

From the march 31, 2003 financial statements issued under Mexican generally accepted accounting principals, the following facts outstand:

- Due to the high cost of fuels that was not transfer to the tariffs, CFE had an operating loss of 2,003 million pesos.
- The peso exchange rate fluctuation against the US dollar generated a lose amounting to 2,855 million pesos, as the peso went from \$10.31 in December 2002 to \$10.79 pesos per one USD in march 2003.
- The annual duty (Benefit) that is applied to supplement deficient rates (subsidy) was insufficient in 2,620 million pesos directly affecting the Entity's equity.
- Mainly due to the above comments, CFE had a net lose of 3,858 million pesos.
- 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 86.7% of the total assets.
- The equity of the Entity represents 62% of the total assets while the total liabilities account for the other 38%.

### BALANCE SHEET \*

<u>ASSETS</u>		<u>LIABILITIES AND EQUITY</u>	
	<u>2003</u>		<u>2003</u>
<b>CURRENT ASSETS</b>		<b>CURRENT LIABILITIES</b>	
Cash and temporary investments	\$ 27,327	Current portion of long-term debt	\$ 7,336
		Current portion of capital lease obligations and PIDIREGAS	9,962
Accounts and notes receivable		Suppliers and contractors	15,601
Consumers and other debtors, net	17,018	Value-added tax payable	1,494
Luz y Fuerza del Centro	<u>4,040</u>	Taxes and fees payables	842
	21,058	Other accounts payable and accrued liabilities	2,110
Materials for operations, net	<u>13,978</u>	Deposits from users and contractors	<u>3,316</u>
<b>TOTAL CURRENT ASSETS</b>	<b>62,363</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>40,661</b>
		<b>LONG-TERM DEBT</b>	<b>17,906</b>
LONG-TERM EMPLOYEE LOANS	1,902	LONG-TERM CAPITAL LEASE OBLIGATIONS AND PIDIREGAS	39,280
		<b>OTHER LONG-TERM LIABILITIES</b>	<b>855</b>
PLANTS, INSTALLATION AND EQUIPMENT, NET	512,822	EMPLOYEE RETIREMENT OBLIGATIONS	<u>126,192</u>
		<b>TOTAL LIABILITIES</b>	<b><u>224,894</u></b>
OTHER ASSETS	5,084	<b>EQUITY</b>	
UNAMORTIZED INTANGIBLE ASSETS	<u>9,396</u>	Accumulated equity from prior years	372,666
		Contributions received	485
		Income (loss) for the year	(3,858)
		Insufficiency in restatement of equity	<u>(2,620)</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 591,567</u></b>	<b>TOTAL EQUITY</b>	<b><u>366,673</u></b>
		<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$ 591,567</u></b>

\*Number expressed in milliom of mexican pesos of march 2003



## STATEMENTS OF OPERATIONS\*

	<u>2003</u>
<b>REVENUES FROM ENERGY SALES</b>	<b>\$ 30,855</b>
<b>COSTS AND EXPENSES:</b>	
Exploitation	23,496
Depreciation	4,904
Administrative expenses	727
Actuarial const of employee retirement obligations for the year	<u>3,731</u>
	<u>32,858</u>
<b>OPERATING INCOME (LOSS)</b>	<b><u>(2,003)</u></b>
<b>NET COMPREHENSIVE FINANCING COST:</b>	
Interest expense, net	(995)
Foreign exchange gain (loss), net	(2,855)
Monetary position gain	<u>151</u>
	<u>(3,699)</u>
<b>OTHER INCOME (EXPENSES), Net</b>	<b><u>(633)</u></b>
<b>INCOME TAX ON DISTRIBUTABLE REMNANT</b>	<b><u>(143)</u></b>
<b>OPERATING INCOME (LOSS) BEFORE PROFITS AND TRANSFERS</b>	<b><u>(6,478)</u></b>
Duties	(10,324)
Non-cash transfers from the Federal Government to supplement deficient rates	<u>12,944</u>
Benefit from non-cash transfers from the Federal Government to supplement deficient rates	<u>2,620</u>
<b>NET INCOME (LOSS)</b>	<b>\$ <u>(3,858)</u></b>

\*Number expressed in milliom of mexican pesos of march 2003

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