,435)
Changes in assumptions and adjustments for experience	(66,488,477)	(4,806,812)	(4,221,549)	(75,516,838)
Projected net liability	<u>\$ 118,584,790</u>	<u>\$ 10,146,043</u>	<u>\$ 12,849,016</u>	<u>\$ 141,579,849</u>

	2 0 0 6			
	<u>Retirements</u>	<u>Seniority premium</u>	<u>Severance and compensation payments</u>	<u>Total</u>
Obligations for current benefits	\$ 194,307,010	\$ 13,943,072	\$ 15,973,989	\$ 224,224,071
Less plan assets	<u>(7,646,967)</u>	<u>-</u>	<u>-</u>	<u>(7,646,967)</u>
Current net liability	186,660,043	13,943,072	15,973,989	216,577,104
Projected net liability	<u>118,584,789</u>	<u>10,146,043</u>	<u>12,849,017</u>	<u>141,579,849</u>
Additional liability	68,075,254	3,797,029	3,124,972	74,997,255
Intangible asset	<u>(14,824,557)</u>	<u>(465,473)</u>	<u>(556,657)</u>	<u>(15,846,687)</u>
Charge to net worth	<u>\$ 53,250,697</u>	<u>\$ 3,331,556</u>	<u>\$ 2,568,315</u>	<u>\$ 59,150,568</u>

The application period for loss carryforwards is:

<u>Description</u>	<u>Premium</u>	<u>Remaining years</u>	
		<u>Severance</u>	<u>Retirements</u>
Previous services and plan amendments	5.00	5.00	5.00
Transition liability	0.00	0.00	0.00
Changes in assumptions	8.18	8.28	11.17

The net period cost is composed of:

Cost of services for the year	\$ 8,369,610
Amortization of previous services	1,546,070
Amortization of transition liability	769,430
Amortization of changes in assumptions	4,631,780
Financial cost for the year	8,217,070
Less return on fund assets	(305,880)
Effect from early discharge of obligations	<u>620,130</u>
Net cost for the year	<u>\$ 23,848,210</u>

The annual rates in real terms used in the calculation of the obligations for projected benefits and yields from plan assets were:

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Discount rate	3.50%	3.50%
Wage increase rate	1.50%	1.50%
Estimated long-term rate of returns on plan assets	4.50%	4.00%
Annual inflation rate	3.76%	4.05%

As of December 31, 2007 and 2006, the benefits plan assets are represented by an investment in fixed income securities, which are assigned to provisionally finance the labor liability until a definitive strategy is defined to obtain additional resources for this purpose and begin to decrease the insufficiency in plan assets.

The liability for employee retirement obligations as of December 31, 2007 shows an increase in relation to December 31, 2006, mainly due to wage increases, benefits and changes in the work roster and an increase in the consolidation factor, and includes the recognition of certain seniority of the employees hired as temporary; these effects have been recognized in the actuarial calculation.

11. DOCUMENTED DEBT

The balances of documented debt as of December 31, 2007 and 2006 are composed as follows:

External debt	Type of credit	Weighted interest rate	Maturities	2 0 0 7		2 0 0 6	
				Mexican pesos	Foreign currency (thousands)	Mexican pesos	Foreign currency (thousands)
In US dollars: At the Exchange rate for dollars of \$ 10.8662 as of December 2007 and \$ 10.8810 for 2006	Bank	Fixed 1.260% to 8.6905%	Several up to 2011	\$ 684,693	63,011	\$ 1,927,940	170,765
	Bilateral	Fixed 1.25% to 2.00%	Several up to 2032	10,647,288	979,854	2,397,172	212,327
	Bonds	Fixed 1.205% to 8.730%	Several up to 2036	2,678,518	246,500	12,827,232	1,136,157
	Revolving	Fixed 1.260% to 8.6905%	Several up to 2010	558,361	51,386		
	Syndicated	Fixed 1.260% to 8.6905%	Several up to 2008	2,988,206	275,000		
	TRUST	Fixed 1.260% to 8.6905%	Several up to 2011	108,132	9,951		
Total US dollars				<u>17,665,198</u>	<u>1,625,702</u>	<u>17,152,344</u>	<u>1,519,249</u>
In euros: At the exchange rate for euros of \$ 15.8766 as of December 2007 and \$ 14.3248 for 2006	Bank	Fixed 4.582%	Several up to 2009	9,785	616	390,262	26,257
	Bilateral	Fixed 2.00%	Several up to 2036	415,191	26,151	147,741	9,940
	Revolving		Several up to 2015	105,182	6,625		
Total euros				<u>530,158</u>	<u>33,392</u>	<u>538,003</u>	<u>36,197</u>
In Swiss francs: At the exchange rate for Swiss francs of \$ 9.5957 as of December 2007 and \$ 8.9064 for 2006	Bilateral	Fixed 1.9218%	Several up to 2014	2,192,017	228,437	582,548	63,038
	Bilateral	Fixed 0.645% to 5.596%	Several up to 2014			1,399,650	151,458
Total Swiss francs				<u>2,192,017</u>	<u>228,437</u>	<u>1,982,198</u>	<u>214,496</u>
In Japanese yen: at the exchange rate for Japanese yen of \$ 0.0973 as of December 2007 and \$ 0.0913 for 2006	Bilateral	Fixed 5.50%	Several up to 2012	580,856	5,969,735	722,128	7,622,855
Bond		3.83%	Several up to 2032	3,113,600	32,000,000	3,031,428	32,000,000
Assets received for instruments				<u>(185,442)</u>		<u>10,943</u>	
				<u>2,928,158</u>	<u>37,969,735</u>	<u>3,042,371</u>	<u>39,622,855</u>
Total Japanese yen				<u>3,509,014</u>		<u>3,764,499</u>	
Total external debt				<u>\$ 23,896,387</u>		<u>\$ 23,437,044</u>	

Internal debt	Type of credit	Weighted interest rate	Maturities	2 0 0 7		2 0 0 6	
				Mexican pesos	Foreign currency (thousands)	Mexican pesos	Foreign currency (thousands)
In US dollars: At the exchange rate for dollars of \$ 10.8662 as of December 2007 and \$ 10.8810 for 2006	Multilateral	Annual cost of loans BID 10%	Several up to 2013	\$ 1,145,205	105,391	\$ 1,514,595	134,154
	NAFIN - BIRF Financial - Revolving Credits	Fixed 7.10%	Several up to 2007			200,048	17,719
						<u>103,407</u>	<u>9,159</u>
Total US dollars				1,145,205	<u>105,391</u>	1,818,050	<u>161,032</u>
Mexican pesos	Financial – Issue of revolving securities			<u>358,599</u>		<u>582,421</u>	
Total internal debt				<u>\$ 1,503,804</u>		<u>\$ 2,400,471</u>	
Total internal and external debt				<u>\$ 25,400,191</u>		<u>\$ 25,837,515</u>	

The short and long-term liability for documented debt matures as follows:

Year	Amount
Short-term:	
2008	<u>\$ 6,550,416</u>
Long-term:	
2009	3,118,731
2010	5,541,806
2011	1,708,354
2012	970,870
Thereafter	<u>7,510,014</u>
	<u>18,849,775</u>
Total	<u>\$ 25,400,191</u>

12. LEASING OF PLANTS, INSTALLATIONS, EQUIPMENT AND PIDIREGAS

As of December 31, 2007 and 2006, the debt related to the acquisition of plants, exclude issues and equipment through leases and PIDIREGAS, which were recorded in accordance with Bulletin D-5 "Leases" of the NIF ([Note 3-f](#)), is summarized below:

Summary of leases:

<u>Value of credit</u>	<u>Duration of contract</u>	Composition of capital leases								
		Balances as of December 31, 2007 (thousands)				Balances as of December 31, 2006 (thousands)				
		Mexican pesos		Foreign currency		Mexican pesos		Foreign currency		
		<u>Short-term</u>	<u>Long-term</u>	<u>Short-term</u>	<u>Long-term</u>	<u>Short-term</u>	<u>Long-term</u>	<u>Short-term</u>	<u>Long-term</u>	
<u>External debt</u>										
523.63 million dollars	2008	\$ 127,065		11,694		\$ 216,887	\$ 132,020	19,211	11,694	
368.70 million dollars	2013	11,631	\$ 174,471	1,070	16,056	12,085	193,361	1,070	17,127	
104.30 million euros	2021	31,557	394,465	1,988	24,846	29,543	398,831	1,988	26,833	
238.40 million dollars	2026	<u>18,174</u>	<u>283,699</u>	1,673	26,108	<u>18,883</u>	<u>313,648</u>	1,673	27,781	
Total external debt		<u>188,427</u>	852,635			<u>277,398</u>	<u>1,037,860</u>			
<u>Internal debt</u>										
163.9 million pesos	2008	<u>16,389</u>				<u>34,011</u>	<u>17,004</u>			
Total internal debt		<u>16,389</u>				<u>34,011</u>	<u>17,004</u>			
Total leases		<u>204,816</u>	<u>852,635</u>			<u>311,409</u>	<u>1,054,864</u>			

PIDIREGAS Summary:

<u>Value of credit</u>	<u>Duration of contract</u>	Composition of PIDIREGAS								
		Balances as of December 31, 2007 (thousands)				Balances as of December 31, 2006 (thousands)				
		Mexican pesos		Foreign currency		Mexican pesos		Foreign currency		
		<u>Short-term</u>	<u>Long-term</u>	<u>Short-term</u>	<u>Long-term</u>	<u>Short-term</u>	<u>Long-term</u>	<u>Short-term</u>	<u>Long-term</u>	
<u>External debt</u>										
306.7 million dollars	2009	\$ 239,460	\$ 1,197,059	22,037	110,164	\$ 239,844	\$ 1,493,178	21,244	132,257	
133.2 million dollars	2010	65,813	1,027,431	6,057	94,553	65,396	1,134,588	5,792	100,495	
326.2 million dollars	2011	349,991	1,092,755	32,209	100,565	383,959	1,611,366	34,009	142,725	
395.3 million dollars	2012	439,131	1,653,017	40,413	152,125	456,258	2,173,748	40,413	192,537	
169.7 million dollars	2013	185,700	803,044	17,090	73,903	192,944	1,027,309	17,090	90,993	
1,113.1 million dollars	2014	1,095,310	5,857,296	100,800	539,038	1,138,380	7,223,781	100,831	639,838	
673.8 million dollars	2015	334,032	5,470,772	30,740	503,467	343,114	6,031,207	30,391	534,207	
661.8 million dollars	2016	478,678	4,136,328	44,052	380,660	484,375	4,795,006	42,903	424,712	
56 million dollars	2017	56,158	423,713	5,168	38,994	58,348	498,587	5,168	44,162	
701.2 million dollars	2019	607,953	2,007,019	55,949	184,703	622,065	2,716,964	55,099	240,652	
607.4 million dollars	2037	<u>221,272</u>	<u>6,195,617</u>	<u>20,363</u>	<u>570,173</u>					
Total external debt		<u>4,073,498</u>	<u>29,864,051</u>			<u>3,984,683</u>	<u>28,705,734</u>			
<u>Internal debt</u>										
4,288 million pesos	2013	428,792	2,143,810			444,910	2,669,307			
7,172.7 million pesos	2014	717,282	3,965,781			744,245	4,859,099			
5,628.8 million pesos	2015	577,239	3,740,960			598,937	4,480,518			
14,643.3 million pesos	2016	1,505,001	11,327,940			1,063,222	8,865,358			
3,979.6 million pesos	2017	404,947	3,398,608							
1,178.2 million pesos	2022	78,547	1,060,384							
2,491.2 million pesos	2037	<u>83,664</u>	<u>2,342,603</u>							
Total internal debt		<u>3,795,472</u>	<u>27,980,086</u>			<u>2,851,314</u>	<u>20,874,282</u>			
Total PIDIREGAS		<u>7,868,970</u>	<u>57,844,137</u>			<u>6,835,997</u>	<u>49,580,016</u>			
Total leases and PIDIREGAS		<u>\$ 8,073,786</u>	<u>\$ 58,696,772</u>			<u>\$ 7,147,406</u>	<u>\$ 50,634,880</u>			

