

From the September 30, 2003 financial statements issued under Mexican generally accepted accounting principals, the following facts outstand:

- The accounts receivables and the cash balances warranty the Entity short-term liabilities.
- The investments in plants, installation and equipment account represent the highest value whit 87.4% of the total assets.
- The equity of the Entity represents 62.0% of the total assets while the total liabilities account for the other 38.0%.
- Due to the high cost of fuels that was not transfer to the tariffs, CFE had an operating loss of 4,806 million pesos.
- The peso exchange rate fluctuation against the US dollar generated a lose amounting to 4,848 million pesos, as the peso went from \$10.31 in December 2002 to \$11.01 pesos per one USD in September 2003.
- The annual duty (Benefit) that is applied to supplement deficient rates (subsidy) was insufficient in 6,644 million pesos directly affecting the Entity's equity.
- Mainly due to the above comments, CFE had a net loose of 5,036 million pesos.
- In memorandum accounts CFE registers the amount for fixed capacity charge included in the signed contracts with Independent Energy Producers that are in operation.
- CFE started in September the issuing of a Certificados Bursátiles program with a maximum authorization of \$6,000 million pesos.

BALANCE SHEET *

<u>ASSETS</u>		<u>LIABILITIES AND EQUITY</u>	
	<u>2003</u>		<u>2003</u>
CURRENT ASSETS		CURRENT LIABILITIES	
Cash and temporary investments	\$ 23,192	Current portion of long-term debt	\$ 3,352
Accounts and notes receivable		Current portion of capital lease obligations and PIDIREGAS	9,595
Consumers and other debtors, net	18,910	Suppliers and contractors	12,193
Luz y Fuerza del Centro	<u>6,089</u>	Value-added tax payable	2,231
	24,999	Taxes and fees payables	1,258
		Other accounts payable and accrued liabilities	4,727
Materials for operations, net	<u>14,258</u>	Deposits from users and contractors	<u>3,804</u>
TOTAL CURRENT ASSETS	62,449	TOTAL CURRENT LIABILITIES	37,161
		LONG-TERM DEBT	17,319
LONG-TERM EMPLOYEE LOANS	2,221	LONG-TERM CAPITAL LEASE OBLIGATIONS AND PIDIREGAS	39,944
		OTHER LONG-TERM LIABILITIES	915
PLANTS, INSTALLATION AND EQUIPMENT, NET	522,315	EMPLOYEE RETIREMENT OBLIGATIONS	<u>131,810</u>
		TOTAL LIABILITIES	<u>227,149</u>
OTHER ASSETS	3,800	EQUITY	
UNAMORTIZED INTANGIBLE ASSETS	<u>6,803</u>	Accumulated equity from prior years	367,801
		Contributions received	1,839
		Income (loss) for the year	(5,036)
		Excess in restatement of equity	<u>5,835</u>
TOTAL ASSETS	<u>\$ 597,588</u>	TOTAL EQUITY	<u>370,438</u>
		TOTAL LIABILITIES AND EQUITY	<u>\$ 597,588</u>

ORDER ACCOUNTS: INDEPENDENT PRODUCER OF ENERGY

Future Payments of Projects in Operation	\$	109,888
Amount of the contingency of Projects in Operation and Construction	\$	54,872

*Number expressed in milliom of mexican pesos of september 2003



STATEMENTS OF OPERATIONS*

	<u>2003</u>
REVENUES FROM ENERGY SALES	\$ 103,386
COSTS AND EXPENSES:	
Exploitation	79,938
Depreciation	14,530
Administrative expenses	2,466
Actuarial const of employee retirement obligation for the year	<u>11,259</u>
	<u>108,192</u>
OPERATING INCOME (LOSS)	<u>(4,806)</u>
NET COMPREHENSIVE FINANCING COST:	
Interest expense, net	(3,341)
Foreign exchange gain (loss), net	(4,848)
Monetary position gain	<u>1,076</u>
	<u>(7,113)</u>
OTHER INCOME (EXPENSES), Net	<u>706</u>
INCOME TAX ON DISTRIBUTABLE REMNANT	<u>(467)</u>
OPERATING INCOME (LOSS) BEFORE PROFITS AND TRANSFERS	<u>(11,680)</u>
Duties	(31,137)
Non-cash transfers from the Federal Government to supplement deficient rates	<u>37,781</u>
Benefit from non-cash transfers from the Federal Government to supplement deficient rates	<u>6,644</u>
NET INCOME (LOSS)	<u>\$ (5,036)</u>

*Number expressed in milliom of mexican pesos of september 2003

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