As of December 31, 2007 and 2006, the debts contracted in the acquisition of plants, installations and equipment through capital leases is included in detail as follows:

Type of asset	Value of equipment	Interest rates used	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2007	Contract duration	Balances as of December 31, 2007 (thousands)				Balances as of December 31, 2006 (thousands)			
			Interest, commissions and fiduciary fees	Principal			Mexican pesos		Foreign currency		Mexican pesos		Foreign currency	
							Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
2 Integral hydroelectric units with capacity of 211 MW each for the C. H. HUITES	473.0 million US dollars	9.0%	287.8 million US dollars	473.0 million US dollars	<u>Principal</u> \$ 4,877.5 million (448.26 million US dollars)	Up to the year 2008	\$ 93,580	-	8,612	-	\$ 182,097	\$ 97,229	16,129	8,612
					<u>Interest</u> \$ 3,106.9 million (285.54 million US dollars)									
Transmission line TUXPAN - TEXCOCO	50.63 million US dollars	8.9%	23.6 million US dollars	50.63 million US dollars	<u>Principal</u> \$ 483.9 million (44.47 million US dollars)	Up to the year 2008	33,485	-	3,082	-	34,790	34,791	3,082	3,082
					<u>Interest</u> \$ 250.5 million (23.02 million US dollars)									
						TOTAL 2008	127,065	-			216,887	132,020		
2 Integral thermoelectric units with capacity of 160 MW each for the C. T. TOPOLOBAMPO II Units 1 and 2	368.7 million US dollars	2.75%	226.1 million US dollars	368.7 million US dollars	<u>Principal</u> \$ 3,814.2 million (350.54 million US dollars)	Up to the year 2013	11,631	\$ 174,471	1,070	16,056	12,085	193,361	1,070	17,127
					<u>Interest</u> \$ 2,428.0 million (223.14 million US dollars)									
					<u>Fiduciary fees</u> \$ 2,095.0 million									
<u>ASSETS IN COMMERCIAL OPERATION</u>	104.3 million euros	2.0%	20.0 million euros	104.3 million euros	<u>Principal</u> \$ 1,081.2 million (75.48 million euros)	Up the year 2021	31,557	394,465	1,988	24,846	29,543	398,831	1,988	26,833
2 Integral thermoelectric units with capacity of 350 MW each for the C. T. TUXPAN Units 3 and 4					<u>Interest</u> \$ 191.4 millones (13.36 millones de euros)									
					<u>Fiduciary fees</u> \$ 202.7 million									
2 Integral hydroelectric units with capacity of 100 MW each for the C. H. TEMASCAL II Units 5 and 6	238.4 million US dollars	2.5%	114.3 million Us dollars	238.4 million US dollars	<u>Principal</u> \$ 2,273.5 million (208.94 million US dollars)	Up to the year 2026	18,174	283,699	1,673	26,108	18,883	313,648	1,673	27,781
					<u>Interest</u> \$ 1,151.6 million (105.84 million US dollars)									
					<u>Fiduciary fees</u> \$ 150.6 million									
TOTAL EXTERNAL DEBT							188,427	852,635			277,398	1,037,860		
Transmission Line TUXPAN - TEXCOCO	\$ 163.9 million	9.05%	Interest \$ 39.7 million	\$ 163.9 million	<u>Principal</u> \$ 114.7 million	Up to the year 2008	16,389	-	-	-	34,011	17,004	-	-
					<u>Interest</u> \$ 35.1 million									
TOTAL INTERNAL DEBT							16,389	-	-	-	34,011	17,004	-	-
TOTAL EXTERNAL AND INTERNAL DEBT AND CAPITAL LEASES							\$ 204,816	\$ 852,635	-	-	\$ 311,409	\$ 1,054,864	-	-

As of December 31, 2007 and 2006, the debts contracted in the acquisition of plants, installations and equipment through PIDIREGAS, is included in detail as follows:

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2007	Contract duration	Total amount of project (thousands)	Balances as of December 31, 2007 (thousands)				Balances as of December 31, 2006 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal				Mexican pesos		Foreign currency		Mexican pesos		Foreign currency	
							Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
PIDIREGAS														
LT 211 CABLE SUBMARINO	100.0 million US dollars	50.3 million US dollars in interest	100.0 million US dollars	<u>Principal</u> \$ 916.2 million (84.32 million US dollars)	Up to the year 2009	\$ 1,086,826	\$ 84,772	\$ 85,861	7,801	7,902	\$ 88,078	\$ 177,288	7,801	15,703
				<u>Interest</u> \$ 528.2 million (48.61 million US dollars)										
		3.01 million US dollars in other expenses		<u>Other expenses</u> \$ 30.8 million (2.83 million US dollars)										
SE 220 ORIENTAL - CENTRO	62.8 million US dollars	42.5 million US dollars in interest	62.8 million US dollars	<u>Principal</u> \$ 312.4 million (28.75 million US dollars)	Up to the year 2009	682,925	56,227	314,303	5,174	28,925	53,966	384,982	4,780	34,099
				<u>Interest</u> \$ 393.0 million (36.17 million US dollars)										
		1.64 million US dollars in other expenses		<u>Other expenses</u> \$ 14.4 million (1.33 million US dollars)										
LT 216 y 217 NOROESTE	110.1 million US dollars	81.4 million US dollars in interest	110.1 million US dollars	<u>Principal</u> \$ 371.5 million (34.19 million US dollars)	Up to the year 2009	1,196,634	56,437	768,717	5,194	70,744	55,900	858,016	4,951	75,998
				<u>Interest</u> \$ 753.9 million (69.38 million US dollars)										
		3.94 million US dollars in other expenses		<u>Other expenses</u> \$ 33.7 million (3.1 million US dollars)										
SE 219 SURESTE - PENINSULAR	33.8 million US dollars	16.8 million US dollars in interest	33.8 million US dollars	<u>Principal</u> \$ 297.0 million (27.33 million US dollars)	Up to the year 2009	367,222	42,024	28,178	3,868	2,593	41,900	72,892	3,712	6,457
				<u>Interest</u> \$ 176.5 million (16.24 million US dollars)										
		0.60 million US dollars in other expenses		<u>Other expenses</u> \$ 5.4 million (0.49 million US dollars)										
					TOTAL 2009	<u>3,333,607</u>	<u>239,460</u>	<u>1,197,059</u>			<u>239,844</u>	<u>1,493,178</u>		
LT 214 y 215 SURESTE PENINSULAR	133.2 million US dollars	123.6 million US dollars in interest	133.2 million US dollars	<u>Principal</u> \$ 353.9 million (32.57 million US dollars)	Up to the year 2010	1,447,176	65,813	1,027,431	6,057	94,553	65,396	1,134,588	5,792	100,495
				<u>Interest</u> \$ 939.7 million (86.48 million US dollars)										
		16.21 million US dollars in other expenses		<u>Other expenses</u> \$ 107.6 million (9.91 million US dollars)										
					TOTAL 2010	<u>1,447,176</u>	<u>65,813</u>	<u>1,027,431</u>			<u>65,396</u>	<u>1,134,588</u>		
2 Integral thermoelectric units with total capacity of 10 MW	18.2 million US dollars	9.1 million US dollars in interest	18.2 million US dollars	<u>Principal</u> \$ 63.1 million	Up to the year 2011	-	-	-	-	-	26,604	112,349	2,356	9,951

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2007	Contract duration	Total amount of project (thousands)	Balances as of December 31, 2007 (thousands)				Balances as of December 31, 2006 (thousands)						
		Interest, taxes, others and fiduciary fees	Principal				Mexican pesos		Foreign currency		Mexican pesos		Foreign currency				
							Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term			
for the C.G. Tres Virgenes				(5.8 million US dollars)													
				<u>Interest</u> \$ 69.6 million (6.4 million US dollars)													
		0.568 million US dollars in other expenses		<u>Other expenses</u> \$ 3.0 million (0.275 million US dollars)													
1 thermoelectric unit with capacity of 39.4 MW, of the C. D. Puerto San Carlos II	61.3 million US dollars	29.1 million US dollars in interest	61.3 million US dollars	<u>Principal</u> \$ 320.4 million (29.49 million US dollars)	Hasta el the year 2011	665,790	75,646	269,720	6,962	24,822	72,310	358,836	6,405	31,783			
				<u>Interest</u> \$ 247.7 million (22.80 million US dollars)													
		1.1 million US dollars in other expenses		<u>Other expenses</u> \$ 8.1 million (0.75 million US dollars)													
L.T. 301 CENTRO	44.5 million US dollars	16.8 million US dollars in interest	44.5 million US dollars	<u>Principal</u> \$ 280.1 million (25.78 million US dollars)	Up to the year 2011	484,023	50,982	152,945	4,692	14,075	52,970	211,880	4,692	18,767			
				<u>Interest</u> \$ 150.8 million (13.87 million US dollars)													
L.T. 303 IXTAPA - PIE DE LA CUESTA	27.7 million US dollars	11.6 million US dollars in interest	27.7 million US dollars	<u>Principal</u> \$ 180.5 million (16.61 million US dollars)	Up to the year 2011	300,771	30,077	90,231	2,768	8,304	31,250	125,001	2,768	11,072			
				<u>Interest</u> \$ 105.9 million (9.75 million US dollars)													
L.T. 304 NOROESTE	28.2 million US dollars	14.1 million US dollars in interest	28.2 million US dollars	<u>Principal</u> \$ 184.0 million (16.93 million US dollars)	Up to the year 2011	306,649	30,665	91,995	2,822	8,466	31,861	127,444	2,822	11,288			
				<u>Interest</u> \$ 127.9 million (11.77 million US dollars)													
L.T. 305 CENTRO - ORIENTE	36.5 million US dollars	17.7 million US dollars in interest	36.5 million US dollars	<u>Principal</u> \$ 237.8 million (21.89 million US dollars)	Up to the year 2011	396,384	39,638	118,915	3,648	10,944	41,184	164,738	3,648	14,591			
				<u>Interest</u> \$ 159.9 million (14.71 million US dollars)													
L.T. 306 SURESTE	45.0 million US dollars	18.9 million US dollars in interest	45.0 million US dollars	<u>Principal</u> \$ 293.3 million (26.99 million US dollars)	Up to the year 2011	488,859	48,886	146,658	4,499	13,497	50,793	203,170	4,499	17,996			
				<u>Interest</u> \$ 173.0 million (15.92 million US dollars)													
L.T. 307 NORESTE	24.3 million US dollars	12.5 million US dollars in interest	24.3 million US dollars	<u>Principal</u> \$ 158.7 million (14.60 million US dollars)	Up to the year 2011	264,475	26,448	79,343	2,434	7,302	27,480	109,916	2,434	9,736			
				<u>Interest</u> \$ 114.1 million (10.50 million US dollars)													
L.T. 404 NOROESTE - NORTE	40.5 million US dollars	15.1 million US dollars in interest	40.5 million US dollars	<u>Principal</u> \$ 249.5 million (22.96 million US dollars)	Up to 2011	440,054	47,649	142,948	4,384	13,155	49,507	198,032	4,385	17,541			

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2007	Contract duration	Total amount of project (thousands)	Balances as of December 31, 2007 (thousands)				Balances as of December 31, 2006 (thousands)				
		Interest, taxes, others and fiduciary fees	Principal				Mexican pesos		Foreign currency		Mexican pesos		Foreign currency		
							Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	
				(11.45 million US dollars)											
SE 412 COMPENSACION NORTE	22.0 million US dollars	5.4 million US dollars in interest	22.0 million US dollars	<u>Principal</u> \$ 107.6 million (9.90 million US dollars) <u>Interest</u> \$ 40.4 million (3.72 million US dollars)	Up to 2013	239,024	23,902	107,561	2,200	9,899	24,835	136,590	2,200	12,098	
SE 503 ORIENTAL	21.4 million US dollars	5.4 million US dollars in interest	21.4 million US dollars	<u>Principal</u> \$ 104.6 million (9.63 million US dollars) <u>Interest</u> \$ 40.4 million (3.71 million US dollars)	Up to 2013	232,554	23,255	104,649	2,140	9,631	24,162	132,894	2,140	11,771	
					TOTAL 2013	<u>1,844,425</u>	<u>185,700</u>	<u>803,044</u>			<u>192,944</u>	<u>1,027,309</u>			
SE 212 y 213 SF6 POTENCIA DISTRIBUCION	175.2 million US dollars	163.5 million US dollars in interest 8.10 million US dollars in other expenses	175.2 million US dollars	<u>Principal</u> \$ 680.8 million (62.66 million US dollars) <u>Interest</u> \$ 1,167.2 million (107.42 million US dollars) <u>Other expenses</u> \$ 51.4 million (4.73 million US dollars)	Up to the year 2014	1,903,520	85,620	1,137,072	7,879	104,643	88,960	1,270,382	7,880	112,523	
SE 221 OCCIDENTAL	72.5 million US dollars	52.2 million US dollars in interest 1.37 million US dollars in other expenses	72.5 million US dollars	<u>Principal</u> \$ 307.6 million (28.31 million US dollars) <u>Interest</u> \$ 411.1 million (37.83 million US dollars) <u>Other expenses</u> \$ 7.3 million (0.67 million US dollars)	Up to the year 2014	787,919	54,766	425,516	5,040	39,160	57,250	499,014	5,071	44,200	
L.T. 406 RED ASOCIADA A TUXPAN II, III y IV	121.9 million US dollars	44.0 million US dollars in interest	121.9 million US dollars	<u>Principal</u> \$ 644.0 million (59.27 million US dollars) <u>Interest</u> \$ 360.3 million (33.16 million US dollars)	Up to 2014	1,324,988	134,461	546,482	12,374	50,292	139,705	707,501	12,374	62,666	
L.T. 407 RED ASOCIADA A ALTAMIRA II, III y IV	297.6 million US dollars	117.8 million US dollars in interest	297.6 million US dollars	<u>Principal</u> \$ 1,640.7 million (150.99 million US dollars) <u>Interest</u> \$ 971.0 million (89.36 million US dollars)	Up to 2014	3,233,816	331,795	1,261,358	30,535	116,081	344,736	1,655,291	30,535	146,615	
L.T. 409 MANUEL MORENO TORRES	101.9 million US dollars	26.6 million US dollars in interest	101.9 million US dollars	<u>Principal</u> \$ 387.4 million (35.65 million US dollars) <u>Interest</u> \$ 164.2 million (15.11 million US dollars)	Up to 2014	1,106,861	110,686	608,773	10,186	56,024	115,003	747,520	10,186	66,211	
L.T. 411 SISTEMA nacional	85.7 million US dollars	28.0 million US dollars in interest	85.7 million US dollars	<u>Principal</u> \$ 438.0 million (40.31 million US dollars) <u>Interest</u> \$ 218.6 million (20.12 million US dollars)	Up to 2014	931,001	97,269	395,767	8,952	36,422	101,063	512,266	8,952	45,373	

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2007	Contract duration	Total amount of project (thousands)	Balances as of December 31, 2007 (thousands)				Balances as of December 31, 2006 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal				Mexican pesos		Foreign currency		Mexican pesos		Foreign currency	
							Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
SE 413 NOROESTE - OCCIDENTAL	23.1 million US dollars	6.1 million US dollars in interest	23.1 million US dollars	<u>Principal</u> \$ 87.8 million (8.08 million US dollars) <u>Interest</u> \$ 37.6 million (3.46 million US dollars)	Up to 2014	250,958	25,096	138,027	2,310	12,702	26,075	169,485	2,310	15,012
L.T. 414 NORTE - OCCIDENTAL	65.7 million US dollars	19.5 million US dollars in interest	65.7 million US dollars	<u>Principal</u> \$ 263.3 million (24.23 million US dollars) <u>Interest</u> \$ 130.2 million (11.98 million US dollars)	Up to 2014	713,611	71,361	378,966	6,567	34,876	74,144	467,892	6,567	41,443
SE 504 NORTE - OCCIDENTAL	31.7 million US dollars	8.3 million US dollars in interest	31.7 million US dollars	<u>Principal</u> \$ 138.7 million (12.76 million US dollars) <u>Interest</u> \$ 58.5 million (5.38 million US dollars)	Up to 2014	344,577	34,458	171,455	3,171	15,779	35,802	213,944	3,171	18,950
LT 506 SALTILLO - CAÑADA	57.8 million US dollars	15.3 million US dollars in interest	57.8 million US dollars	<u>Principal</u> \$ 219.7 million (20.22 million US dollars) <u>Interest</u> \$ 95.1 million (8.75 million US dollars)	Up to 2014	627,832	62,783	345,308	5,778	31,778	65,232	424,008	5,778	37,556
SE 607 SISTEMA BAJIO - ORIENTAL	4.9 million US dollars	1.3 million US dollars in interest	4.9 million US dollars	<u>Principal</u> \$ 18.6 million (1.71 million US dollars) <u>Interest</u> \$ 7.8 million (0.72 million US dollars)	Up to 2014	53,198	5,320	29,259	490	2,693	5,527	35,928	490	3,182
L.T. 712 RAT A LA CCI BAJA CALIFORNIA SUR I	21.2 million US dollars	5.5 million US dollars in interest	21.2 million US dollars	<u>Principal</u> \$ 80.5 million (7.41 million US dollars) <u>Interest</u> \$ 34.1 million (3.14 million US dollars)	Up to 2014	230,133	23,013	126,573	2,118	11,648	23,911	155,421	2,118	13,766
C. G. LOS AZUFRES II y CAMPO GEOTÉRMICO	53.9 million US dollars	15.7 million US dollars in interest	53.9 million US dollars	<u>Principal</u> \$ 234.2 million (21.56 million US dollars) <u>Interest</u> \$ 109.3 million (10.06 million US dollars)	Up to the year 2014	585,652	58,682	292,740	5,400	26,940	60,972	365,129	5,399	32,341
TOTAL 2014						12,094,066	1,095,310	5,857,296			1,138,380	7,223,781		
4 Integral geothermoelectric units with total capacity of 100 MW, for the C.G. Cerro Prieto IV	103.3 million US dollars	71.3 million US dollars in interest 5.68 million US dollars in other expenses	103.3 million US dollars	<u>Principal</u> \$ 658.5 million (60.6 million US dollars) <u>Interest</u> \$ 615.6 million (56.66 million US dollars) <u>Other expenses</u> \$ 46.7 million	Up to the year 2015	1,122,870	87,799	376,579	8,080	34,656	91,223	482,490	8,080	42,736

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31,2007	Contract duration	Total amount of project (thousands)	Balances as of December 31, 2007 (thousands)				Balances as of December 31,2006 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal				Mexican pesos		Foreign currency		Mexican pesos		Foreign currency	
							Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
				(4.3 million US dollars)										
2 combined cycle modules with capacity of 436.9 MW for each of the C.C.C. Monterrey II	331.1 million US dollars	322.11 million US dollars in interest	331.1 million US dollars	<u>Principal</u> \$ 2,267.9 million (208.71 million US dollars)	Up to the year 2015	3,597,656	-	3,597,656	-	331,087	-	3,737,977	-	331,087
		16.64 million US dollars in other expenses		<u>Other expenses</u> \$ 121.1 million (11.15 million US dollars)										
SE 218 NOROESTE	50.7 million US dollars	34.4 million US dollars in interest	50.7 million US dollars	<u>Principal</u> \$ 293.2 million (26.99 million US dollars)	Up to the year 2015	550,448	51,587	205,625	4,747	18,923	49,658	267,244	4,398	23,671
		1.31 million US dollars in other expenses		<u>Interest</u> \$ 286.0 million (26.32 million US dollars)										
				<u>Other expenses</u> \$ 9.9 million (0.91 million US dollars)										
L.T. 502 ORIENTAL - NORTE	3.8 million US dollars	1.2 million US dollars in interest	3.8 million US dollars	<u>Principal</u> \$ 10.3 million (0.95 million US dollars)	Up to 2015	41,278	4,128	26,831	380	2,469	4,288	32,166	380	2,849
				<u>Interest</u> \$ 5.7 million (0.53 million US dollars)										
L.T. 610 TRANSMISION NOROESTE NORTE F 1	24.6 million US dollars	7.5 million US dollars in interest	24.6 million US dollars	<u>Principal</u> \$ 66.9 million (6.16 million US dollars)	Up to 2015	267,656	26,766	173,977	2,463	16,011	27,809	208,572	2,463	18,474
				<u>Interest</u> \$ 37.2 million (3.43 million US dollars)										
L.T. 612 SUBTRANSMISION NORTE NORESTE F 1	5.0 million US dollars	1.5 million US dollars in interest	5.0 million US dollars	<u>Principal</u> \$ 13.6 million (1.25 million US dollars)	Up to 2015	54,466	5,447	35,403	501	3,258	5,659	42,443	501	3,759
				<u>Interest</u> \$ 7.6 million (0.70 million US dollars)										
SE 613 SUBTRANSMISION OCCIDENTAL	7.4 million US dollars	2.3 million US dollars in interest	7.4 million US dollars	<u>Principal</u> \$ 20.1 million (1.85 million US dollars)	Up to 2015	80,248	8,025	52,161	739	4,800	8,338	62,533	739	5,539
				<u>Interest</u> \$ 11.2 million (1.03 million US dollars)										
L.T. 614 SUBTRANSMISION ORIENTAL	12.2 million US dollars	3.7 million US dollars in interest	12.2 million US dollars	<u>Principal</u> \$ 33.1 million (3.04 million US dollars)	Up to 2015	132,280	13,228	85,982	1,217	7,913	13,744	103,079	1,217	9,130
				<u>Interest</u> \$ 18.0 million (1.65 million US dollars)										
L.T. 710 RTA A LA CC ALTAMIRA V	14.4 million US dollars	4.0 million US dollars in interest	14.4 million US dollars	<u>Principal</u> \$ 39.1 million (3.60 million US dollars)	Up to 2015	156,446	15,645	101,690	1,440	9,358	16,255	121,911	1,440	10,798
				<u>Interest</u> \$ 18.0 million (1.66 million US dollars)										
C. C. EL SAUZ CONVERSION DE TG a CC	56.9 million US dollars	15.7 million US dollars in interest	56.9 million US dollars	<u>Principal</u> \$ 205.9 million (18.95 million US dollars)	Up to the year 2015	617,822	51,485	360,396	4,738	33,167	53,493	427,946	4,738	37,905

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31,2007	Contract duration	Total amount of project (thousands)	Balances as of December 31, 2007 (thousands)				Balances as of December 31,2006 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal				Mexican pesos		Foreign currency		Mexican pesos		Foreign currency	
							Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
				\$ 5.5 million (0.51 million US dollars)										
					TOTAL 2015	7,320,362	334,032	5,470,772			343,114	6,031,207		
1 combined cycle module, with capacity of 445 MW, of the C.C.C. Chihuahua	277.4 million US dollars	157.7 million US dollars in interest	277.4 million US dollars	<u>Principal</u> \$ 1,529.6 million (140.76 million US dollars)	Up to the year 2016	3,013,914	235,317	1,249,034	21,656	114,947	244,496	1,542,246	21,656	136,603
				<u>Interest</u> \$ 1,254.1 million (115.42 million US dollars)										
		6.4 million US dollars in other expenses		<u>Other expenses</u> \$ 41.3 million (3.80 million US dollars)										
One combined cycle module with capacity of 497.6 MW , of the C.C.C. Rosarito III, Units 8 and 9	307.9 million US dollars	339.5 million US dollars in interest	307.9 million US dollars	<u>Principal</u> \$ 820.6 million (75.52 million US dollars)	Up to the the year 2016	3,345,196	167,175	2,357,381	15,385	216,946	160,722	2,623,021	14,236	232,331
				<u>Interest</u> \$ 1,933.2 million (177.91 million US dollars)										
		37.90 million US dollars in other expenses		<u>Other expenses</u> \$ 216.0 million (19.88 million US dollars)										
C. H. MANUEL MORENO TORRES	76.5 million US dollars	26.4 million US dollars in interest	76.5 million US dollars	<u>Principal</u> \$ 225.2 million (20.72 million US dollars)	Up to the year 2016	831,266	76,186	529,913	7,011	48,767	79,157	629,739	7,011	55,778
				<u>Interest</u> \$ 131.5 million (12.10 million US dollars)										
					TOTAL 2016	7,190,376	478,678	4,136,328			484,375	4,795,006		
C. C. I. BAJA CALIFORNIA SUR I	56.0 million US dollars	16.2 million US dollars in interest	56.0 million US dollars	<u>Principal</u> \$ 128.7 million (11.84 million US dollars)	Up to the year 2017	608,527	56,158	423,713	5,168	38,994	58,347	498,587	5,168	44,162
				<u>Interest</u> \$ 63.3 million (5.82 million US dollars)										
					TOTAL 2017	608,527	56,158	423,713			58,347	498,587		
3 Multiple arrow combined cycle modules with nominal generation capacity of of 168.6 MW each for the C.C.C. Samalayuca II. M - 1, 2 and 3.	701.2 million US dollars	578.5 million US dollars in interest	701.2 million US dollars	<u>Principal</u> \$ 5,004.6 million (460.57 million US dollars)	Up to the year 2019	7,619,595	607,953	2,007,019	55,949	184,703	622,065	2,716,964	55,099	240,652
				<u>Interest</u> \$ 4,499.3 million (414.06 million US dollars)										
					TOTAL 2019	7,619,595	607,953	2,007,019			622,065	2,716,964		
C.H. El Cajón	607.4 million US dollars	545.0 million US dollars in interest	607.4 million US dollars	<u>Principal</u> \$ 183.1 million (16.85 million US dollars)	Up to the year 2037	6,599,967	221,272	6,195,617	20,363	570,173	-	-	-	-
				<u>Interest</u> \$ 245.8 million (22.62 million US dollars)										
					TOTAL 2037	6,599,967	221,272	6,195,617			-	-		
TOTAL EXTERNAL DEBT						\$ 55,700,046	\$ 4,073,498	\$ 29,864,051			\$ 3,984,682	\$ 28,705,734		
L. T. 411 SISTEMA nacional	514.6 million Mexican pesos	225.2 million Mexican pesos	514.6 million Mexican pesos	<u>Principal</u> \$ 205.84 million	Up to 2013	\$ 514,600	\$ 51,460	\$ 257,300	-	-	\$ 53,394	\$ 320,366	-	-

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31,2007	Contract duration	Total amount of project (thousands)	Balances as of December 31, 2007 (thousands)				Balances as of December 31,2006 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal				Mexican pesos		Foreign currency		Mexican pesos		Foreign currency	
							Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
				\$ 265.55 million										
C. C. I. GUERRERO NEGRO II	310.4 million Mexican pesos	154.7 million Mexican pesos	310.4 million Mexican pesos	<u>Principal</u> \$ 108.66 million <u>Interest</u> \$ 85.58 million	Up to 2014	310,444	31,044	170,744	-	-	32,211	209,374	-	-
C. H. MANUEL MORENO TORRES	438.5 million Mexican pesos	217.7 million Mexican pesos	438.5 million Mexican pesos	<u>Principal</u> \$ 134.43 million <u>Interest</u> \$ 109.35 million	Up to 2014	438,530	43,853	260,246	-	-	45,501	315,530	-	-
RM EMILIO PORTES GIL	2.8 million Mexican pesos	1.4 million Mexican pesos	2.8 million Mexican pesos	<u>Principal</u> \$ 0.98 million <u>Interest</u> \$ 0.78 million	Up to 2014	2,797	280	1,538	-	-	291	1,886	-	-
RM CARBON II	42.0 million Mexican pesos	20.3 million Mexican pesos	42.0 million Mexican pesos	<u>Principal</u> \$ 12.61 million <u>Interest</u> \$ 9.79 million	Up to 2014	42,043	4,204	25,226	-	-	4,362	30,536	-	-
L. T. 707 ENLACE NORTE - SUR	378.6 million Mexican pesos	189.8 million Mexican pesos	378.6 million Mexican pesos	<u>Principal</u> \$ 132.51 million <u>Interest</u> \$ 105.49 million	Up to 2014	378,591	37,859	208,225	-	-	39,282	255,334	-	-
L. T. 711 RTA A CC LA LAGUNA II	233.1 million Mexican pesos	113.2 million Mexican pesos	233.1 million Mexican pesos	<u>Principal</u> \$ 69.94 million <u>Interest</u> \$ 54.79 million	Up to 2014	233,119	23,312	139,871	-	-	24,188	169,317	-	-
L.T. 717 RIVIERA MAYA	422.1 million Mexican pesos	200.5 million Mexican pesos	422.1 million Mexican pesos	<u>Principal</u> \$ 126.64 million <u>Interest</u> \$ 94.67 million	Up to 2014	422,139	42,214	253,284	-	-	43,801	306,606	-	-
					TOTAL 2014	<u>7,172,818</u>	<u>717,282</u>	<u>3,965,781</u>			<u>744,244</u>	<u>4,859,099</u>		
SE 402 ORIENTAL - PENINSULAR	47.3 million Mexican pesos	19.4 million Mexican pesos	47.3 million Mexican pesos	<u>Principal</u> \$ 11.83 million <u>Interest</u> \$ 8.43 million	Up to 2015	47,329	4,733	30,764	-	-	4,911	36,831	-	-
L.T. 609 TRANSMISION NOROESTE OCCIDENTAL	1,378.7 million Mexican pesos	577.4 million Mexican pesos	1,378.7 million Mexican pesos	<u>Principal</u> \$ 344.66 million <u>Interest</u> \$ 259.45 million	Up to 2015	1,378,651	137,865	896,123	-	-	143,047	1,072,856	-	-
L. T. 613 SUBTRANSMISION OCCIDENTAL	227.8 million Mexican pesos	110.1 million Mexican pesos	227.8 million Mexican pesos	<u>Principal</u> \$ 67.81 million <u>Interest</u> \$ 53.04 million	Up to 2015	227,822	22,814	137,200	-	-	23,672	166,028	-	-

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31,2007	Contract duration	Total amount of project (thousands)	Balances as of December 31, 2007 (thousands)				Balances as of December 31,2006 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal				Mexican pesos		Foreign currency		Mexican pesos		Foreign currency	
							Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
SLT 704 BAJA CALIFORNIA - NOROESTE	73.2 million Mexican pesos	29.8 million Mexican pesos	73.2 million Mexican pesos	<u>Principal</u> \$ 15.42 million <u>Interest</u> \$ 12.01 million	Up to 2015	73,235	7,709	50,108	-	-	7,999	59,990	-	-
SE 705 CAPACITORES	37.1 million Mexican pesos	14.9 million Mexican pesos	37.1 million Mexican pesos	<u>Principal</u> \$ 9.27 million <u>Interest</u> \$ 6.33 million	Up to 2015	37,081	3,708	24,103	-	-	3,847	28,856	-	-
SE 708 COMPENSACION DINAMICA ORIENTAL - NORTE	482.2 million Mexican pesos	199.7 million Mexican pesos	482.2 million Mexican pesos	<u>Principal</u> \$ 120.55 million <u>Interest</u> \$ 88.44 million	Up to 2015	482,201	48,220	313,431	-	-	50,033	375,245	-	-
SLT 709 SISTEMAS SUR	1,074.9 million Mexican pesos	420.6 million Mexican pesos	1,074.9 million Mexican pesos	<u>Principal</u> \$ 226.30 million <u>Interest</u> \$ 159.67 million	Up to 2015	1,074,932	113,151	735,480	-	-	117,404	880,531	-	-
SE 722 NORTE	83.4 million Mexican pesos	34.3 million Mexican pesos	83.4 million Mexican pesos	<u>Principal</u> \$ 17.55 million <u>Interest</u> \$ 14.05 million	Up to 2015	83,355	8,774	57,033	-	-	9,104	68,281	-	-
RM GRAL MANUEL ALVAREZ MORENO (MANZANILLO)	525.5 million Mexican pesos	214.2 million Mexican pesos	525.5 million Mexican pesos	<u>Principal</u> \$ 121.62 million <u>Interest</u> \$ 89.99 million	Up to 2015	525,495	53,851	350,029	-	-	55,875	419,061	-	-
PRESA REGULADORA AMATA	144.4 million Mexican pesos	58.2 million Mexican pesos	144.4 million Mexican pesos	<u>Principal</u> \$ 36.10 million <u>Interest</u> \$ 24.84 million	Up to 2015	144,418	14,442	93,872	-	-	14,985	112,386	-	-
RM ADOLFO LOPEZ MATEOS	329.2 million Mexican pesos	133.2 million Mexican pesos	329.2 million Mexican pesos	<u>Principal</u> \$ 75.95 million <u>Interest</u> \$ 55.36 million	Up to 2015	329,182	33,764	219,469	-	-	35,033	262,752	-	-
RM CT PUERTO LIBERTAD	142.4 million Mexican pesos	58.2 million Mexican pesos	142.4 million Mexican pesos	<u>Principal</u> \$ 35.60 million <u>Interest</u> \$ 25.37 million	Up to 2015	142,408	14,241	92,565	-	-	14,776	110,821	-	-
RM TUXPANGO	166.3 million Mexican pesos	66.7 million Mexican pesos	166.3 million Mexican pesos	<u>Principal</u> \$ 35.02 million <u>Interest</u> \$ 26.31 million	Up to 2015	166,322	17,508	113,799	-	-	18,166	136,243	-	-
CC HERMOSILLO CONVERSION de TG a CC	814.0 million Mexican pesos	310.07 million Mexican pesos	814.0 million Mexican pesos	<u>Principal</u> \$ 171.36 million <u>Interest</u> \$ 112.47 million	Up to 2015	813,960	85,680	556,920	-	-	88,901	666,755	-	-
RM HUINALA	6.3 million Mexican	2.3 million Mexican	6.3 million Mexican	<u>Principal</u>	Up to	6,264	659	4,286	-	-	684	5,131	-	-

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31,2007	Contract duration	Total amount of project (thousands)	Balances as of December 31, 2007 (thousands)				Balances as of December 31,2006 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal				Mexican pesos		Foreign currency		Mexican pesos		Foreign currency	
							Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
	pesos	pesos	pesos	\$ 1.32 million	2015									
				<u>Interest</u> \$ 0.81 million										
RM CT CARBON II UNIDADES 2 y 4	96.1 million Mexican pesos	35.7 million Mexican pesos	96.1 million Mexican pesos	<u>Principal</u> \$ 20.24 million	Up to 2015	96,137	10,120	65,778	-	-	10,500	78,751	-	-
				<u>Interest</u> \$ 12.31 million										
					TOTAL 2015	<u>5,628,792</u>	<u>577,239</u>	<u>3,740,960</u>			<u>598,937</u>	<u>4,480,518</u>		
L.T. 611 SUBTRANSMISION BAJA CALIFORNIA NOROESTE	330.9 million Mexican pesos	130.5 million Mexican pesos	330.9 million Mexican pesos	<u>Principal</u> \$ 36.92 million	Up to 2016	330,910	35,023	258,968	-	-	8,311	62,336	-	-
				<u>Interest</u> \$ 23.32 million										
L. T. 612 SUBTRANSMISION NORTE-NORESTE	261.4 million Mexican pesos	107.0 million Mexican pesos	261.4 million Mexican pesos	<u>Principal</u> \$ 42.49 million	Up to 2016	261,406	26,735	192,183	-	-	16,553	132,055	-	-
				<u>Interest</u> \$ 29.71 million										
L. T. 614 SUBTRANSMISION ORIENTAL	48.7 million Mexican pesos	21.0 million Mexican pesos	48.7 million Mexican pesos	<u>Principal</u> \$ 12.57 million	Up to 2016	48,715	4,890	31,259	-	-	5,074	37,508	-	-
				<u>Interest</u> \$ 9.29 million										
L. T. 615 SUBTRANSMISION PENINSULAR	286.3 million Mexican pesos	124.4 million Mexican pesos	286.3 million Mexican pesos	<u>Principal</u> \$ 68.01 million	Up to 2016	286,271	29,162	189,099	-	-	30,258	226,465	-	-
				<u>Interest</u> \$ 52.56 million										
SLT 701 OCCIDENTE - CENTRO	524.4 million Mexican pesos	207.0 million Mexican pesos	524.4 million Mexican pesos	<u>Principal</u> \$ 53.51 million	Up to 2016	524,411	54,043	416,857	-	-	31,607	276,978	-	-
				<u>Interest</u> \$ 32.93 million										
SLT 702 SURESTE - PENINSULAR	222.1 million Mexican pesos	85.9 million Mexican pesos	222.1 million Mexican pesos	<u>Principal</u> \$ 10.28 million	Up to 2016	222,052	22,719	189,050	-	-	10,669	90,685	-	-
				<u>Interest</u> \$ 7.76 million										
SLT 703 NORESTE - NORTE	210.3 million Mexican pesos	83.4 million Mexican pesos	210.3 million Mexican pesos	<u>Principal</u> \$ 28.05 million	Up to 2016	210,312	21,242	161,022	-	-	19,294	165,775	-	-
				<u>Interest</u> \$ 16.21 million										
SLT 706 SISTEMAS NORTE	1,363.9 million Mexican pesos	539.8 million Mexican pesos	1,363.9 million Mexican pesos	<u>Principal</u> \$ 233.7 million	Up to 2016	1,363,900	136,933	993,240	-	-	98,398	749,257	-	-
				<u>Interest</u> \$ 156.3 million										
L.T. 710 RTA A LA CC ALTAMIRA V	660.8 million Mexican pesos	279.9 million Mexican pesos	660.8 million Mexican pesos	<u>Principal</u> \$ 63.05 million	Up to 2016	660,794	68,422	529,318	-	-	27,384	227,721	-	-
				<u>Interest</u> \$ 43.11 million										
L. T. 714 RTA A LA C. H. EL CAJON	747.4 million Mexican pesos	287.8 million Mexican pesos	747.4 million Mexican pesos	<u>Principal</u> \$ 94.67 million	Up to 2016	747,404	76,792	575,942	-	-	79,679	677,270	-	-

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31,2007	Contract duration	Total amount of project (thousands)	Balances as of December 31, 2007 (thousands)				Balances as of December 31,2006 (thousands)			
		Interest, taxes, others and fiduciary fees	Principal				Mexican pesos		Foreign currency		Mexican pesos		Foreign currency	
							Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
RM CCC TULA	57.4 million Mexican pesos	20.8 million Mexican pesos	57.4 million Mexican pesos	<u>Principal</u> \$ 4.62 million <u>Interest</u> \$ 1.89 million	Up to 2016	57,428	6,212	46,591	-	-	-	-	-	-
RM CT PDTE PLUTARCO ELIAS CALLES UNIDADES 1 y 2	224.0 million Mexican pesos	85.2 million Mexican pesos	224.0 million Mexican pesos	<u>Principal</u> \$ 11.81 million <u>Interest</u> \$ 6.04 million	Up to 2016	224,010	23,623	188,576	-	-	-	-	-	-
RED DE FIBRA OPTICA PROYECTO CENTRO	491.9 million Mexican pesos	224.7 million Mexican pesos	491.9 million Mexican pesos	<u>Principal</u> \$ 25.89 million <u>Interest</u> \$ 27.26 million	Up to 2016	491,868	51,776	414,205	-	-	-	-	-	-
RM CT VALLE DE MEXICO UNIDADES 5, 6 y 7	49.8 million Mexican pesos	17.2 million Mexican pesos	49.8 million Mexican pesos	<u>Principal</u> \$ 2.77 million <u>Interest</u> \$ 0.38 million	Up to 2016	49,791	5,532	41,493	-	-	-	-	-	-
RM CCC SAMALAYUCA II	11.7 million Mexican pesos	4.34 million Mexican pesos	11.7 million Mexican pesos	<u>Principal</u> \$ 0.65 million <u>Interest</u> \$ 0.39 million	Up to 2016	11,718	1,302	9,765	-	-	-	-	-	-
TOTAL 2016						<u>14,643,109</u>	<u>1,505,001</u>	<u>11,327,940</u>			<u>1,063,223</u>	<u>8,865,358</u>		
SLT 802 TAMAULIPAS	776.3 million Mexican pesos	309.7 million Mexican pesos	776.3 million Mexican pesos	<u>Principal</u> \$ 38.82 million <u>Interest</u> \$ 26.06 million	Up to 2017	776,331	77,633	659,881	-	-	-	-	-	-
SLT 902 ISTMO	893.0 million Mexican pesos	352.9 million Mexican pesos	893.0 million Mexican pesos	<u>Principal</u> \$ 27.14 million <u>Interest</u> \$ 12.87 million	Up to 2017	893,033	89,434	776,453	-	-	-	-	-	-
SE 911 NORESTE	98.4 million Mexican pesos	37.7 million Mexican pesos	98.4 million Mexican pesos	<u>Principal</u> \$ 4.92 million <u>Interest</u> \$ 2.52 million	Up to 2017	98,359	9,836	83,606	-	-	-	-	-	-
SLT 1001 RED DE TRANSMISION BAJA-NOGALES	351.0 million Mexican pesos	139.1 million Mexican pesos	351.0 million Mexican pesos	<u>Principal</u> \$ 17.55 million <u>Interest</u> \$ 9.66 million	Up to 2017	350,978	35,098	298,332	-	-	-	-	-	-
SLT 1002 COMPENSACION Y TRANSMISION NORESTE-SURESTE	158.9 million Mexican pesos	61.0 million Mexican pesos	158.9 million Mexican pesos	<u>Principal</u> \$ 0.0 million <u>Interest</u> \$ 0.0 million	Up to 2017	158,913	16,175	142,737	-	-	-	-	-	-
RM CT EMILIO PORTES GIL UNIDAD 4	389.2 million Mexican pesos	134.4 million Mexican pesos	389.2 million Mexican pesos	<u>Principal</u> \$ 21.33 million <u>Interest</u> \$ 1.42 million	Up to 2017	389,238	42,668	325,237	-	-	-	-	-	-
RM CT PDTE ADOLFO LOPEZ MATEOS UNIDADES 3, 4, 5 y 6	481.6 million Mexican pesos	185.8 million Mexican pesos	481.6 million Mexican pesos	<u>Principal</u> \$ 24.81 million	Up to 2017	481,597	48,798	407,987	-	-	-	-	-	-

Type of asset	Value of credit	Amount of payments agreed equivalent to rentals		Payments up to December 31, 2007	Contract duration	Total amount of project (thousands)	Balances as of December 31, 2007 (thousands)				Balances as of December 31, 2006 (thousands)						
		Interest, taxes, others and fiduciary fees	Principal				Mexican pesos		Foreign currency		Mexican pesos		Foreign currency				
							Short-term	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term			
				<u>Interest</u> \$ 13.66 million													
RED DE FIBRA OPTICA PROYECTO SUR	292.1 million Mexican pesos	105.7 million Mexican pesos	292.1 million Mexican pesos	<u>Principal</u> \$ 15.70 million	Up to 2017	292,141	31,401	245,039	-	-	-	-	-	-	-	-	-
				<u>Interest</u> \$ 5.19 million													
RED DE FIBRA OPTICA PROYECTO NORTE	492.9 million Mexican pesos	189.3 million Mexican pesos	492.9 million Mexican pesos	<u>Principal</u> \$ 24.64 million	Up to 2017	492,882	49,288	418,949	-	-	-	-	-	-	-	-	-
				<u>Interest</u> \$ 13.25 million													
RM CCC EL SAUZ	46.2 million Mexican pesos	17.9 million Mexican pesos	46.2 million Mexican pesos	<u>Principal</u> \$ 1.16 million	Up to 2017	46,166	4,616	40,387	-	-	-	-	-	-	-	-	-
				<u>Interest</u> \$ 0.54 million													
					TOTAL 2017	<u>3,979,638</u>	<u>404,947</u>	<u>3,398,608</u>			<u>-</u>	<u>-</u>					
CE LA VENTA II	1,178.2 million Mexican pesos	744.6 million Mexican pesos	1,178.2 million Mexican pesos	<u>Principal</u> \$ 39.27 million	Up to 2022	1,178,204	78,547	1,060,384	-	-	-	-	-	-	-	-	-
				<u>Interest</u> \$ 70.34 million													
					TOTAL 2022	<u>1,178,204</u>	<u>78,547</u>	<u>1,060,384</u>			<u>-</u>	<u>-</u>					
CH EL CAJON	2,491.2 million Mexican pesos	3,206.12 million Mexican pesos	2,491.2 million Mexican pesos	<u>Principal</u> \$ 64.91 million	Up to 2037	2,491,179	83,664	2,342,603	-	-	-	-	-	-	-	-	-
				<u>Interest</u> \$ 101.29 million													
					TOTAL 2037	<u>2,491,179</u>	<u>83,664</u>	<u>2,342,603</u>			<u>-</u>	<u>-</u>					
TOTAL INTERNAL DEBT						<u>\$ 39,381,667</u>	<u>\$ 3,795,472</u>	<u>\$ 27,980,086</u>			<u>\$ 2,851,314</u>	<u>\$ 20,874,282</u>					
TOTAL EXTERNAL AND INTERNAL DEBT FROM PIDIREGAS						<u>\$ 95,081,713</u>	<u>\$ 7,868,970</u>	<u>\$ 57,844,137</u>			<u>\$ 6,835,996</u>	<u>\$ 49,580,016</u>					
TOTAL LIABILITIES FROM CAPITAL LEASES AND PIDIREGAS						<u>\$ 8,073,786</u>	<u>\$ 58,696,772</u>			<u>\$ 7,147,406</u>	<u>\$ 50,634,880</u>						

- a. The short-term and long-term debt for capital lease agreements and PIDIREGAS mature as follows:

	<u>Year ending December 31</u>	
Short-term:	2008	<u>\$ 8,073,786</u>
Long-term:	2009	8,656,485
	2010	10,779,429
	2011	7,179,628
	2012	6,435,336
	Thereafter	<u>25,645,894</u>
		<u>58,696,772</u>
		<u>\$ 66,770,558</u>

- b. As of December 31, 2007, the minimum payment commitments for capital leases and PIDIREGAS are as follows:

Leasing of equipment and PIDIREGAS	\$ 95,182,234
Less:	
Unearned interest	<u>(28,411,676)</u>
Present value of obligations	66,770,558
Less:	
Current portion of obligations	<u>8,073,786</u>
Long-term portion of equipment leasing and PIDIREGAS	<u>\$ 58,696,772</u>

- c. During the periods ended December 31, 2007 and 2006, the transactions derived from capital leases that affected the results of CFE were those shown below:

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Interest	\$ 39,632	\$ 99,514
Exchange fluctuations	41,701	36,521
Commissions and others	<u>78,366</u>	<u>60,951</u>
	<u>\$ 159,699</u>	<u>\$ 196,986</u>

- d. Securitized certificates program - With the aim of refinancing financed public works projects (PIDIREGAS), the CFE has established a structured mechanism through which Securitized Certificates (CEBURES) are issued. This mechanism begins with the signing of a credit contract, which is assigned by the creditor bank to a private trust which securitizes the rights to the credit by issuing CEBURES. The funds from such issues were invested by the Trustee, while the CFE disburses them to pay the contractors of the financed public works projects (PIDIREGAS), upon their delivery to the satisfaction of the entity. Each issue of CEBURES constitutes a liability for CFE and each of the disbursements is converted into PIDIREGAS debt.

In order to carry out this financing mechanism, the National Banking and Securities Commission first authorizes the CEBURES programs for the CFE, normally for minimum amounts of MX\$ 6,000 million, and for terms of two or more years, in order to be able to carry out the issues requested up to the total authorized amount, which may be expanded at the request of the CFE.

During the year 2003, the first issues of CEBURES were carried out, with three tranches for an accumulated amount of MX\$ 6,000 million in nominal pesos. The first two tranches were for the amount of MX\$ 2,600 million each in nominal pesos and were completed on October 6 and November 7, 2003, respectively. The third tranche was performed on December 11, 2003, for the amount of MX\$ 800 million in nominal pesos.

The fourth tranche of this issue was made on March 5, 2004 for MX\$ 665 million in nominal pesos.

The effective duration of all these transactions is approximately 10 years, at an interest rate equal to the 182-day Mexican T-bill ("Cetes") rate plus 0.85 percentage points.

For the four tranches described above, repayment of principal will take place approximately every 182 days and the calculation of interest will include a hedge against inflation (inflation floor); in other words, for each applicable interest period, the rate will be adjusted by comparing the percentage increase in the value of the investment unit ("UDI") during the interest period in question, against the gross annual interest rate payable in relation to the CEBURES for such interest period.

In August 2005, issues were carried out for the first three tranches under a CEBURES program for a total amount of MX\$ 7,700 million in nominal pesos: the first for MX \$ 2,200 million on March 18, 2005, the second for MX\$ 3,000 million on July 1, 2005, and the third for MX\$ 2,500 million on August 19, 2005, with an effective duration of approximately 10 years at the 182-day Cetes rate plus 0.79 percentage points.

On January 27, 2006, the fourth tranche was issued for the amount of MX \$ 2,000 million (nominal pesos), and the fifth tranche for MX\$ 1,750 million (nominal pesos) was issued on March 9, 2007, with an effective duration of 10 years at an interest rate equal to the 91-day Cetes rate plus 0.429 percentage points and 0.345 percentage points, respectively.

As of December 31, 2005, only \$ 6,112,196 of the \$ 7,700,000 issued that year had been disbursed for the payment of "PIDIREGAS" financed debt, leaving a disposable balance of \$ 1,587,804. This balance was fully disposed during 2006.

On April 24, 2006, the National Banking and Securities Commission authorized a new CEBURES program for the CFE, and on April 20, June 6, and October 20, 2006, carried out issues equal to MX\$ 2,000 million (nominal pesos) for each of the three transactions, and on November 30, 2006, a fourth issue was made for MX\$ 1,000 million (nominal pesos).

The effective duration of the aforementioned transactions is approximately 10 years. The weighted average interest rate is equivalent to the 91 day Cetes rate plus 0.42 percentage points for the first three transactions, and was fixed at 7.41% for the fourth transaction.

As of December 31, 2006, a total of MX\$ 3,631,952 of the MX\$ 7,000 million nominal pesos from the four issues had been disbursed from the trusts for the refinancing of financed public works projects.

The National Banking and Securities Commission authorized a new program for the CFE and on November 10, 2006, the first issue of MX\$ 1,500 million (nominal pesos) was performed, which would be used for the payment to winning contractors of PIDIREGAS projects. This first issue has an effective duration of 30 years and pays gross annual interest of 8.58%, payable every 182 days. On February 28, 2007, MX\$ 1,384.7 million pesos was disbursed from this first issue, to be used for the partial payment to the contractor of the PIDIREGAS project known as "El Cajón".

On August 30, 2007, the second 30-year issue was carried out for MX\$ 1,000 million pesos to cover the second payment to the contractor of the "El Cajón" PIDIREGAS project.

In the year 2007 the following 10-year issues were carried out: on March 9, 2007, an issue for MX\$ 1,750 million (nominal pesos) at the Cetes rate plus 0.345% a year; on June 8 another issue for MX\$ 1,750 million (nominal pesos), at the Cetes rate plus 0.25% a year; on August 17, 2007, an issue for MX\$ 1,750.0 million pesos (nominal) at the 182-day Cetes rate plus 0.25% and finally, on November 23, 2007, the last issue for MX\$ 1,200 million pesos at the 182-day Cetes rate plus 0.30%.

During the year 2007, a total of MX\$ 9,945.2 million pesos was disbursed from the trusts for the purpose of financing the different payments of financed public works projects.

13. TAXES AND FEES PAYABLE

The taxes and fees payable as of December 31, 2007 and 2006 are composed as follows:

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Payable by CFE:		
Income tax (ISR) on distributable remnant	\$ 1,420,935	\$ 884,034
ISR payable on account of third parties	148,838	168,081
Fees payable to the Mexican Social Security Institute (includes retirement insurance)	374,076	354,834
Charges for use and utilization of national waters	251,422	252,013
Payroll tax	19,811	21,413
Contributions to the National Workers' Housing Fund Institute	<u>7,521</u>	<u>8,682</u>
Subtotal	<u>2,222,603</u>	<u>1,689,057</u>
Withholdings by CFE:		
ISR withheld from employees	307,973	256,748
Value-added tax withheld	87,759	88,079
ISR on interest paid abroad	24,140	16,088
ISR payable to residents abroad	2,269	879
Five-thousandths ad valorem tax to contractors	13,340	15,546
ISR on fees and leases	10,229	6,902
Two-thousandths ad valorem tax to contractors	757	1,114
Others	<u>13</u>	<u>11</u>
Subtotal	<u>446,480</u>	<u>385,367</u>
Total	<u>\$ 2,669,083</u>	<u>\$ 2,074,424</u>

14. OTHER LONG-TERM LIABILITIES

This refers to the liability for dismantling of the Laguna Verde electronuclear plant at the close of December 2007 and 2006; the approximate amount of the total liability at present value is \$ 5,433,100 and \$ 5,645,008, respectively.

15. CONTINGENCY

The Agency is involved in different criminal, labor, tax and civil lawsuits, whose economic effects vary, some of which are considered relevant by the CFE attorneys, for an approximate amount of \$ 1,104,000. Currently, the lawsuits have still not been resolved, for which reason the Agency's legal department believes that in this phase, it is impossible to evaluate the probability of an unfavorable result or quantify the potential loss involved.

In relation to asset tax, the Agency is not a taxpayer, in accordance with article 6, section I of the respective Law. As of 2008 the Asset Tax Law was repealed.

19. INSUFFICIENCY OF THE CHARGE FOR TRANSFERS FROM THE FEDERAL GOVERNMENT TO COMPLEMENT DEFICIT RATES

The transactions performed with the Federal Government during the years ended December 31, 2007 and 2006 (they do not represent cash flow movements) were as follows:

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Charge payable by CFE determined by applying the rate of 9% to the net fixed assets in operation from the prior year	\$ 53,996,695	\$ 53,729,485
Virtual transfers from the Federal Government to complement deficit rates	<u>55,590,422</u>	<u>53,861,557</u>
Insufficiency of the charge for transfers from the Federal Government to complement deficit rates	<u>\$ 1,593,727</u>	<u>\$ 132,072</u>

The insufficiency is recorded as a decrease in the net worth of CFE. (See [Note 3-n](#))

20. COMPREHENSIVE RESULT OF FINANCING

The comprehensive result of financing is composed as follows:

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Interest payable, net	\$ (3,719,844)	\$ (4,796,188)
Exchange loss, net	(329,773)	(1,169,357)
Gain from monetary position	<u>2,077,077</u>	<u>2,200,727</u>
	<u>\$ (1,972,540)</u>	<u>\$ (3,764,818)</u>

21. TAX REGULARIZATION PROGRAM

As part of its official inspection powers, the Tax Administration Service (SAT) conducted a review of the tax returns of CFE, and detected differences in treatments, for which reason it assessed tax liabilities for different items (savings fund, assistance in housing rental, electrical energy in kind, guarantee deposits, etc.), for fiscal years 1998 to 2003. Consequently, CFE filed different legal actions to defend its interests. During the year 2007, in accordance with the Federal Revenues Law, the SAT promoted a Forgiveness Program for tax liabilities, which the CFE decided to apply due to the significant reduction in the amount of debts payable. Also, in conjunction with the above, it carried out the self-correction process for the years 2003 through 2007, with the prior authorization of the Governing Board.

With this measure, the Agency settled tax liabilities of \$ 5,202,902, and avoided the contingency derived from a liability calculated at approximately \$ 20,000,000.

22. COMPREHENSIVE (LOSS) INCOME

	<u>2 0 0 7</u>	<u>2 0 0 6</u>
Net (loss) income per statement of income	\$ (7,457,695)	\$ 2,158,583
Insufficiency in restated net worth	(2,753,310)	(2,558,394)
(Charge) credit for additional liability from employee retirement obligations	(13,366,442)	4,889,896
Effect for the year from financial instruments	<u>(434,789)</u>	<u>(1,098,885)</u>
	<u>\$ (24,012,236)</u>	<u>\$ 3,391,200</u>

23. POSITION IN FOREIGN CURRENCY

As of December 31, 2007, the CFE had the following assets and liabilities in foreign currencies (figures expressed in thousands):

	<u>Assets</u>	<u>Liabilities</u>				<u>Short position in foreign currency</u>
	<u>Cash and cash equivalents</u>	<u>Suppliers</u>	<u>Internal debt</u>	<u>External debt</u>	<u>Leasing of equipment and PIDIREGAS</u>	
US dollars	<u>95,569</u>	<u>2,285</u>	<u>105,391</u>	<u>1,625,701</u>	<u>3,179,823</u>	<u>(4,817,631)</u>
Euros	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,392</u>	<u>26,834</u>	<u>(60,226)</u>
Japanese yen	<u>5,519</u>	<u>-</u>	<u>-</u>	<u>37,969,735</u>	<u>-</u>	<u>(37,964,216)</u>
Swiss francs		<u>-</u>	<u>-</u>	<u>228,437</u>	<u>-</u>	<u>(228,437)</u>

These assets and liabilities in foreign currency were converted into Mexican pesos at the Exchange rate established by the Government Accounting Unit and Reports on the Public Administration, an agency of the Treasury Department (SHCP), based on the Circular entitled "Exchange rates of foreign currencies for accounting closes" as of December 31, 2007, as follows:

<u>Currency</u>	December 31	
	<u>2 0 0 7</u>	<u>2 0 0 6</u>
US dollars	\$ 10.8662	\$ 10.8810
Euros	15.8766	14.3248
Japanese yen	0.0973	0.0913
Swiss francs	9.5957	8.9064

24. COMMITMENTS

a. Contracts executed with independent energy producers

As of December 31, 2007, 21 contracts have been signed with private investors, known as independent energy producers, which establish the obligation for CFE to pay different considerations in exchange for the latter guaranteeing the energy supply service based on previously established generation capacity, through energy power generation plants financed and constructed by such investors.

These contracts contain a contingency clause in which CFE undertakes to pay the investor in advance for the value of its assets on the date that any of the noncompliance assumptions established in this clause are fulfilled, in accordance with the calculation methodology stipulated in the respective contract.

Furthermore, the CFE is exposed to inherent risks, which include the following:

Risks inherent to the CFE:

- Electric energy market risks.
- Changes in laws.

Risks inherent to the independent energy producer:

- Procurement of financing and variation in project costs.
- Performance of critical events.
- Contractual penalties for noncompliance with guaranteed net capacity.
- Noncompliance with operating guarantees.
- Operating risks of the power plant.

As indicated above, the basic information on the power plants contracted under these conditions, which will generate variable future payments, mainly for the purchase of energy and electrical energy generating capacity, is as follows:

<u>Power Plant</u>	<u>Duration of contract (in years)</u>	<u>Generation capacity (in MW)</u>	<u>Starting dates of commercial operation</u>
CT 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

<u>Power Plant</u>	<u>Duration of contract (in years)</u>	<u>Generation capacity (in MW)</u>	<u>Starting dates of commercial operation</u>
CC Bajío (complementary generation)	5.0	60.0	March 9, 2002
CC Tuxpan II	25.0	495.0	December 15, 2001
CC Monterrey III	25.0	449.8	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	March 15, 2005
CC Altamira V	25.0	1,121.0	October 22, 2006
CC Tuxpan V	25.0	495.0	September 1, 2006
CC Valladolid III	25.0	525.0	June 27, 2006
CC Tamazunchale	25.0	1,135.0	June 21, 2007

The future payments obligation for CFE includes: a) rules for quantifying the acquisition amount of power generation plants when a contingent event occurs that is classified as force majeure under the terms of each contract, applicable from the construction stage of each project until expiration of the contracts and b) fixed charges for power generation capacity, as well as variable charges for operation and maintenance of the power plants, which are determined in accordance with variable terms established in the contracts, applicable from the start-up testing stage until expiration of the contracts.

b. Contracts with third parties

There are obligations derived from contracts executed with third parties that own the gas pipelines, denominated Ciudad PEMEX – Valladolid and Samalayuca, as well as the Coal Terminal of the C.T. Presidente Plutarco Elías Calles, for which the CFE undertakes to pay certain additional considerations, in exchange for the latter guaranteeing the transportation of gas through the gas pipelines and the reception, transportation and handling of coal, in the case of the Coal Terminal.

As established previously, below are the future payments of projects in operation, as well as the actual contingency for projects in operation and in construction:

Commitments for future payments of projects in operation	(Figures in millions of pesos)	
	2 0 0 7	2 0 0 6
CC Altamira II	\$ 3,583	\$ 4,401
CC Bajío	5,066	6,235
CC Campeche	4,015	4,460
CC Hermosillo	3,717	4,155
CT Mérida III	4,595	5,078
CC Monterrey III	4,068	4,584
CC Naco – Nogales	4,073	4,436
CC Río Bravo II	7,561	8,123
CC Mexicali	5,429	6,324
CC Saltillo	5,078	5,502
CC Tuxpan II	5,970	6,640
CC Chihuahua III	4,910	5,394
CC Tuxpan III y IV	17,216	18,907
Altamira III y IV	20,564	22,089
CC Río Bravo III	7,685	8,542
CC La Laguna II	11,980	12,919
CC Río Bravo IV	7,997	8,717
CC Valladolid III	7,861	8,609
Tuxpan V	7,840	8,650
CC Altamira V	21,953	23,748
CC Tamazunchale	16,809	
Pipeline Cd. PEMEX–Valladolid	2,311	4,621
Pipeline Samalayuca		73
Coal Terminal of the CT Presidente Plutarco Elías Calles	<u>2,000</u>	<u>2,692</u>
Total	<u>\$ 182,281</u>	<u>\$ 184,899</u>

Amount of the actual contingency for projects in operation		
CC Altamira II	\$ 2,168	\$ 2,614
Bajío (El Saúz)	3,479	3,972
CC Campeche	1,294	1,391
CC Hermosillo	1,489	1,624
CT Mérida III	1,691	1,695
CC Monterrey III	2,291	2,515
CC Naco – Nogales	1,542	1,661
CC Río Bravo II	2,570	2,686
CC Mexicali	2,813	3,272
CC Saltillo	1,827	1,921
CC Tuxpan II	<u>3,244</u>	<u>3,240</u>
See the next page	<u>24,408</u>	<u>26,591</u>

<u>Amount of the actual contingency for projects in operation</u>	(Figures in millions of pesos)	
	<u>2 0 0 7</u>	<u>2 0 0 6</u>
From the previous page	\$ 24,408	\$ 26,591
CC Chihuahua III	1,693	1,795
CC Tuxpan III y IV	5,203	5,801
CC Altamira III y IV	5,576	6,085
CC Río Bravo III	2,762	2,941
CC La Laguna II	3,681	3,824
CC Río Bravo IV	2,897	3,005
CC Valladolid III	2,749	2,947
Tuxpan V	3,149	3,278
CC Altamira V	6,073	6,439
Tamazunchale	5,242	
Pipeline Cd. PEMEX – Valladolid	1,674	1,576
Pipeline Samalayuca		68
Coal Terminal of the CT Presidente Plutarco Elías Calles	<u>1,067</u>	<u>3,184</u>
Subtotal	<u>66,174</u>	<u>67,534</u>
<u>Amount of the actual contingency for projects in construction</u>		
CC Norte	560	
CC Tamazunchale		<u>6,279</u>
Subtotal	<u>560</u>	<u>6,279</u>
Total actual contingency for projects in operation and construction	<u>\$ 66,734</u>	<u>\$ 73,813</u>

Pursuant to the foregoing, as of December 31, 2007, the CFE has a commitment in the order of MX\$ 182,281 million, equivalent to US\$ 16,775 million, which considers the fixed charge for capacity that is in operation, and is related to the service and repayment of the debt acquired by the producer, and includes the payments that the CFE will have to make to the independent producer for ensuring available electric power generation capacity for this Agency. There are additional commitments for CFE, in the event of any act of God or force majeure, and noncompliance events, on the understanding that to calculate the amounts they assume certain contractual considerations which depend on the contract termination clauses, with an amount at the aforementioned date in memorandum accounts for MX\$ 66,734 million, equivalent to US\$ 6,141 million.

c. Natural gas supply contracts

On September 30, 2003, the CFE contracted the supply of liquid natural gas (LNG) from a natural gas plant with Gas del Litoral, S. de R. L. de C. V. The LNG will be transported by the supplier by sea to the storage and gasification plant that it owns, and will subsequently be delivered to CFE at the following delivery points: to the National Gas Pipeline System ("SNG") and to the Altamira V plant located in the Altamira zone in the State of Tamaulipas.

The delivery amounts from September 30, 2006 until December 31, 2006 are 300 MMPCD in volume; from January 1, 2007 until December 31, 2007, 350 MMPCD in volume; and from January 1, 2008 until December 31, 2008, 470 MMPCD in volume.

The aforementioned contract describes the payment formula for the supply of liquid natural gas, including the variables involved in its calculation formula. The reference index used is the Henry Hub published in the FERC'S Gas Market Report. The settlement of the liabilities contracted is in US dollars.

The principal restrictions and covenants are: for gas supply shortfalls, a penalty of 30% is applied to the value of the natural gas not delivered on a daily basis, as established in Exhibit 4 of the contract.

The starting date for the supply of liquid natural gas is September 30, 2006.

Furthermore, on January 21, 2005, another contract was signed for supply of natural gas at the delivery points related to a storage plant of LNG and/or continental natural gas, with the supplier SEMPRA Energy LNG Marketing México, S. de R. L. de C. V.

From the supply starting date until December 31, 2009, the delivery point will be located at the interconnection between the Baja Norte and TGN pipelines, and from January 1, 2010 until the expiration of the contract, such delivery points will be located at the Presidente Juárez Thermoelectric Plant, where the interconnection to the Commission's internal branch lines must be established.

For delivery of the natural gas to the power plants located in La Jovita, the supplier must bear in mind that such power plants will be interconnected to the LNG storage plant or to the pipeline that will connect the LNG plant with the transportation systems of Bajanorte or TGN and/or the of developer of the "La Jovita" plant, on the understanding that both the interconnection branch line and the delivery station will be the responsibility of the developer of the "La Jovita" power plant.

The schedule starting date is July 1, 2008 and the scheduled termination date is December 31, 2022.

The monthly payment that the CFE will make for the delivery of the firm monthly amount will be payable in US dollars, based on the monthly Southern California Border Bidweek Average index published by Natural Gas Intelligence, and the monthly payment that CFE will make for the variable monthly amount of natural gas will be payable in US dollars, based on the Southern California Daily Average index published by Platts as part of the Daily Price Survey in Others for Socal Gas Midpoint. By the same token, a payment will be made for pipeline transportation capacity cost.

In the event of noncompliance with the supply starting date, the supplier will pay a penalty equal to 30% of the value of the daily contractual amount of natural gas not delivered to the CFE, for each day's delay in fulfilling the supply starting date.

In the event of gas shortfalls, the supplier will pay 30% of the value of the amount of the natural gas duly contracted but not delivered.

d. Trusts and lease agreements

As of 1996, CFE has executed a number of trust contracts with different Mexican financial institutions that act as trustees, and with private-sector companies. In these trust contracts, such private companies act as constructors of investment projects in energy power plants, electric substations and energy transmission lines, within the modality of construction, leasing and transfer (CAT) through financing obtained in Mexico and abroad, to subsequently lease these assets to the Agency, through lease agreements, whose assets will belong to the CFE at the respective expiration dates.

As of the year 2001, the projects received by the CFE refer to the scheme known as Financed Public Works (OPF), whose electrical infrastructure generation modality establishes that once the project begins commercial operations, the CFE receives the respective title and assumes responsibility for operation and maintenance, paying the lump sum to the constructor upon the provisional acceptance of the work, as established in the contract. The CFE has been directly contracting the loans for payment of these projects.

The construction of the plants, installations and equipment and the procurement of the financing during the construction stage, are the sole and exclusive responsibility of the winning bidder, for which reason the CFE is released from any related liability or risk.

As a result of the above, CFE has signed different lease agreements as of December 31, 2007, whose payment obligations will begin on the dates that the private investors finish the construction of each of the investment projects and deliver to the Agency the required assets for its operation. The estimated amounts of these lease agreements and the estimated termination dates of the construction and start of operations are those shown in the following table:

Transmission lines and substations:

Project name	Capacity	Estimated amount of contract expressed in thousands of		Termination of project
		US dollars	Pesos	
SLT 706 Sistema Norte	209.5 Km -c	7,870	\$ 85,516	January 2008
SE 813 División Bajío	37.1 Km -c 90.0 MVA	39,700	431,388	January 2008
SLT 701 Occidente – Centro	129.9 Km -c 50.0 MVA	26,390	286,759	February 2008
SLT 803 Noine	79.7 Km -c 900.0 MVA	70,360	764,546	March 2008
SLT 901 Pacífico	110.4 Km -c 500.0 MVA	34,300	372,711	March 2008
SE 915 Occidental	1.0 Km -c 50.0 MVA	10,860	118,007	March 2008
LT 610 Transmisión Noroeste- Norte	164.8 Km -c	25,300	279,915	March 2008
SLT 1118 Transmisión y transformación del Norte	113.3 Km -c 133.3 MVA	22,780	247,532	June 2008
LT 1012 Red de transmisión asoc. a la CC Baja California	8.2 Km -c	13,740	149,302	August 2008
SE 1005 Noroeste	53.9 Km -c 110.0 MVA	37,220	404,440	November 2008
Power plants:				
C. C. C. Baja California 2ª Conv.	252.3 MW	174,300	1,893,979	March 2009
C. C. San Lorenzo Conversión de TG a CC	116.0 MW	144,100	1,565,819	September 2009
C. C. E. Pacífico	651.2 MW	611,300	6,642,508	February 2010
PH. La Yesca 2ª Conv.	750.0 MW	767,700	8,341,982	June 2012

These contracts are executed under the PIDIREGAS scheme ([Note 3-f](#)) and the CFE will apply the accounting policy for purposes of these financial statements in accordance with the NIF; the total amount of each of the contracts must be recorded in books at the time the risks and benefits of the assets are transferred to the CFE.

25. INFORMATION BY SEGMENTS

As of December 31, 2007, the CFE has a national fiber optics central network denominated Optical Ground Wire ("OPGW"), covering approximately 21,411 Km., which was developed to increase the security and reliability of the National Electricity System, and will help provide a long-term solution for voice, data, video technical-administrative communications, among others, gradually replacing the telecommunications services currently rendered by third parties.

In order to maximize the utilization of such fiber optics network, and given that it has the capacity to render service to third parties, the CFE requested and obtained on November 10, 2006, from the Communications and Transportation Department (SCT), a title of "Concession for a public telecommunications network for the rendering of network capacity provision and leasing services and the marketing of the capacity acquired, in relation to networks of other concessionaires, in 71 population centers nationwide", for an initial term of 15 years, which may be renewed.

This network, which is essential for the operation of CFE, becomes an important complement to the national telecommunications network, for which reason on March 28, 2006, the Federal Official Gazette published agreement number. 33/2006, issued by the Governing Board of CFE on February 28, 2006, which amended different numerals of the organic bylaws of CFE, to change the corporate purpose for the provision of telecommunications services in accordance with the Federal Telecommunications Law.

In order to ensure adequate operation of the network, both for internal purposes and use by third parties, the Governing Board of CFE has authorized a change in the organic structure, to create two administrative units: the first, the Fiber Optics Operating Coordination, responsible for operation and maintenance of the fiber optics network, and the second, the CFE Telecom Coordination, whose functions will be the marketing and sale of the services authorized under the concession title.

During 2007, the efforts of CFE focused on three specific areas: the physical infrastructure was concluded, all the requirements imposed under the concession title were fulfilled, and considerable progress was made on the preparation of the structure and organizational systems needed to be able to operate with high quality standards.

Accordingly, operations began on November 2, 2007, which situation was reported to the telecommunications authorities. As of that date, different telecommunications services agreements were signed with public and private institutions, whose services will be rendered during the year 2008.

The financial information related to the segments operated by the Comisión Federal de Electricidad as of December 31, 2007 is presented below:

Information by operating segment:


	2 0 0 7			
	Services of			Total
	Energy	Fiber optics		
	Internal	External		
Revenues between segments	\$ 225,744,360			\$ 225,744,360
Depreciation and amortization	25,238,454	\$ 168,775	\$ 115	25,407,344
Comprehensive result of financing	(1,908,694)	(63,846)		(1,972,540)
Income from operations	1,712,091		(178)	1,711,913
Investment in productive assets	638,840,565	2,346,379	21,232	641,208,176
Total assets	761,613,983	2,346,401	21,232	763,981,616

The segment named "Electrical energy services" includes mainly the sale of the public electrical energy service, which consists of: generating, conducting, transforming, distributing and supplying electrical energy to all the users throughout the country, as well as planning and performing all the constructions, installations and work required by the national electricity system in terms of planning, execution, operation and maintenance, with the appropriate participation of independent energy producers, as established in the Public Electrical Energy Service Law and its Regulations.

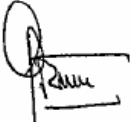
The segment named "Fiber optics" includes the internal services for the operation of CFE and external services for the rendering of supply and leasing services of network capacity and marketing and sale of acquired capacity, in relation to the networks of other concessionaires in 71 population centers around the country. The concession granted by the Communications and Transportation Department (SCT) is to install, operate and exploit a public communications network, which is granted by the Federal Government through the Communications and Transportation Department in favor of the Comisión Federal de Electricidad.

26. RESPONSIBILITY FOR THE FINANCIAL INFORMATION

These financial statements have been approved on March 3, 2008 by Mr. Alfredo Elías Ayub, General Director; Mr. Francisco J. Santoyo Vargas, Chief Financial Officer; Mr. Conrado Villalobos Díaz, Deputy Director of Financial Control and Mr. Oscar H. Lara Andrade, Accounting Manager, the persons responsible for the financial information of the Agency.




 Ing. Alfredo Elías Ayub
 General Director



 Lic. Francisco J. Santoyo Vargas
 Chief Financial Officer



 C.P. Conrado Villalobos Díaz
 Deputy Director of Financial Control



 C.P. Oscar H. Lara Andrade
 Accounting Manager